



LIFESSETTLEMENT
ADVISORS



Alternatives to Lapse or Surrender a Life
Insurance Policy

What is a Life Settlement?

A life settlement is the sale of an existing life insurance policy to a third-party buyer. The policy owner sells the policy for less than the death benefit, but more than the cash surrender value. The buyer acquires the rights to the policy along with the responsibility to continue to make premium payments. Policy owners who settle their policy receive on average four to seven times of the cash surrender value, according to a 2010 study by the U.S. Government Accountability Office.



Life Insurance is a Cornerstone of the Financial Fabric of the United States

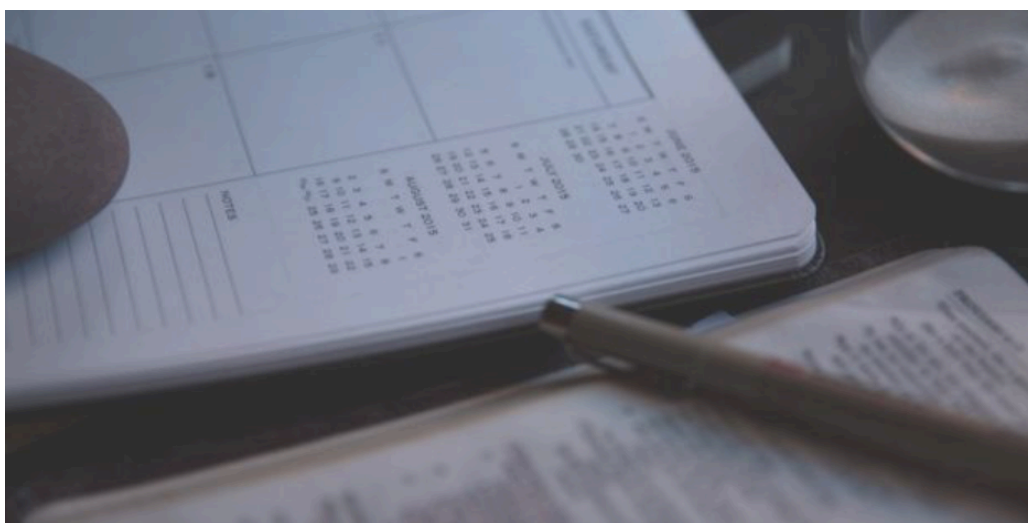
- \$11.8 trillion Face Value (FV) – 142.7 million individual policies
- \$2.5 trillion FV – 42 million individual policies on seniors age 65+
- \$112 billion FV – 1.1 million policies lapsed each year by seniors age 65+
- 90% of seniors age 65+ would have considered selling their policy had they been aware of the option.

Regulatory Response to Life Settlements

- Life insurance has the ordinary characteristics of property (Grigsby v. Russell, U.S. Supreme Court, 1911) and may be sold for value if no longer needed or affordable.
- Life settlements are regulated in 45 states, representing 92% of the U.S. population.
- Life settlements are a very safe, secure transaction for seniors. According to the National Association of Insurance Commissioners, only one (1) consumer complaint involving a life settlement has been reported to state insurance departments in the past five years.

Key Features of Life Settlement Regulation

- **Transparency** – Life settlements offer full transparency to the policy owner and include consumer-friendly disclosures of alternatives to selling a policy, compensation paid to life settlement brokers, and disclosure of risks associated with selling a policy.
- **Privacy** – Companies must adhere to applicable state and federal privacy laws.
- **Required Licensure and Forms Approved** – Licenses are required for life settlement brokers and providers. Life settlement contracts, disclosures, escrow agreements and anti-fraud plans must be submitted for approval.
- **Consumer Disclosure** – Six states mandate disclosure of the settlement option when senior policyholders contemplate lapse or surrender of their policy.



For more information, please contact Life Settlement Advisors today!

Leo LaGrotte
Life Settlement Advisors
llagrotte@lsa-llc.com
1.888.849.0887
www.lsa-llc.com