



Is the policy owner a defendant in any suits or legal actions? Yes \_\_\_\_\_ No \_\_\_\_\_

Has the policy owner ever declared bankruptcy? Yes \_\_\_\_\_ No \_\_\_\_\_

Drivers license # \_\_\_\_\_ State of Issue \_\_\_\_\_

**Complete if Policy owner is a Trust, Corporation, Partnership, LLC or Other Entity**

\_\_\_\_\_  
Trust Situs/ State of Incorporation or Domicile

\_\_\_\_\_  
Name of signatory Title (Trustee, Corporate Officer, Partner, etc.)

\_\_\_\_\_  
Name of signatory Title (Trustee, Corporate Officer, Partner, etc.)

**D. LIFE INSURANCE INFORMATION**

\_\_\_\_\_  
Insurance Company Policy Number Face Amount

\_\_\_\_\_  
Date of Issue Policy Type (WL, UL, SUL, Term, etc...) Current Premium

\_\_\_\_\_  
Initial Policy Owner (at time of Issuance) Name of current policy owner (If different)

Has policy beneficiary changed since the policy was issued ? \_\_\_\_ Yes \_\_\_\_ No

If yes, why? \_\_\_\_\_

\_\_\_\_\_  
Name of initial Beneficiary(s) Relationship(s) to insured

\_\_\_\_\_  
Name of current beneficiary(s) (If different) Relationship(s) to insured

What was the insured's and policy owner's original purpose for buying the policy? \_\_\_\_\_

\_\_\_\_\_  
Before or at the time the policy was issued, did the insured, policy owner or any other party arrange to transfer, sell or assign, directly or indirectly the policy or any benefits to a third party \_\_\_\_ Yes \_\_\_\_ No

If yes, describe the arrangement in detail and provide copies of documents relating to the arrangement

\_\_\_\_\_  
Has the insured or policy owner ever assigned the policy or policy benefits to any person or entity?  
\_\_\_\_ Yes \_\_\_\_ No If yes, describe the details of such assignment.

\_\_\_\_\_  
LIS.NM(b)

Has the policy or any of the policy premiums been financed by a third party, either through a loan, equity contribution or otherwise? \_\_\_\_ Yes \_\_\_\_ No

If yes, please describe the financing arrangement in detail and provide copies of any document related to that arrangement.

If yes, what is name of lender? \_\_\_\_\_ Principal loan amount \_\_\_\_\_

Loan Maturity balance (payoff amount) \_\_\_\_\_ Loan Maturity date \_\_\_\_\_

List all persons or entities (including any trust) who have, or have had, any direct or indirect ownership or other interest in the policy or its proceeds, including the nature of the interest and the relationship of such person entity to the insured. For any entity, please identify all persons that own (or have owned) and , if different, control or manage (or have controlled or managed) that entity. For any trust, include all

\_\_\_\_\_  
Name                      nature of the interest                      date and manner interest was obtained                      relationship to insured

\_\_\_\_\_  
Name                      nature of the interest                      date and manner interest was obtained                      relationship to insured

\_\_\_\_\_  
Name                      nature of the interest                      date and manner interest was obtained                      relationship to insured

\_\_\_\_\_  
Name                      nature of the interest                      date and manner interest was obtained                      relationship to insured

**For additional policy and/or physician information, please provide a supplementary page.**

**For Agent Use:** If available, please include the following: 1) Current in force Illustration to maturity.  
2) Current APS (if not within the last 90 days, please provide physician information in Section B).

**The undersigned represents to Life Insurance Settlements, Inc. that:**

- A. The information contained herein is complete and accurate and may be relied upon by Life Insurance Settlements, Inc., Life Settlement/Viatical Settlement Providers and Financing Sources.
- B. The undersigned will immediately notify Life Insurance Settlements, Inc. of any material change in any information contained herein, occurring prior to conclusion of the proposed sale, including but not limited to: cancellation and release of insurance policies, assignment of ownership of policies, change in beneficiary and irrevocable assignment of right to designate future beneficiaries of policies.

