

# Robin & Peter on LIFE SETTLEMENTS



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## Could You Have Helped These People?

Sadly, there are still a large number of insurance companies and broker-dealers that prohibit their producers from doing life settlements. But that prohibition cannot be reconciled with the duty producers owe to their clients. Here is a recent case that shows just what a disservice it would have been to deprive these clients of the opportunity of a life settlement:

A 73-year old female suffering from ALS owned a \$100,000 universal life that was about to lapse without value. Her husband had been her primary caregiver for years and they were out of money and nearly bankrupt. As a matter of fact, they were forced to sell their home and move into a one bedroom apartment, which was now all they could afford. The policy was about to lapse because they couldn't pay the premiums.

We were asked to try to sell the policy in a life settlement. Her life expectancy came back at a little over two years. Therefore, we asked the husband three times if they could borrow money or find any alternate source to pay the premiums because, unfortunately and realistically, he would likely have a death claim within a few years. But her husband, very emotionally, told us that they desperately needed the money to renovate the bathroom in their apartment to be wheelchair accessible as well as to replace some kitchen appliances that were no longer functioning properly. We were able to get them \$58,000 and the husband told us: "this money will change our lives."

If you work for an insurer or a broker-dealer that prohibits your involvement with life settlements, these clients could have missed out on this life-changing opportunity. Perhaps now is a good time to review the CLU pledge:

*"In all my professional relationships, I pledge myself to the following rule of ethical conduct: I shall, in light of all conditions surrounding those I*

*serve, which I shall make every conscientious effort to ascertain and understand, render that service which in the same circumstances, I would apply to myself."*

If this was you, your mother, grandmother or sister, what would you want: money to help her and her husband survive -- or nothing?

While not all cases are quite as heart-wrenching, when properly transacted as an alternative to lapse or surrender, a life settlement can change peoples' lives meaningfully for the better. Yet many insurers and broker-dealers, for no clear reason that has been articulated to us, continue to prohibit their producers from working on life settlements. What about this transaction is objectionable?

Instead, what is really objectionable is depriving clients like these of the benefits of a life settlement, preventing producers from doing the right thing for their clients, and putting producers in the untenable position of having to choose between violating their clients' trust or their company's rules.

Would you succumb to your company's anti-consumer stance or would you help these people? What would you do? What should you do?

As situations come up, be sure to let us know. Remember - it can't hurt to try; it can only hurt not to.

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