

# Robin & Peter on LIFE SETTLEMENTS



August 23, 2011

## Policy Reviews: More or Less?

Successful producers have long known that offering clients and prospects a policy review is a smart way to promote business, while, at the same time, providing a valuable service. Although a review often uncovers the need for additional insurance, it is not uncommon, in these turbulent financial times, for a review to discover policies that are no longer wanted, needed or affordable and therefore may be prospects for a life settlement.

**What should you be looking for?** The same type of things that might precipitate the purchase of additional coverage: **a change in the need or financial situation of the policy owner.** While a positive change might indicate a need for more coverage, a negative change could indicate a reduced need or ability to pay for coverage.

Change Indicator	More Insurance	Less Insurance
Estate Size	An increased need for estate liquidity due to higher estate taxes or growth of the estate could point toward the need for more coverage.	Reduced need for estate liquidity due to lower estate taxes or a decline in estate value could suggest that less coverage is appropriate.
Business	Starting, acquiring or expanding a business will often signify the need for additional coverage for buy-sell or key person purposes.	Retirement or selling or terminating a business could mean that business insurance policies or fringe benefit policies paid for by the business may no longer be needed or affordable.
Family	A change in family situation like marriage or children might indicate the need for more coverage.	Divorce or the death of a spouse or other beneficiary might be a sign that some existing coverage is no longer needed.
Assets	Acquiring a house or other major asset could produce a need for creditor protection insurance.	Sale of illiquid assets could reduce the need for policies purchased for estate liquidity or creditor protection.

(continued)		
Overall Finances	Improved finances from a new job, business growth, or an inheritance could provide the means to afford more coverage as well as an increased need.	Declining finances like business or investment setbacks or the loss of a job could make some policies unneeded and unaffordable.
Policy Performance	Policies not performing as planned might signify that new, replacement coverage should be considered.	Policies not performing as planned might imply that they are no longer affordable or desirable.
Term Insurance	Term insurance reaching the end of its conversion period or level premium guarantee period signifies it's time to consider conversion or acquiring new coverage.	Term insurance reaching the end of the premium guarantee period may mean the policy has reached the end of its intended purpose or that continuing or converting the coverage may no longer be affordable.

**After your review, if the conclusion is less, rather than more, a life settlement can be a great way to produce some salvage value for your clients from a policy that would otherwise be surrendered or allowed to lapse.** If you're not sure if a policy would qualify, give us a call so that together we can determine if a life settlement could be an option for your client. **Remember, it can't hurt to try - it can only hurt not to!**

**Contact us:**

**Robin S. Weinberger, CLU, ChFC, CLTC**  
ChFC

(617) 451-3343

[rsw220@aol.com](mailto:rsw220@aol.com)

**Peter N. Katz, JD, CLU,**

(860) 673-3642

[pkatzlife@yahoo.com](mailto:pkatzlife@yahoo.com)

Have you missed any of our past newsletters? Visit our [newsletter archive!](#)