The proposed sale, cancellation and release of insurance policies, assignment of ownership of policies, or change in beneficiary and irrevocable assignment of right to designate future beneficiaries of policies will be solely for the benefit and account of the undersigned, and not for the account or benefit of any other person.

LIS.NM(c)

**FRAUD WARNING**

**ANY PERSON WHO KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE OR AN APPLICATION FOR A LIFE SETTLEMENT/VIATICAL SETTLEMENT CONTRACT IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.**

**NOTICE TO APPLICANTS**

Neither Life Insurance Settlements, Inc. nor it's officers, directors, or principals provide legal, accounting, or financial advice to prospective applicants regarding the advisability or relative merits of selling or conveying their legal rights in existing life insurance policies in exchange for cash payments referred to as living benefits, viatical settlements, intervivos settlements, or other similar terms.

An applicant must determine the relative benefit of any such living benefit settlement after review of the legal and financial implications of such a settlement with the applicant's own attorney, accountant, or other appropriate advisors, only then, should a decision be made to effect such a sale or settlement. Applicant has a clear & complete understanding of the current or future benefits of the life insurance policy being offered for sale or settlement. Applicant acknowledges that he/she has freely and voluntarily provided the information requested in this application. In executing this application, each insured acknowledges and agrees that, subject to all applicable laws (including privacy laws), Life Insurance Settlements, Inc. shall have the right (regardless of whether or not a settlement transaction is completed) to license, sell and assign all data and information submitted or collected in connection with the potential settlement transaction, as well as all rights under the accompanying Authorization For Disclosure of Protected Health Information authorizing the disclosure of the insured's protected health information, to a third party financial institution, which may use such data or information to: (a) track performance of life expectancy underwriters; and (b) develop and use indices related to actual and anticipated longevity, mortality, life expectancies and/or similar measures of human lives in a manner in which the identity of underlying individuals may not be personally identified.

**PLEASE SEND WITH THE COMPLETE APPLICATION FORM, PHOTOCOPIES OF THE FOLLOWING:**

- A. Life Insurance policy to be sold, including the application for insurance
- B. Your Driver's License
- C. Last premium statement from your Life Insurance company(if available)
- D. Social Security Card

\_\_\_\_\_  
**Applicant(Owner's) Full Name**

\_\_\_\_\_  
**Applicant (Owner's) Signature      Date**

\_\_\_\_\_  
**Applicant(Owner's) Full Name  
(If more than one owner)**

\_\_\_\_\_  
**Applicant(Owner's) Signature      Date  
(If more than one owner)**

\_\_\_\_\_  
**Witness' Full Name**

\_\_\_\_\_  
**Witness Signature                      Date**

\_\_\_\_\_  
**Insured's Full Name**

\_\_\_\_\_  
**Insured Signature                      Date**

\_\_\_\_\_  
**Insured's Full Name(if more than one Insured)**

\_\_\_\_\_  
**Insured Signature(if more than one Insured)**

\_\_\_\_\_  
**Witness' Full Name (Type or Print)**  
LIS.NM 1(d)

\_\_\_\_\_  
**Witness Signature                      Date**





**Life Insurance Information Release Form**

Life insurance policy number \_\_\_\_\_ issued by \_\_\_\_\_  
(Insurance Company), is owned by \_\_\_\_\_, and insured the life of \_\_\_\_\_.

I authorize the release to Life Insurance Settlements, Inc. (LIS) or its designee, any or all information concerning the above policy.

I authorize LIS to share this information with life settlement providers, brokerage general agents, and other parties, as required. The purpose of this sharing of information is to obtain quotes for life settlements, and / or life and health insurance policies.

