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# Inside the Engine Room of Longevity Investing: A Candid Conversation with Denny Mathew of Dynamic Life Capital

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Hosted by Matthew Paine, Managing Director, LifeCap

In this wide-ranging and candid interview, Matthew Paine, Managing Director of LifeCap, sits down with Denny Mathew, CEO and Managing Partner of Dynamic Life Capital, to unpack the critical elements of the life settlement industry. From decoding how life expectancy is truly calculated to exploring stress-testing models, diversification strategies, and investor transparency, this conversation offers institutional investors a rare, behind-the-scenes look at how one of the sector's most analytically driven firms operates. With nearly two decades of underwriting and fund management experience, Denny shares valuable insights into building institutional-quality portfolios designed to deliver non-correlated returns, while navigating longevity risk, medical advancements, and complex regulatory frameworks. Whether you're an experienced allocator or just beginning to explore the longevity-asset class, this discussion offers both strategic clarity and practical takeaways.

## Edited Transcript:

### Matthew Paine:

Denny, thanks for taking the time to speak with me today. I know how busy things can get in this space, so I really appreciate you carving out time to share your insights.

### Denny Mathew:

Of course, Matt, happy to be here. I am happy to engage in these conversations, especially when we can shine some light on how this space works behind the scenes.

### Matthew Paine:

Before we dive deeper into the ins and outs of life settlements, I'd love to kick things off with a little introduction. In my opinion, you and the team at Dynamic have really built something unique, utilizing

precision medical underwriting to make sense of a very specialized asset class.

So, tell us a bit about yourself, your background, what led you into life settlements, and what inspired you to launch Dynamic Life Capital?

### Denny Mathew:

Thanks, Matt, I'd be happy to.

I've spent over eighteen years in the insurance and life settlements space. Before launching Dynamic Life Capital, I was Chief Underwriting Officer at RiverRock Investment Funds, where I helped build and manage over \$200 million in assets. Before River Rock, I led pricing and the life settlements division at AmTrust Financial. In the last decade, I have actively managed roughly \$2b in face value in life settlement policies.

I am a credentialed actuary with the Society of Actuaries; I have a Master's in Actuarial Science from the University of Central Florida and a bachelor's degree from the University of Florida-go Gators!

When I founded Dynamic Life Capital, it was driven by a desire to bring together actuarial precision, deep medical underwriting, and strong institutional market relationships. In our initial engagement, within 3 months we were able to price, underwrite and select a portfolio of over 70 policies representing more than \$123 million in death benefit with an approximate investment amount of \$50m and we are already seeing maturities in that portfolio.

Our goal is simple: deliver uncorrelated, attractive risk-adjusted returns with confidence. And we've structured Dynamic so that we can move quickly and smartly, given our origination relationships and underwriting expertise.

**Matthew Paine:**

That's great, Denny, thank you for sharing that. What really stands out is the breadth of your experience, not just in underwriting and actuarial science, but also in fund management and portfolio execution. In my opinion, it's rare to find someone who can bridge that technical depth with real-world investment strategy the way you do.

**1. How is life expectancy really calculated in your world?****Matthew Paine:**

Before we get into the meat of portfolio construction or longevity risk, I want to start with something foundational, something that's often misunderstood even by folks who've heard of life settlements...which is life expectancy.

Now, when people outside the industry hear that term, they tend to think it's a fixed number. Like, "This person has 7 years to live," and that's that. But what I've learned over the years is that calculating life expectancy isn't nearly that simple, and it certainly isn't one-size-fits-all. It's a blend of science, data, and human nuance.

So, Denny, when your team is evaluating a policy, what does that process of calculating life expectancy look like in practice?

**Denny Mathew:**

For the most part, the life settlement industry relies on available mortality tables which act as a starting point for life expectancy calculations. The Society of Actuaries has published life expectancy tables known as Valuation Basic Table or VBT in 2001, 2008, 2015 and is expected to release a new table soon. These tables sort individuals into groups based on age, gender, and smoking status.

For instance, an 86-year-old non-smoking male has a baseline life expectancy of 8 years. If that person is healthier than most in his peer group, the mortality multiplier goes down from a baseline of 100% to maybe 80%, extending his expected lifespan another year.

