

# UNDERSTANDING LIFE SETTLEMENTS

Your Life Insurance Policy is a Valuable Asset



**Life settlements** are defined as the sale of an existing life insurance policy by the policy owner to a third party. Life settlements are based on the premise that many seniors **no longer want, need or can afford to pay premiums** on their life insurance policies. Instead of surrendering a policy for a mere fraction of its face value (typically 3% - 5%), it can be sold in the secondary market for a significant financial gain. Unfortunately, too many seniors and their financial advisors fail to capitalize on the life settlement opportunity and simply let policies lapse. For example, according to the Insurance Information Institute in 2005, it is estimated that 19.8 million life insurance policies lapsed or expired, while only 2.2 million policies paid death benefit claims.

## What types of policies can be sold?

Convertible Term, Universal Life, Whole Life, Variable Life and Indexed life

## Are Life Settlements regulated?

Yes, life settlements are a highly regulated market that requires life settlement brokers to be licensed on a state-by-state basis.

## Why would a policyowner want to sell a policy?

We have an actual case we closed, where the male age 75 no longer needed or wanted his \$500,000 universal life policy. The policy had become too expensive and it had no cash value. He was not interested in reducing the face amount. His children had no interest in the policy. We had a discussion and the client decided to proceed with us through the process.

He sold his policy and received \$92,500.

Everything you need to know about Life Settlements.

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Call Susan Cimini to discuss your policy options. (800) 436-0719