\_\_\_\_\_  
Policy Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Social Security Number/Tax ID Number

\_\_\_\_\_  
Policy Owner Signature  
(If more than one owner)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Social Security Number/Tax ID Number



## **DISCLOSURE**

The owner of the life insurance policy to be viaticated, the viator, should be aware of the following:

1. That there are possible alternatives to a viatical settlement contracts for persons with catastrophic, life-threatening or chronic illnesses, including any accelerated death benefits offered under the viator's life insurance policy.
2. That some or all of the proceeds of the viatical settlement may be free from federal income tax and state franchise and income taxes, and that assistance should be sought from a professional tax adviser.
3. The viatical settlement provider company, not the viator, may compensate LIS based on a formula that is a percentage of the face value of the life insurance policy. For example, compensation for a \$100,000 policy could be:  $8\% \times \$100,000$  (face value) = \$8,000.00. Life Insurance Settlements, Inc. hereby certifies that the brokers named will not be employed by the Viatical Settlement Providers involved in the transaction.
4. That proceeds of the viatical settlement could be subject to the claims of creditors.
5. That receipt of the proceeds of a viatical settlement may adversely affect the viator's eligibility for Medicaid or other government benefits or entitlements, and that advice should be obtained from the appropriate government agencies.
6. That the viator has a right to rescind a viatical settlement contract within fifteen (15) calendar days after receipt of the viatical settlement proceeds.
7. That money will be sent to viator within two (2) business days after the provider has received the insurer or group administrator's acknowledgment that ownership of the policy or interest in the certificate has been transferred and the beneficiary has been designated pursuant to the viatical settlement contract.
8. That entering into a viatical settlement contract may cause other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the policy or certificate, to be forfeited by the viator and that assistance should be sought from a financial adviser.
9. That all medical, financial, personal or patient identifying information solicited or obtained by a viatical settlement company or viatical settlement broker about a viator and insured, including the viator and insured's identity or the identity of family members, a spouse or a significant other, is confidential. Such information may be provided to financing entities, including individual and institutional purchasers.

I have received a copy of Appendix A, set forth in 13.9.15.18 NMAC, as part of the application.

NM-Disclosure (a)

\_\_\_\_\_  
**Signature of Insured**                      **Date**

\_\_\_\_\_  
**Printed Name**                                      **Date**

\_\_\_\_\_  
**Signature of Witness**                      **Date**

\_\_\_\_\_  
**Printed Name**                                      **Date**

\_\_\_\_\_  
**Signature of 2<sup>nd</sup> Insured**                      **Date**

\_\_\_\_\_  
**Printed Name**                      of 2<sup>nd</sup> Insured                      **Date**

\_\_\_\_\_  
**Signature of Witness**                      **Date**

\_\_\_\_\_  
**Printed Name of Witness**                      **Date**

\_\_\_\_\_  
**LIS Representative**                                      **Date**

\_\_\_\_\_  
**Signature of Policy Owner (Viator)**                      **Date**

\_\_\_\_\_  
**Printed Name**                                      **Date**

\_\_\_\_\_  
**Signature of Witness**                                      **Date**

\_\_\_\_\_  
**Printed Name**                                      **Date**

\_\_\_\_\_  
**Signature of 2<sup>nd</sup> Policy Owner**                      **Date**

\_\_\_\_\_  
**Printed Name of 2<sup>nd</sup> Policy Owner**                      **Date**

\_\_\_\_\_  
**Signature of Witness**                                      **Date**

\_\_\_\_\_  
**Printed Name of Witness**                                      **Date**

\_\_\_\_\_  
**Printed Name**                                      **Date**

NM-Disclosure (b)





13.9.15.18

## APPENDIX A: BUYER'S GUIDE

### Selling Your Life Insurance Policy

Today it's possible for you to sell your life insurance policy to someone else (a viatical settlement provider) for an immediate cash payment. This financial arrangement, known as a viatical settlement, is best suited for people who are living with an immediate life-threatening illness and facing tough financial choices.

It may not always be in your best interest to sell your life insurance policy. Before you take action, you want to be sure you understand:

1. What future benefits you may lose
2. What other options may be available

Selling your life insurance policy is a complex financial arrangement. This guide will help you make an informed decision.

We recommend that you:

1. Evaluate your needs
2. Check all your options
3. Understand how the process works
4. Know your rights
5. Check with your state insurance department.