Conversely, if he develops serious health issues, his multiplier might shoot up to something like 330%. In that case, his life expectancy could drop from 8 to only 4 years. That variability comes from a debit/credit underwriting model, debits for serious conditions, credits for things like healthy lifestyle, good mobility, or favorable family history.

**2. What about terminal cases? Do you underwrite them differently?****Matthew Paine:**

Thank you Denny, that's a great breakdown. And now I want to shift into an area that feels even more sensitive, those really advanced, high-impairment cases. When someone is dealing with a terminal illness or has rapidly progressing health issues, the traditional underwriting models don't quite apply.

So, in terminal cases, how do you handle life expectancy? Is it still driven by data, or do you shift into more of a clinical or qualitative lens?

**Denny Mathew:**

You're absolutely right. Some cases don't fit the typical model. When an individual has a highly advanced impairment, late-stage disease, or limited treatment options, we turn to what we call clinical review.

This method relies less on statistical averages and more on survival data, case studies, and clinical research. We'll consider the stage of the disease, the treatment path, how the patient is responding, and how fast things are progressing. These reviews are highly nuanced and demand a cautious, case-by-case approach, often with multiple points of view to ensure we're not making assumptions.

**3. How do you make sure those life expectancy assessments are consistent and reliable?****Matthew Paine:**

Let's stay with that theme of quality for a moment. One thing I hear from institutional investors, especially those newer to this space, is concern around consistency. They want to know: "How do I trust these life expectancies? How are they being validated?"

So, Denny, how does your team make sure you're getting not just accurate but consistent results across the board?

**Denny Mathew:**

Consistency is a cornerstone of what we do. First, we work with top-tier third-party LE providers, names like LSI, Predictive, Fasano, 21st Services, ISC, and Polaris. Their reputations are earned, and we trust their methodology.

But we don't stop there. Every case also goes through an independent internal review. Our team looks at the

exact same medical records and builds a second opinion. This gives us a true apples-to-apples comparison. It helps us validate the third-party assessment, deepen our understanding of the case, and create internal quality controls.

Then we go a step further with continuous data analysis, specifically Actual-to-Expected (AtoE) reporting. We compare our predictions to real-world results. Are certain impairments consistently off-target? Are some underwriters more accurate than others? That feedback loop helps us refine our assumptions, monitor provider performance, and adjust pricing models in real time.

#### 4. How do you think about diversification across a portfolio?

##### Matthew Paine:

Let's pivot now into portfolio design. In traditional asset classes, we talk about diversification across sectors, geographies, and duration. But with life settlements, it's a totally different matrix.

What does good diversification look like in your world, and how do you build that into your portfolio from day one? What policy and insured demographics and characteristics do you consider?

##### Denny Mathew:

With over \$1.4 trillion in face value tied to policies on seniors 65+, there's no shortage of supply, and that's opened up a lot of room for meaningful diversification.

Here are a few ways to diversify a life settlements portfolio and how we approach each category:

- **Age:** In general, It is less about age and more about being comfortable with the medical situation of the insured relative to the cost structure of the policy, though we target a distribution across older age bands. We don't want all maturities to be bunched at once; smooth, predictable cash flow is the goal.
- **Gender:** We aim for about a 75/25 male-to-female ratio. Since men tend to have shorter life expectancies, that mix helps balance portfolio timing and risk.
- **Policy Size:** We cap how much of the portfolio's face value can be concentrated in any single policy. We want a mix of large and small positions to avoid having one outlier skew performance.
- **Insurance Carriers:** We stick with highly rated U.S. carriers, typically A-rated or better. We also keep tabs on financial health trends and avoid carriers showing signs of weakness. Guaranty associations

provide a backstop, but we prefer not to rely on it.

- **Impairment Mix:** We avoid piling into a single diagnosis category. You don't want a whole portfolio of Alzheimer's cases right before a cure comes out. Our historical data helps us stay balanced and adjust exposures where needed.

#### 5. Given ongoing medical advances, how do you minimize risk?

##### Matthew Paine:

That naturally leads to one of the biggest challenges in our space, longevity risk. Unlike most investment risks, where volatility is driven by markets or interest rates, here the core risk is simple: people live longer than expected and how much that impacts overall cost of maintaining the policy.

With constant medical innovation, new cancer treatments, gene therapies, and better diagnostics, how do you account for that? What's your framework for minimizing risk when outcomes keep evolving?

