

Blackstone said to have bought Royal Bank of Scotland portfolio for \$385M

By [Donna Horowitz](#) Updated 06:56 PM, Nov-06-2015 ET

[Blackstone Group LP](#) (BX) has acquired a [Royal Bank of Scotland Group plc](#) life settlement portfolio for \$385 million, according to a market player familiar with the situation.

The price equates to a high-single digit internal rate of return, the person said.

The portfolio holds about 640 policies with about \$1.8 billion in face value.

Another bidder on the portfolio was said to have been [Apollo Global Management LLC](#) (APO), the largest tertiary buyer in the secondary market for life insurance.

Apollo previously bought a portfolio from [Royal Bank](#) of Scotland with \$600 million in face value for \$25 million, according to a Bloomberg story in August 2013.

The latest transaction was said to have closed last week.

The sales price was dampened by the cost-of-insurance rate increases that have been imposed recently by at least five carriers, which also may have limited the number of bidders, another market player said. Investors in the market are worried about the rate increases that have ranged from 9.25% to 200% and met following the Fasano Associates Inc. life settlement conference on Tuesday in Washington to discuss strategies to combat them.

Linda Harper, a spokeswoman for Royal Bank of Scotland in Edinburgh, U.K., declined to comment. Christine Anderson, a spokeswoman for Blackstone, also said she could not comment.

This would be Blackstone's third major purchase of a life settlement portfolio since it entered the asset last year.

Blackstone, a global alternative investment manager, bought a life settlement portfolio with \$1.13 billion in face value for just more than \$100 million, a source told The Deal in October 2014. That portfolio was held by [ESF 110 Parent Co. Ltd.](#) of Ireland. It had been originated by Marty Fleisher of LPC Holdings I LP and [Peter Stone](#) of White Cliff Holdings LP.

Before that, Blackstone also spent about \$100 million to buy another life settlement portfolio with about 100 policies representing about \$800 million in face value from [Monarch Alternative Capital LP](#), people familiar with the transaction previously said. That portfolio held a mix of policies previously owned by Caldwell Life Strategies Corp. and non-Caldwell assets.

RBS originally acquired the former [Ritchie Capital Management LLC](#) portfolio holding 900 policies with \$2.3 billion in face value after Dutch bank ABN Amro bought it in a bankruptcy sale in 2008. RBS had to be bailed out by U.K. taxpayers in 2008 and 2009 when it expanded globally and took over ABN Amro, leaving it too thinly capitalized.

[Maple Life Financial Inc.](#) and its servicing arm, MLF LexServ LP, had been chosen to market the portfolio several years ago, although the sale had been put on hold, Nate Evans, CEO of Maple Life, said at the time.

Boris Ziser, a partner with the [Schulte Roth & Zabel LLP](#) law firm in New York, represented Blackstone on the transaction.