#### Step 1, Evaluate your needs

Before you sell your policy and give up valuable insurance protection, think about whether your need for life insurance has changed since you bought the policy. If it hasn't, selling your policy may not be the right choice. If you sell your policy now, your beneficiaries **will not** be paid a benefit at your death.

If you sell your policy now, remember premiums go up a lot as you grow older. You may not want to pay the higher cost to replace your coverage later.

#### Step 2, Check all of your options

You may be able to get the cash you need now without selling your policy.

Appendix A (a)

Seller's initials \_\_\_\_\_

## **Policy Cash Values**

Contact your current life insurance agent or company to see if you have any cash value in your policy. Ask if you can:

1. borrow from the cash value and still keep the insurance in force,
2. cancel the policy for its current cash value,
3. use the cash value as collateral to get a loan from a financial institution.

Your insurance company must tell you about your options if you ask.

## **Accelerated Death Benefits**

Find out if your policy has an “accelerated death benefit.” It may be your best option.

Many life insurance policies do have an accelerated death benefit. With that benefit, policyholders who are terminally ill, affected with certain diseases or permanently confined in a nursing home can access 50% or more of a policy’s death benefit while still living. An accelerated death benefit could pay you a large part of your policy’s death benefit and you could keep your policy.

A very important feature of the accelerated benefit is that when the policyholder dies, the beneficiaries get the remaining death benefit. This means that eventually 100% of the policy benefits will be paid out either to the insured or the beneficiary.

## **Other considerations**

Think about what it will mean if you do sell your policy. Check out the tax implications. Not all proceeds from a viatical settlement are tax-free.

Find out if creditors could claim any of the money you would get from a viatical settlement.

Find out if you will lose any public assistance benefits such as Medicaid or other government benefits if you accept a cash settlement for your life policy.

## **Comparison shop**

To learn the market value of your policy, it’s a good idea to contact three to five viatical settlement providers. Or you could use a viatical settlement broker who would contact several viatical settlement providers for you. Your financial advisor can help you decide whether to work with a viatical settlement provider or through a viatical settlement broker.

**Appendix A(b)**

**Seller’s initials** \_\_\_\_\_

## Summary

Everyone's financial situation is different. A viatical settlement may or may not be the best approach for you. Check it out for yourself. We recommend that you ask an advisor who is qualified to review your finances to help you review your options.

### Step 3, How the process works

If you decide to sell your life insurance policy to a viatical settlement provider, you will enter into a viatical settlement agreement with the provider. You, the seller, agree to accept a cash payment for your policy. The amount will be less than the face amount the policy would pay upon your death. (For example, you might agree to accept a \$75,000 cash payment for a \$100,000 policy.)

The viatical settlement provider buying your policy:

1. becomes the new owner of your policy,
2. names the beneficiary,
3. collects the full death benefit when you die,
4. begins paying premiums on the policy, and
5. may sell your policy again.

There are four basic phases required to complete a viatical transaction.

#### Phase 1— Qualifying to sell your policy (underwriting)

The viatical settlement provider will need information about you before making an offer. Usually it will take some preliminary information from you over the phone and send you this paperwork to sign:

1. a medical release form so the viatical settlement provider can get and review your medical records
2. an authorization form to contact your insurance company to confirm benefit, premium, and ownership of your policy.

To avoid delays, it's important that you give complete and accurate information about your medical history.

If you apply with more than one viatical settlement provider, each will contact your doctor for medical records and your insurance company for policy information.

## **Phase 2—Calculating the offer**

The viatical settlement provider uses the information it gets in the underwriting phase to make an offer. To develop an offer, a viatical settlement provider takes into account various factors including:

1. Estimated life expectancy and medical condition of the insured. Generally, the shorter the life expectancy of the insured, the more the viatical settlement provider will offer for the policy.
2. The amount of life insurance coverage.
3. Loans or advances, if any, previously taken against the policy.
4. Amount of premiums necessary to keep the life insurance policy in force.
5. The rating of the issuing insurance company.
6. Prevailing interest rates.
7. State laws, if any, that require a minimum payment.