##### Denny Mathew:

Every internal life expectancy we calculate comes with a confidence rating. That score is based on how much we expect the projection to vary. If someone has end-stage cancer or is in hospice care, we can be fairly confident in that projection. But for someone with a more variable condition, maybe something with inconsistent progression or novel treatments on the horizon, we apply lower confidence. We also weigh factors like how long it's been since diagnosis, whether treatment has wrapped up, and whether they're in remission. All of that affects how confident we are in our estimates. Confidence score impacts how much, if any amount, we are willing to pay for a policy. Given our access to policies, we can be selective and pass on policies that have lower confidence ratings.

#### 6. How do you model and stress-test that longevity risk?

##### Matthew Paine:

And once you've identified that risk, you need to pressure-test it. We hear this a lot from institutional investors: "Show me the models. What happens if things go sideways?"

So, walk me through that. How do you actually stress-test your portfolios? What kinds of scenarios do you run, and how do those results inform the way you manage capital?

**Denny Mathew:**

We use modeling to simulate thousands of future scenarios, everything from best case to worst case. We start at the individual level by building life expectancy curves based on underwriting inputs, then we roll those up into a portfolio-level simulation.

Our tools let us test all sorts of what-ifs:

- What if everyone lives 12 months longer than expected?
- What if there's a breakthrough in treating a common impairment?
- What if mortality improves across the board due to public health trends?

We also run impairment-specific stress tests. If, say, we're holding a meaningful number of policies tied to heart disease, we'll model a "breakthrough" scenario for that impairment alone.

This gives us a risk-adjusted picture of potential outcomes, and lets us prepare accordingly with capital reserves, policy mix, and liquidity planning.

**7. How do you actively manage policies after acquisition?****Matthew Paine:**

I think this is the part many investors overlook. What happens after you buy the policy? Managing a portfolio of life insurance isn't like holding bonds in a drawer. There's a whole operational layer including payment of premiums, reviewing policy status, tracking insureds, and carrier communications.

So, give us a peek under the hood. What does active management look like at Dynamic once the policies are in place?

**Denny Mathew:**

It's definitely not "set it and forget it." We're managing dozens of moving parts at any given time:

- **Premium Tracking:** Every policy has a payment schedule, and we track those closely to avoid lapses. If a payment is even slightly delayed, we get an alert and jump on it.
- **Carrier Communication:** Right after acquisition, we notify the carrier of new ownership and beneficiaries. Then we stay in regular contact to confirm status, premiums, and any policy changes.
- **Insured Monitoring:** We use a mix of public records

and third-party services to monitor the health status of insureds, any changes in health/lifestyle, any new doctors, any change of address, always within privacy laws, of course. All of this information allows us to have a current/updated view regarding the life expectancy of the insured. If someone passes, we initiate the claims process and stay on it until the benefit is paid.

- **Policy Optimization:** Periodically we review whether we can re-optimize premiums or structure. All of this is part of keeping the portfolio as efficient and responsive as possible.

**8. What legal and regulatory considerations come into play when acquiring policies?****Matthew Paine:**

Let's talk regulation. Because this isn't just about financial modeling, it's also about operating within a highly regulated, state-driven framework. Every transaction has to go through a specific process.

What are the key legal and compliance steps that have to happen when a policyowner sells their policy?

**Denny Mathew:**

Every policy sale by a policyowner must go through a licensed life settlement provider, approved by the state insurance department where the policy is based. And each state has its own rules, including what needs to be disclosed and what the contracts must look like.

Once the seller agrees on a price, there's a full closing process, very similar to buying a house. An escrow agent is used to hold funds, submit ownership changes to the insurance carrier, and release payment once everything is finalized.

It's all highly regulated and very structured, which helps protect both buyer and seller throughout the transaction. Part of our diligence process prior to purchasing a policy is checking that the purchase by the life settlement provider followed the regulated process.

**9. How do you determine the fair value of each policy or portfolio?****Matthew Paine:**

One of the big hurdles for investors in this space is valuation. Unlike equities or real estate, you can't just pull up a price on Bloomberg. Each life policy is unique, and there's no exchange where they trade daily.



So how do you assign fair value to these assets? And how do you ensure those valuations hold up over time?

