

# Robin & Peter on LIFE SETTLEMENTS



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## Term is Hot!

As new money flows into life settlement investments and the marketplace recovers from the economic downturn, **term life settlements lead the way**. The reason is that settling a convertible term life policy can work especially well for both policy holders and investors.

For investors, settling a convertible term policy usually means that they will be buying a policy that is convertible to the latest generation of universal life. Newer policies often feature lower mortality rates than older policies. Getting a brand new policy also gives investors the opportunity to manage the policy premium flow to maximize their internal rate of return on the death benefit. The combination of these factors puts convertible term insurance at the top of most life settlement investors' shopping lists. **This, of course, translates into better offers for your clients.**

From the policy holder's standpoint, settling a term policy can also be a great opportunity. Term is usually bought to cover a temporary, rather than permanent, life insurance need. When the need ends, the life insurance policy is usually allowed to lapse. **A term life settlement is a great way to obtain some salvage value for a policy that would otherwise terminate without value.**

Since the final quarter of the calendar year is the busiest in the life insurance business, many term policies have issue dates, and therefore renewal dates, in the fall. The policy anniversary is frequently when policies are lapsed because their premium guarantee period ends. Commonly, it is also when the conversion privilege expires. These are critical dates for your clients to make decisions about the future of their term policies. If and when the decision has been made to lapse the policy, then a life settlement should be considered.

Since a life settlement generally takes several months to complete, to avoid missing a life settlement opportunity for your clients, the process must begin months in advance. For policies renewing in the fall, that means now - the summer. While business quiets down during the vacation period, it is a perfect time to review your book of term business to uncover those policies that are reaching critical decision points in the coming months. Who knows, you might even be able to convince several of your clients to convert and keep their coverage!

As with all life settlements, the best prospects are those over age 70 who have had some decline in health since policy issue. **But whatever the situation, it can't hurt to ask.** Give us a call to let us help you explore the term life settlement opportunity for your clients.

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