

Start the New Year By Offering a New Service



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During this economic downturn, starting the year with impressive sales numbers can be very challenging. Convincing a client to purchase a life insurance policy and pay premiums to keep a policy in-force is not always an easy sale. Life settlements are becoming a critical component in life insurance sales now more than ever, for both new and existing policies.

As one of our financial advisors recently stated, "In these tough economic times, I need to offer more services just to bring in the amount of money that I used to do during better times."

When the decision is made that a life insurance policy is no longer wanted or needed or is no longer affordable, a financial professional can present life settlements as an option to recover capital put into a life insurance policy. Instead of asking a client for a check, a life settlement helps your client receive a check. The proceeds from a life settlement are often used to fund new, more appropriate life insurance policies or financial products, thus also helping financial advisors begin 2009 strongly.

Use these six simple steps to identify when a life settlement may be suitable for your client:

Step 1 - Identify potential candidates from existing clientele and prospects. Minimum age of 70. If there are serious health issues, 60 or over could work. All policies must be out of contestability.

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Step 2 - Conduct a planning meeting with your client to determine his or her current insurance needs and review existing life insurance coverage. Determine if the client's current coverage amount and policies continue to meet the needs for which they were intended and if these policies are performing in accordance with the needs and expectations of the insured.

Step 3 - If it is determined that any or all of the coverage is not meeting the performance expectations, then a life settlement may be suitable for consideration. Other factors, such as affordability and current insurability of the client, will ultimately play a factor in determining the suitability of a settlement for each particular case.

Step 4 - Research reputable life settlement brokers to obtain pricing offers of the policy's fair market value. Choose ONE broker based on these characteristics:

- A member of LISA, the Life Insurance Settlement Association.
- Life insurance experts to best position the policy to maximize its value.
- Ability to value policies internally prior to taking them to the market.
- Employs an extensive due diligence process and works only

with institutional buyers.

Extensive disclosure, including a disclosure document can be provided to the seller at the very beginning of the process.

The broker maintains a secure environment for physical files and policies plus procedures for access.

Errors and Omissions Coverage extended to financial advisors at no cost. Most E&O Coverage for advisors does not cover life settlements.

Step 5 - Once you have determined that a life settlement is a viable option, gather relevant medical information, policy information and complete settlement applications and client authorizations. Getting a Verification of Coverage form ordered from the carrier at the start of the process often avoids nasty surprises later.

Step 6 - When market value is determined, work with your client to decide whether the offer is in his/her best interests. Obtain all items required to close the transaction to expedite funds for the life settlement to the client. **FA**

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