**Denny Mathew:**

Well, you have two basic elements when it comes to fair value of a policy: the future premium needs and the life expectancy. For the premium, we reverse-engineer the policy to determine the least amount of premium necessary to keep the policy in force. Next, the life expectancy is used to determine probabilities on how long you expect to pay these premiums, and when you expect to receive the death benefit. We take the net present value of this future expected cashflow to determine the fair market value.

We stay very active in both the secondary and tertiary markets to ensure our discount methodology is accurate and hold over time. Periodically, we update the life expectancy information on an insured in the portfolio and compare valuations with similar policies in the market.

When it comes to valuation validation, a third-party valuation agent will independently value the same policies. We generally like to have less than 1% difference between the valuations.

This third-party approach gives investors' confidence that what we're reporting is objective and backed by independent professionals.

**10. What exit options are available for these portfolios?**

**Matthew Paine:**

Let's say an investor is comfortable with the underwriting and structure, but they still ask the question: "What's my exit?" Unlike bonds with fixed maturities, life settlements mature on human terms.

So how do you plan for liquidity? And what exit strategies do you typically build into the structure?

**Denny Mathew:**

We plan for multiple paths. First and foremost, the natural maturity of policies, the death benefit, is the most direct exit. But we also build in flexibility:

- **Tertiary Market Sales:** We can sell individual policies, large blocks of policies or even an entire portfolio to other funds or institutional investors.
- **Securitization:** For larger, seasoned portfolios, we can package them into structured offerings with

tranches for different risk appetites.

We think about this upfront when structuring the fund, what's the investment horizon, what kind of liquidity buffers we'll need, and how to sequence maturities to manage investor expectations.

**11. How do you ensure transparency for investors along the way?**

**Matthew Paine:**

Transparency is the backbone of institutional trust. In any alternative asset, but especially one

that's less familiar, like life settlements, investors want to know: What am I seeing? How often? And can I look under the hood if I need to?

How do you handle transparency, from reporting to data access to audit rights?

**Denny Mathew:**

We keep investors fully in the loop. Every quarter, we provide detailed reports that include IRRs, policy-level cash flow, diversification stats, and our Actual-to-Expected (A to E) analysis.

We also give investors access to secure portals where they can view anonymized policy data and track performance. And we're audited annually by an independent firm. Those reports are shared with investors.

We take that responsibility seriously, transparency is part of how we earn long-term trust.

**Matthew Paine:**

Denny, this has been a truly insightful conversation. I can't thank you enough for taking the time to walk through the complexities, and the opportunities, within the life settlements space.

Wishing you and the team at Dynamic continued success as you grow your company and expand your offering.

Before we wrap, if someone reading the transcript wants to learn more or explore working with Dynamic, what's the best way for them to reach you?

**Denny Mathew:**

Thanks, Matt. It's been a real pleasure. The best way to reach me is through our website: [www.dynamiclifecapital.com](http://www.dynamiclifecapital.com)

Or feel free to connect with me directly on LinkedIn or email us at: [inquiries@dynamiclifecap.com](mailto:inquiries@dynamiclifecap.com)

We're always happy to speak with investors, advisors, or anyone curious about how this asset class works and what makes it such a compelling piece of a diversified portfolio.

### Matthew Paine:

Thank you again Denny.

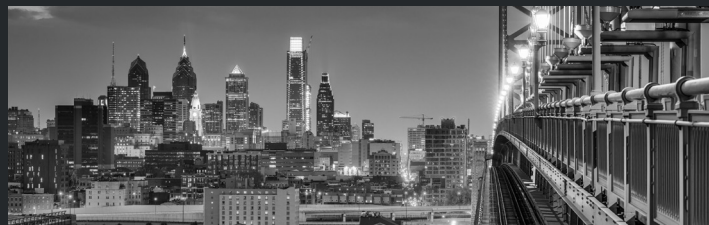
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## The LifeCap Advantage

LifeCap specializes in providing institutional investors and family offices unparalleled access to longevity-oriented investments through our strategic relationships with leading companies in the secondary market for life insurance.

The LifeCap team has spent more than 20 years working alongside institutions, advisors, and individual investors alike to educate investors about alternative assets, with a focus on longevity-oriented investments.

To learn more about life settlements and how LifeCap can enable you to leverage the potential of the longevity-oriented asset class, schedule a call with us at [lifecap.com](http://lifecap.com).

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