

Life Plans/GBS Insurance

Life Settlement Brokerage Division

Strategy to Initiate a Life Settlement with Your Clients

Many financial professionals are entering the Life Settlement marketplace, including insurance agents, CPA networks, and estate and financial planners. This trend has focused more attention on the need for education and resources related to life settlements, including the best way to incorporate life settlements into their current practice.

The following steps outline a potential strategy to initiate a life settlement with a client, when appropriate.

STEP 1 - Identify potential candidates from existing clientele and prospects.

- Minimum age 70 or older; most viable candidates tend to be 72+
- Policies should be at least 2+ years old
- Type of policies: Universal Life (individual or survivorship), Term (with conversion to UL), Variable Universal Life and some Whole Life policies.
- Average minimum aggregate face value of policies is \$250,000

STEP 2 - Conduct a planning meeting with your client to determine their current insurance needs and review their existing life insurance coverage. Determine if their current coverage amount continues to meet the needs for which they were intended and if those policies are performing in accordance with the needs and expectations of the insured.

STEP 3 - If determined that any or all coverage is not meeting the performance expectations or is no longer needed, then a life settlement may be suitable and you can recommend moving forward. Other factors such as affordability and current insurability of the client will ultimately also play a factor in determining the suitability of a settlement for each particular case.

STEP 4 - Once you've determined that a life settlement is a viable option, have your client complete a 'Life Settlement Information Form' and submit to Life Plans. If you are the writing agent you should obtain a current illustration from the carrier: UL and Term Conversion illustrations should show level premiums with at least \$1 of Cash Surrender Value at age 100 or maturity. For VUL or WL policies please contact Life Plans to discuss the appropriate illustration needed.

STEP 5 - Upon approving/qualifying the case for a life settlement, Life Plans will order all information needed to properly evaluate and shop the policy: illustrations from insurance company, existing medical records (can take up to a month), 2 life expectancy reports from third-party life expectancy providers (takes up to 3 weeks). Life Plans will carefully package the complete file and shop the policy with all of the appropriate licensed institutional buyers for pricing. Once the buyers have had ample time to review the case Life Plans will begin intense negotiations with the buyers in an effort to obtain the highest price in the market.

STEP 6 - Once determined the highest offer for the policy has been obtained Life Plans will convey the top and best bids to the agent. The agent then presents the bid to their client to decide whether a life settlement is a viable transaction for him/her.

STEP 7 - If the offer is accepted and a life settlement is agreed upon, Life Plans will proceed with obtaining the Life Settlement Closing Contracts from the buyer and review them with the agent. The agent will meet with their client to complete the Closing Contracts.

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STEP 8 – Life Plans will review the completed Closing Contracts and forward to the buyer. Life Plans will then work with the buyer to ensure a timely closing which includes a final review/approval of the case, depositing the funds into an escrow account and submitting the Change of Ownership forms to the insurance company for processing. Once the escrow agent receives confirmation of the ownership change they will release the funds immediately to be sent to the seller.

Please feel free to contact me anytime with questions or to discuss potential cases:

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