

# Robin & Peter on LIFE SETTLEMENTS



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## **A Victory for Florida Life Insurance Consumers**

The Florida legislature recently passed HB1007, a comprehensive bill intended to combat insurance fraud. One important provision of the bill requires that insurance consumers be advised of their options before making changes to a life insurance policy. The new law now awaits the governor's signature or, unless vetoed, automatically becomes law 15 days after it was sent to the governor's desk.

Specifically, the bill requires life insurers to "provide an individual life insurance policyholder with a statement informing him or her that if he or she is considering making changes in the status of his or her policy, he or she should consult with a licensed insurance or financial advisor. The statement may accompany or be included in notices or mailings otherwise provided to the policyholder." In addition, the "statement must also advise the policyholder that he or she may contact the department for more information and include a website address or other location or manner by which the policyholder may contact the department."

Since a life settlement is an important option for consumers to be aware of before lapsing or surrendering a policy, the Life Insurance Settlement Association plans to work with the Florida Office of Insurance Regulation and the Department of Financial Services to develop additional resources for policyholders who are considering making changes to their policy, as well as helpful resources for insurance professionals and financial advisors.

Florida joins six other states, Kentucky, Maine, New Hampshire, Oregon, Washington and Wisconsin, which require some form of disclosure to consumers who are about to lapse or surrender a policy. Other states are considering similar legislation.

However, the passage of the disclosure requirement by the Florida legislature is particularly noteworthy because Florida is the state with the highest percentage of

seniors, the segment of the population most likely to benefit from a life settlement.

Life settlements can make a meaningful difference in the lives of your clients because the cash generated is typically used for important things like medical bills, home health care, nursing home care, home improvements, debt reduction and supplemental retirement income. As their advisor, it's your responsibility to recognize and to anticipate situations where your clients are going to lapse or surrender a policy ***before it happens*** to be sure that they are not leaving money on the table at a time when they might need it most. We take our hats off to Florida lawmakers for recognizing that consumers should have the opportunity to be informed of all their options.

**Contact us:**

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

**(617) 451-3343**

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

**(860) 539-4526**

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Robin and Peter, 220BoylstonStreet,#1204,Boston,MA02116