

Robin & Peter on LIFE SETTLEMENTS



August 26, 2014

Working With Advisors: The Good, the Bad and the Ugly

It seems that many of the best life settlement cases come by way of a referral to an insurance agent from an accountant, attorney or trust officer. Working with advisors can often generate a steady stream of prospects for new life, long term care, disability and medical insurance, in addition to life settlements.

Commonly, advisors, like accountants, attorneys and trust officers become the primary trusted member of a client's financial team. Forming a relationship with an advisor brings you instant credibility with their referrals. Advisors become receptive to your ideas and count on you to keep them up to date with what's happening in the world of insurance so that they are not caught off guard by someone else. For example, making sure they know there is an alternative to lapsing or surrendering a life insurance policy gives them additional information to help their clients maximize the value of their assets. This give and take becomes the basis for a good relationship and most importantly benefits the client.

Where can things go bad? Frequently, advisors know, even before insurance agents, who is retiring, who is getting divorced, whose spouse passed away, who is in financial trouble, who is selling a business, who can't afford their insurance, who has a need for additional income and who needs funds to pay for long term care. All these circumstances could trigger the lapse or surrender of a life insurance policy. Unfortunately, that happens way too often before the option of a life settlement is investigated because so many advisors are not even aware that life settlements exist. It's bad because at a time when the additional money could make a meaningful difference in their lives, people are missing out on an important opportunity that could generate

hidden value from their insurance.

When do things turn ugly? Sometimes an insurance advisor is aware of a change in the financial circumstances of one of their clients that would make a life settlement an attractive option. The client may be excited to learn that their policy is worth more than they thought, but, just to get a second opinion, runs the idea by their accountant or attorney. If you do not have a relationship with the other advisor, but someone else does, the advisor's response to the client could easily be, "I can handle that for you with my guy." You could be pushed out of the transaction, even though you were the one who came up with the idea and got the client interested in the first place. That's ugly!

So how can you promote more good for your clients, for their other advisors and for you? By making sure that you inform as many accountants, attorneys and trust officers as possible about life settlements and who makes a good candidate. This way, everyone wins: the advisor looks good to their clients, the advisor seeks you out to work on life settlement transactions, and most importantly, the clients get more money at a time when they really could use it.

As situations come up, be sure to give us a call. In addition, we are available for conference calls, to help position you as a valuable resource.

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