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THE WEEK IN LIFE & HEALTH

FOCUS LIFE SETTLEMENTS

Reaching Affluent Senior Life Settlement Prospects; Agents need to demonstrate the value of these arrangements to the high net worth

By Larry Simon

Selling a life insurance policy through a life settlement may be a major step for a policyholder, even if the policyholder is a high-net-worth client. Marketing life settlements to this group can present a unique set of challenges.

When marketing life settlements to high-net-worth seniors, the most important consideration for agents and brokers is demonstrating the value of those arrangements to customers.

For high-net-worth seniors, the value comes from getting a chance to use the cash proceeds from a life settlement to pay for annuities or other investments, or to fund new estate planning or planned giving strategies that might be a better fit for their current financial goals.

Likely Candidates

Before reaching out to high-net-worth seniors, agents and brokers should realize that life settlements aren't for everyone. Policies considered for purchase by life settlement companies must meet certain eligibility requirements:

- The policy must be beyond any carrier or statutory contestability period, fully renewable, and subject only to the payment of premiums.
- The insured's life expectancy must be between 25 and 144 months based on one or more medical evaluations from an approved evaluator.
- Term policies must have minimum term life insurance coverage equal to the greater of 2 times the life expectancy, or 10 years.
- The face value of the policy cannot exceed \$20 million.

Agents and brokers should market to seniors 70 and older, who hold policies with a minimum face value of \$250,000. That will help narrow the field to consumers with a high net worth.

Affluent seniors likely will have a team of trusted financial advisors. Consequently, agents and brokers should develop a referral network of certified public accountants, estate planning attorneys and financial planners who serve affluent seniors.

Fee-based CPAs and estate planning attorneys are among the best sources for life settlement candidates, as they often work with affluent seniors. These professionals, who may have limited knowledge of the insurance industry, often will refer clients to life settlement brokers.

Avoid A Hard Sell Approach

Marketing to affluent seniors presents a unique challenge, as they likely have heard a myriad of sales approaches. These guidelines should help:

- Members of this group are very careful about those with whom they do business. Compared to other clients, they will want to know more about their agents and brokers as people before doing business with them.
- Hard sells rarely work on affluent seniors, as they're savvy and have heard it all before. Messages should be personable and straightforward.
- Photos send a message. In your promotional material, use photos of seniors enjoying their wealth.

- Seniors have time to read. Agents and brokers should consider writing articles for local newspapers and publications aimed at seniors. This will help position them as authorities on life settlements and build audience trust. Reprints of these published articles are a smart addition to any direct mail piece.
- Before publishing or distributing advertising or marketing materials, and when designing your Web site, always give careful consideration to legal and regulatory requirements in the states in which your information will be disseminated. Most states have strict laws governing advertising and marketing practices in the insurance industry in general, and many also have additional regulations that specifically govern advertising and marketing practices in connection with life settlements. Some states require that such materials be filed with state regulators prior to first use.
- Licensing requirements also should be considered carefully. In many states, a license is required prior to engaging in any activities that involve solicitation of life settlement clients.

Larry Simon is director, chief executive officer and president of Life Settlement Solutions, Inc., based in San Diego, Calif. Life Settlement Solutions and its management has an established, proven industry record, having purchased life insurance policies in excess of \$1 billion aggregate face value to date. For more information regarding Life Settlement Solutions, visit www.lss-corp.com.