



Life Insurance Settlement Guidelines

1. **Health Status / Life Expectancy of the Insured**
 - A. Senior individual's life expectancy must **NOT** exceed 20 years at any age.
 - Individuals 65 years of age or older
 - **Health conditions must exist at and below target minimums ages.**
 - B. Terminally ill individuals of any age with a life expectancy less than 5 years.
 - C. The "Inch" Rule- if the client's medical records are not at least an inch thick, in most cases, they won't qualify (Based on our experience). Some Exceptions may include:
 1. Insured is over the age of 80
 2. Poor health conditions exist; however obtaining medical records is extremely difficult due to uncooperative hospitals/physicians.
2. **Face Value**
 - A. Seniors – Minimum of \$250,000 (may have multiple policies totaling \$250,000 +). Consideration will be given for policies under the minimum if the life expectancy is below 5 years.
 - B. Terminally ill – Minimum of \$50,000 (may have multiple policies totaling \$50,000 +). Life Expectancy < 5 Years
3. **Case Submission Timeline**
 - A. Attending Physician Statement – Dependent on Doctor, allow for up to 2 weeks.
 - B. Once all case submission requirements are fulfilled and APS is received, allow a 2 to 4 week turnaround. This may be shorter, but underwriting may also require: New Illustrations, Clarification on Policy Provisions and Specifications, Clarification on Medical History, Outside Medical Review, etc. These factors may push the turnaround time beyond 4 weeks.

*As this market evolves there are an increasing number of funders who will evaluate policies with face amounts between \$50K and \$100K.



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4. **Premium Payments and Cash Values**
 - A. Ensure that the policy is not in danger of lapsing during the processing time frame. Policy Owner must keep premiums current until the transaction is completed!
 - B. Yearly premium payments should be low, typically less than 6% of the face value of the policy.
 - If the premium to face ratio is over 6%, then the life expectancy must be under 6 years.
 - If life expectancy is over 6 years, premium ratio must be under 4%, decreasing even further as life expectancy increases.
 - C. Cash values (CV) should not be more than 50% of the face value of the policy.
 - If the CV does exceed 50%, then the life expectancy must be under 4 years.
 - There are alternatives, such as withdrawals or loans, which may reduce the CV and make the policy sellable. It is recommended to run illustrations with a withdrawal taken to project future policy status.
5. **Medical Records**
 - A. Our "Authorization for the Release of Information" allows for the release of medical information to Settlement Clearing House and its affiliates. The processing time can be greatly reduced if the Insured's Medical Records are included with the Case Submission Package.
 - B. Remember to enclose the original Authorization, signed by the owner/insured, with the Case Submission Package to Settlement Clearing House.
6. **In-force Ledgers**
 - A. Do not wait for the In-Force Ledgers to arrive before sending in all of the documentation.
 - It is best to order 5 and 10 year illustrations at a current rate and/or at a 4.5% interest rate, zeroing out cash values at the end of the run.
 - Also, please run an illustration to maturity showing level minimum premium and a level death benefit.
 - B. The rest of the documentation can be faxed or mailed when available.
7. **New Issues / Wet Ink Policies / Contestable Policies**
 - A. New Issues or Wet Ink Policies are not acceptable for submission.
 - B. Policies that are still in their contestable state will not be accepted.
 - C. Term Conversions – Make sure the policy is in-force from the original policy issue date of the Term Product, and not contestable at the date of conversion. Many insurance companies overlook this important fact if it is not brought to their attention!