## **Phase 3—Closing the agreement**

1. If you accept an offer, a closing package is forwarded to you, the seller, for approval and signature. Closing documents typically include an offer letter, a viatical settlement contract, and the forms the insurance company needs to transfer ownership of the policy to the viatical settlement provider.
2. The closing documents are then returned to the viatical settlement provider for its signature.
3. The viatical settlement provider will put the cash payment owed to you in escrow, if required, and send the signed insurance change forms to the insurance company to record the change.

## **Phase 4—Receiving the payment**

Once the insurance company notifies the viatical settlement provider that the changes on the life insurance policy have been recorded, the payment is released to you, the seller, within two business days.

In many states, you may have the right to change your mind about the settlement AFTER you receive the money, provided you return all the money. Typically the law allows 15 days to review your settlement arrangement.

**Appendix A(d)**

**Seller's initials** \_\_\_\_\_

## **Step 4, Know your rights**

### **State laws**

Many states have laws that provide important consumer protections. You'll want to contact your state insurance department to see which of the following consumer protections your state requires. Determine if:

1. A viatical settlement broker or viatical settlement provider arranging viatical settlements must be licensed with your insurance department.
2. The viatical settlement provider buying your policy must keep your identity and medical history confidential unless you give written consent to tell others.
3. To protect your proceeds, the viatical settlement provider buying your policy must put your money into an escrow account with an independent party during the transfer process.
4. You have the right to change your mind about the settlement **AFTER** you receive the money, provided you return all the money. You have 15 days to review your settlement arrangement.
5. The new owners of your policy are limited in how often they may contact you about your health status.

### **Federal tax laws**

Two groups of people may receive benefits from a viatical settlement without owing federal income tax:

1. persons who have been diagnosed with a terminal illness and with a life expectancy of 24 months or less and
2. certain chronically ill individuals.

If you qualify for this federal tax-free treatment, you also must use a viatical settlement provider that is licensed in the state where you live, or, in states where licensing is not required, that complies with the standards of the National Association of Insurance Commissioners' Viatical Settlements Model Act.

Remember that, as when interpreting any tax laws, it's always best to check with your own financial advisor.

## **Avoiding consumer fraud**

1. If you're in good health and someone asks you to sell your life insurance policy, proceed with caution. Remember that viatical settlements are intended for people living with life-threatening or chronic illnesses. Contact your state insurance department for more information.
2. If you've been contacted by someone who wants you to buy a policy and then sell it immediately, you should contact your state insurance department. You may be a target for fraud.
3. If you're asked to buy a life insurance policy for the sole purpose of selling it, you may be participating in fraud.
4. If you're asked to invest in a viatical settlement, we recommend you contact your state insurance department to learn more about the issues and risks that might be involved in such an investment.

## **Step 5, Check with your state insurance regulator**

### **State licensing**

Find out if your state licenses viatical settlement providers and brokers. For a complete list of authorized viatical settlement providers, brokers, and their representatives, call the Department of Insurance.

### **Seller checklist**

Before you sell your policy be sure you know the answers to these questions.

### **Evaluating your needs**

1. Do you still need life insurance?
2. Do you have dependents who might rely on your life insurance benefits should anything happen to you?
3. If you don't need life insurance protection now, what are the chances you'll need it in the future?

### **Current policy benefits**

1. Can you borrow from the cash value?
2. Can you cancel the policy for its current cash value?
3. Can you use the cash value as collateral to get a loan from a financial institution?
4. Do you have an accelerated death benefit feature?

**Appendix A(f)**

**Seller's initials** \_\_\_\_\_

## **Taxes and other financial considerations**

1. Is the money you get from selling the policy taxable?
2. Will the money you get from selling the policy affect your eligibility for government benefits?
3. Do you need the advice of a tax or estate planning specialist before you decide to sell your policy?
4. If you sell your policy, can any of your creditors claim the money?

