

# **Settlement Clearing House**

## **Life Settlement Client Seminar**

*“The Living Benefits of Life Insurance”*



## Key Industry Facts

- Seniors purchase policies for estate planning purposes, family care, and future needs.
- Senior Citizens hold approximately \$492 Billion dollars of life insurance coverage.
- A large amount of life insurance coverage LAPSES.
- The Settlement Market has been helping seniors liquidate their policies since the mid 1990's, today it IS one of the fastest growing industries in America.



# What Is A Life Settlement?

- The sale of an existing life insurance policy to a third party for a **CASH SETTLEMENT**.
- The settlement value received from the transaction will be at a discount to the face value of the policy.
- The sale of the policy will allow the policy owner to stop paying premiums.



# What Makes An Insured A Candidate For A Life Settlement?

- Males: target age 70+.
- Females: target age 75+.
- Health conditions subsequent to policy issuance must be present, reducing the life expectancy of the insured.
- Life expectancies must be less than 17 years.



# What Types of Policies Qualify?

Policies from most life insurance carriers rated B+ or higher will qualify for a settlement.

- Whole Life
- Term Life
- Universal Life
- Variable Life
- Key-Man
- Group Life
- Corporate-Owned Policies
- Most Others Will Qualify



# What Are The Application Standards For A Life Settlement?

- Insureds are typically above the age of 70.
- Completing an Application and Release form, the insured / policy owner allows Settlement Clearing House to receive medical and insurance information from the insured's physician(s) and insurance carrier(s).
- The life insurance policy must have a minimum face value of at least \$250K. If a senior client has a life expectancy of under five years and is without a terminal illness, the minimum face value can reduce to \$100K.
- ALL policies MUST be beyond the contestability period, which is commonly two years.



# Who Receives The Settlement Funds?

The Policy Owner Receives the Benefits When a Life Insurance Policy is Sold.

## Policy Owners Are:

- Insureds
- Individuals
- Family Members
- Trusts
- Companies
- Charitable Organizations
- Many Others

## Policy Owner Benefits:

- No more premium payments are required.
- No longer required to be the administrator of the policy.
- Receive a CASH SETTLEMENT to use however you choose.
- Settlement is LARGER than the cash surrender value.



# Why Consider A Life Settlement?

- Use proceeds to replace an outdated or inefficient life policy.
- Decline in health has increased medical expenses.
- Health and long-term care have become a financial nightmare.
- Fear of leaving family burdened with debt.
- Policy has become too expensive to maintain.
- Settlement proceeds are always greater than the cash surrender value in a policy.
- New tax laws or estate changes have made life insurance coverage excessive.
- Alternative funding is needed for more suitable financial products.



# Life Settlements Provide The Ability To:

- Receive additional funds to compensate for loss of income since retirement.
- Eliminate premium expenses.
- Meet day-to-day financial obligations.
- Relieve overall financial stress.
- Preserve a high quality of living.
- Maintain control of affairs before passing.
- Observe the benefits of asset distribution TODAY!
- Do the things you've always wanted to do in life.
- Have "Peace of mind."



# The Settlement Process

**Step 1** Application and supporting documentation are submitted.

**Step 2** Medical and insurance records are obtained.

**Step 3** Review of information to determine eligibility is conducted by our underwriting team.

**Step 4** Negotiation with multiple funding sources allows Settlement Clearing House to bring the highest offer to the client.

**Step 5** Upon acceptance, a contract and related forms are completed.

**Step 6** Policy ownership is transferred to the purchaser and funds are then released from escrow to the client.



## Life Settlement -Term Conversion

*Mr. Wilson's 20-year term policy was reaching its conversion deadline. He was now 79 and was recently diagnosed with coronary artery disease. Mr. Wilson could not afford a conversion, and letting his \$250,000 policy lapse would leave him nothing.*

Mr. Wilson applied to Settlement Clearing House and his policy was sold for \$75,000. He was able to recover all of the premiums paid into the policy, plus a handsome profit. Mr. Wilson used the proceeds to pay off some debts, go on vacation, and add more funds to his retirement portfolio.



## Life Settlement - Unplanned Health Change

*Dave was 76 and had just suffered a heart attack, which left him permanently disabled. His family was unprepared for this unfortunate turn of events. After learning of the Medicaid requirements and the cost of a care facility, the family was unsure how they were going to pay for his care.*

Fortunately, the staff at the care facility suggested the life settlement option to Dave's family when they found out about his \$500,000 life insurance policy. The family received a \$250,000 settlement, and eliminated the premium payments. These funds covered the three years Dave resided in the facility before his passing. The remaining funds were distributed to Dave's original beneficiaries.



# Life Settlement-A Partnership Buy/Sell Agreement

*Two friends had been business partners for many years. Eventually, they decided to fund a buy/sell agreement and each partner purchased a 20-yr term policy worth five million dollars insuring the other partner. Years later, they sold their business and retired. They no longer required the policies and began to look at their options.*

Instead of lapsing the policies and receiving nothing, the partners pursued a life settlement. The 75-year-old partners sold their policies for \$200,000 and \$150,000. Each partner used these funds to supplement their current retirement income.



# What Are Your Next Steps?

- Contact your financial professional for advice.
- Request an application from Settlement Clearing House.  
(By phone, on-line, or through your financial representative)
- After receipt of the completed application, the process will take approximately 10-12 weeks.
- If the qualification standards are met, you will receive an offer to accept or decline with no obligation.

