



Settlement Clearing House is Focused on Educating Agents on the Potential of the Life Settlement Market!

By Brien P. Tilley, President SCH

Welcome to Settlement Clearing House! At SCH we represent a national network of life insurance brokerages and financial advisory firms that provides strategic, transparent, and competitive life settlement solutions to their diverse clientele. The combination of our scope of relationships with all of the markets institutional money sources, adept negotiation skills, and full disclosure of the negotiating process help us create unmatched demand for policies in this booming secondary market.

It is clear that the Life Insurance industry has been “re-invented” with the advent of the life settlement marketplace. This secondary market has grown exponentially over the last few years, and has transformed in to a reputable institutionally driven “forum” to sell in-force life insurance policies. Although the growth of this marketplace is staggering as reported in the [Bernstein Research Study](#), we are still in the infancy of this cycle. The Bernstein Study also reports that the life settlement business will grow more than 10-fold to \$160 billion over the next decade. At present, there is roughly \$13 billion of total in force settlement business. Yet, as settlements become part of our business “culture”, it is estimated that this market will surpass earlier forecasts and exceed \$300 billion in face amount settled over the next several years. With this in mind, it is important to take note that the target market for life settlements (i.e., individuals above age 65) should grow by 90% over the next 25 years, more than 3x the 23% growth rate of the total U.S. population.

At its most basic level, the life settlement transaction is quite simple – selling a life policy for an amount greater than the surrender value or for a price that is material to the consumer’s needs. Yet, this “basic” transaction can be arduous or underdeveloped if a life insurance brokerage or financial advisory firm does not know the following:

- Who is a legitimate candidate?
- What is an average purchase price?
- How many institutional money sources will be asked to bid on their file?
- What is the gross offer?

Far too many life insurance brokerages and financial advisory firms are not commanding the highest purchase price on the market because they are dealing directly with a funder, or they are working with an agency whose infrastructure is limited – only accessing a small number of funding institutions. How do these limitations impact pricing? The answer is very simple.



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It is impossible to have the most successful auction without inviting all of the leading bidders. In this respect, SCH's infrastructure is unparalleled in the industry. We have relationships with every institutional money source in the market, both nationally and internationally. This depth of auction gives us the ability to create the greatest demand for policies being sold. As a result, our Marketing Centers are providing the highest possible settlement purchase prices, and at the same time maximizing their commissions.

The most illusive component of the life settlement process is the "Gross Purchase Price". Obviously, the gross purchase price determines the consumer's payout and the life insurance brokerage's or financial advisory firm's commission. Yet, in many instances, this number is not fully conveyed. Depending on the source that has handled a settlement transaction, fees might be deducted before the purchase price is divulged. This is another significant reason why leading life insurance brokerages and financial advisory firms throughout the country subscribe to the SCH Transparent (full disclosure) Negotiation Model – we deal in the gross offer!

At SCH, we are consistently successful at producing top settlement offers, because we maintain a strict discipline of presenting our cases to every possible funder on every case. Since millions of dollars can be infused into the marketplace at any given time by any given funding source, it is essential for SCH to remain impartial. In essence, there are no favorite funding sources. It is our focus to create the best offer for our Marketing Centers that exists at that moment in time. Thus, SCH has positioned itself for successful negotiations by always accessing all money sources available to purchase policies.

In conclusion, industry studies such as the [*Agent Media Study*](#), have shown that life insurance brokerages and financial advisory firms are becoming more aware every day of the potential that exists within the life settlement market. In this regard, these financial institutions see the tremendous value this "tool" provides their clients, in lieu of surrendering or lapsing policies. Still, most life insurance brokerages and financial advisory firms are quick to point out that they have not completed a life settlement transaction, because they do not feel that they have the knowledge to do so.

Today, SCH invites you to partner with us in an effort to access the industry's leading educational resources, infrastructure, and negotiations model. We are actively training life insurance brokerages and financial advisory firms throughout the country, and look forward to helping more harness the economic benefits of this transaction.