Epoch International LIFTs

The founding purpose of the Epoch Lifts program was to create a new form of low risk/high reward security, which would deliver the most desired attributes of pension investments. Over a three year development period, the best use of the Epoch model became apparent when certain state, municipal and various 501(c)s expressed intense interest in adapting the Epoch LIFTS model to provide funding relief to seriously underfunded pension plans and retiree plans.

LIFTs

A **Life Insurance Finance Trust** ("LIFT") is a Rule 144A insurance linked security that provides an attractive risk/return for institutional investors. Epoch International is the arranger of this security. The LIFT will be rated minimum 'A' by DBRS and S&P in order to qualify for the minimum investment requirement of most capital market participants.

The LIFTS are based on life insurance on pension plan retirees. The key component in the Epoch program is the dual trust structure, the **Lift Trust** (or "Trust One") and the **Irrevocable Life Insurance Trust** ("Trust Two") which governs and protects the cash flows that make the structure work. April/ 2013 Oliver Wyman Inc. was engaged by Epoch International, LLC to construct an actuarial model of the Epoch LIFTS. Now, on advice of our leading ILS placement agent and B/D, we have now retained Milliman to review and opine on our risk model.

LIFTs are essentially a new form of premium financing, which features a non-recourse, 30-year duration stream of financing for life insurance. This financing program is based upon the issuance of Trust Certificates sold to various capital markets participants seeking a non-correlating asset.

In the Epoch model, Trust One receives the proceeds of the trust certificates. A loan agreement is then established between Trust One and Trust Two for the purpose of premium financing for 1000 - 2000 insurable lives aged 62-79. Trust Two, or the ILIT, is the owner of the policies. The policies are uniform in size and will be issued under simplified issue guidelines. The ILIT is the named beneficiary of each policy for the ultimate benefit of the 501(c)organization. The circuit is then closed as the ILIT collects death benefits, pays down the funding facility and pays remaining premiums on the remaining, un-matured policies, with pre agreed net death benefit remaining with the ILIT

LIFTs General Structure

The model for the LIFT is funded with $220 million from institutional investors. Trust One is the lender, and the Investors will have a collateral assignments and security interest in a long-term non-recourse loan agreement (backed by group universal life insurance policy) through the 144A Trust Note. All policies are issued on the lives of 2000 eligible 501(c) retirees that have met the carrier's insurable interest rules and have undergone simplified underwriting.

The model includes policy illustrations for 32 age/sex/class distinctions run at a minimum guaranteed return from one or more carriers. For the most part the planned premiums are level for five year periods. The policies have return of premium (ROPR) death benefit options. This insures that the death benefit in any year is the originally issued face amount plus the sum of premiums paid. A policy "matures" on the death of the insured and receipt of the death benefit and return of any previously paid premium. All policies not matured in 30 years will be surrendered back to the carriers.

The investors do not own the policies and thus are expressly prohibited from exercising any form, or substance of coercion concerning the sale, hypothecation, or settlement of any policy for the entire life of the Trust. The only exception would be in the case of Trustee malfeasance wherein the affected policies would be surrendered to the issuing carrier.

The ILIT Trustee in similar fashion by indenture also maintains no right or ability to sell, hypothecate, transfer or settle any policy within its jurisdiction for the life of the ILIT. There are therefore no incidents or indications of a "life settlement" relationship between the policy pool and the securities buyer.

The Return of Premium Rider

The Epoch program relies on the universal life policy option called ROP (Return of Premium Rider). The rider insures the return of all annual loans made to the ILIT to pay premiums on the policies that it owns.

The LIFT Trust earns its return through a participation in the policies' original death benefit. Because of the added expense of the ROPR, all insured must meet the basic individual underwriting criteria of each carrier. The average life of a collateral pool is 16.5 years.

Due to the new legal & regulatory restrictions under SEC 144A Private placement, Section 17(g)5 applies. Epoch cannot participate in the selection of pool participants or in any financial remuneration paid to the Master General Agent. We have several 501(c)s with eligible retirees waiting to be underwritten by highly rated insurance carriers.