

TEXAS BECOMES FIRST STATE TO ADOPT MEDICAID LIFE SETTLEMENT LEGISLATION: COVENTRY PRAISES NEW LAW AS A “WIN-WIN-WIN” FOR CONSUMERS, NURSING HOMES AND THE STATE

FORT WASHINGTON, PA, May 28, 2013 -- On Thursday, May 23, 2013, the Texas legislature passed far-reaching legislation that establishes the nation's first Medicaid Life Settlement law, a measure that provides Texas seniors who are about to apply for Medicaid with the ability to sell their life insurance policies for as much as 10 times more than the cash surrender value and apply those proceeds toward their long term care.

In addition to benefiting consumers, long term care providers will be able to serve more seniors at a private pay rate and the State of Texas will realize substantial Medicaid costs savings.

House Bill 2383 was introduced by Representative Craig Eiland (District 23, Galveston). The State sponsor was Senator Robert Duncan (District 28, Lubbock). The bi-partisan legislation was overwhelmingly passed by a margin of 134-5 in the House and 25-6 in the Senate. The measure was sent to the Governor on May 27.

Under current rules, most individuals applying for Medicaid must surrender their policies in order to become eligible. It is public policy that individuals must spend down the cash surrender value in those policies before qualifying for Medicaid. The new legislation allows for the money received from the life settlement to not adversely affect the consumer's eligibility to receive Medicaid assistance.

Coventry First, the nation's leading life settlement company, advocated for the measure alongside organizations representing the State's nursing homes and assisted living communities. The Medicaid Life Settlement legislation will increase private pay dollars to long term care providers and offer some relief to the providers facing growing demands for long term care services and cuts or caps in Medicaid reimbursement rates.

Alan Buerger, CEO of Coventry First, lauded the legislation saying “This legislation is a private-sector solution to a public policy crisis in our nation today,” adding that “Life settlements have always been pro-consumer, and are

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now increasingly considered a socially responsible investment. Investors in life settlements are now directly enabling individuals to meet their long term care needs, while helping states offset the growing costs of Medicaid.”

Mr. Buerger concluded by saying “This is a new target area for life settlements, which have traditionally focused on policies that are larger than the policies in this arena. But the convergence of the long term care needs of seniors, the pressures on long term care providers and the exponential growth of Medicaid spending by States and the Federal government is another opportunity for life settlements to provide value to more and more Americans. We see this as a logical expansion of a maturing life settlement market.”

About Coventry

Coventry created the secondary market for life insurance. By uniquely bridging insurance and capital markets, the company pioneered the life settlement industry and opened a new class of longevity-based assets for institutional investors worldwide. Today, Coventry is a global financial services firm leading the development of a robust longevity market. www.coventry.com.

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