

Life Settlements

Q & A

What Are Life Settlements?

A life settlement is the sale of a life insurance policy or certificate issued on the life of a person, who does not have a catastrophic or life threatening illness or condition that is likely to result in death within 24 months, for a dollar amount that is less than the policy's face value. A life settlement offers you the opportunity to receive a portion of your policy's death benefit while you are still alive.

How Do Life Settlements Work?

You will complete an application and medical release forms so that they can gather information from your life insurance company and your doctors. All information gathered must be kept confidential and cannot be given to anyone without your written approval. If you qualify, you will be made an offer for your policy. The amount offered for your policy will be based on facts such as how long you are expected to live, the amount you pay for premiums, the rating of your insurance company, and your policy's provisions (e.g., a waiver of premium). If you accept the offer, you will be asked to sign a life settlement contract.

Do I Have To Sell All of My Policy?

No. You can sell all of your policy or you can sell only a part of your policy. If you sell only a part, you will be required to assign or transfer only the part being sold.

What if I Change My Mind?

If you change your mind about selling your policy, you can cancel the life settlement contract at any time up to the 15th day (30 days in some states) after you receive the money. The guidelines for the rescission period will be explained in detail in the Life Settlement Purchase & Sale Agreement, which can vary on a state by state basis.

What if I Don't Want to Be Contacted About My Health Status?

If you do not want to be contacted about your health status, you may appoint an adult person or persons to be contacted on your behalf. That person must be in regular contact with you and you must give their name, address and phone number. Once you give this information, they may not contact you unless attempts to reach your contact person have been unsuccessful for more than 30 days. If you need to, you can change your contact person at any time by sending a written notice.

How will I know if my policy includes extra coverages like accidental death, future increases in the death benefit, or covers other family members? Do these affect my settlement?

Some policies contain extra coverages. You may want to contact your insurance company or agent to see if your policy contains a provision or rider providing extra coverages.

What type of policy qualifies for a Life Settlement program?

Whole Life, Universal Life, Joint Life, Last-to-Die, Key-Man and even Term Policies may qualify.