## **Understanding the process**

1. If you sell your policy, who will be the legal owner?
2. Is the viatical settlement provider buying your policy licensed?
3. If you sell your policy, how will the value you get be calculated? What interest rate will be used?
4. If you sell your policy but then change your mind, can you get your money back?
5. Will investors have specific information about you, your family or your health status?
6. How are fees or commissions paid to the viatical settlement broker or provider?

## **Protections in your state**

Contact your state insurance department to find out if there are any laws governing viatical settlements.

[13.9.15.18 NMAC - N, 7-1-00]



**A. BROKER AUTHORIZATION & SERVICES AGREEMENT**

As one of the major firms in the settlement industry brokering life policies, Life Insurance Settlements, Inc. and its staff of experienced and trained professionals continually strive to set the standards nationwide in the areas of corporate responsibility, professionalism, adherence to compliance and regulatory issues, and the highest ethical treatment of clients and business associates. We represent the best interests of our clients and maximize the sales value of their policy(ies) in the secondary market. As your designated life settlement broker, Life Insurance Settlements, Inc. incurs the necessary, required and related costs to facilitate your life settlement transaction while providing the following services including but no limited to:

- Evaluation Form assessment.
- Medical underwriting and insurance verifications.
- Obtaining and forwarding independent third party life expectancy reports.
- Submission to multiple authorized and /or registered life settlement providers.
- Best execution negotiation to maximize fair market value of life settlement.
- Closing services including contract review and assistance with contingency requirements of life settlement providers.

In consideration of the services provided and related costs incurred as described above, I/We authorize Life Insurance Settlements, Inc. to act as my/our broker and to evaluate, underwrite, solicit, generate and secure offers beginning on the date of execution of the Agreement and continuing for 365 days, or one calendar year, whatever is longer after the final offer is obtained/acquired regarding and/or related to the purchase of the following life insurance policy (ies) for the insured(s) \_\_\_\_\_:

Life insurance policy number \_\_\_\_\_ issued by \_\_\_\_\_  
 Life insurance policy number \_\_\_\_\_ issued by \_\_\_\_\_  
 Life insurance policy number \_\_\_\_\_ issued by \_\_\_\_\_

By signing this authorization and agreement, I/we am/are aware:

1. Committing for the period of time described above to Life Insurance Settlements, Inc. and to no other individual or entity, including but not limited to any broker, producer and financial advisor, to evaluate, underwrite, solicit, generate and secure conditional and appropriate offers, as determined by Life Insurance Settlements, Inc. pursuant to its typical business model, methods and practices, for the sale of my/our life insurance policy(ies) as state above.
2. Recognizing the proprietary nature of such appropriate, conditional offers as evaluated, underwritten, solicited, generated and secured by Life Insurance Settlements, Inc. for the period of time as described above and pursuant to this Broker Authorization & services Agreement.

In all respects in connection with the transaction, the Broker, Life Insurance Settlements, Inc. will act exclusively on behalf of the Seller and the Insured, and owes duties to the Seller and the Insured, and has not acted on behalf of, and owes no duties to, the Purchaser or its successors or permitted assigns. The Broker, Life Insurance Settlements, Inc. will use its best efforts, on behalf of the Seller, to obtain the most favorable terms and conditions for the Seller in respect of the sale of the Policy, including, without limitation, the best price for the Policy. Life Insurance Settlements, Inc. issues no guarantee that the life insurance policy will be sold, and is under no obligation to purchase the policy or to ultimately find a life settlement provider for the policy(ies) and is not responsible for any breach committed by a life settlement provider, if such life settlement provider is identified.

\_\_\_\_\_  
 Signature of Insured      Date      Printed Name

\_\_\_\_\_  
 Signature of Policy Owner    Date    Printed Name  
 (If other than insured)

\_\_\_\_\_  
 Signature of Insured      Date      Printed Name  
 (If more than one)

\_\_\_\_\_  
 Signature of Policy Owner    Date    Printed Name  
 (If more than one)

\_\_\_\_\_  
 Signature of Authorized Officer of Life Insurance Settlements, Inc.    Date