

# Selling Your Life Policy

It is possible for you to sell your life insurance policy to someone else and receive an immediate cash benefit to use for whatever reason you choose. This financial arrangement known as a viatical settlement.

## **Consumer protections in Kansas**

Any agent or company arranging viatical settlements must be licensed with the Kansas Insurance Department. The company buying your policy must keep your identity and medical history confidential unless you give them written consent.

To protect your proceeds, the company buying your policy must put your money into an escrow account with an independent party during the transfer process. You have the right to change your mind about the settlement AFTER you receive the money, provided you return all the money. You have 15 days to review your settlement arrangement.

The new owner of your policy is limited to the number of times they may contact you about your current health status.

## **Make an informed decision**

It may not always be in your best interest to sell your policy. Before you decide to sell your policy, you want to be sure you understand what future benefits you may lose and what other options may be available.

Before you sell your policy for cash, you should carefully consider the loss of valuable insurance protection which you may not be able to get again. Remember that the costs for coverage increase significantly as you age and that you also must be in good health to qualify for coverage.

Be sure to understand the tax implications of selling your life insurance policy as not all proceeds from a viatical settlement are tax free. Find out if you will lose any public assistance benefits such as food stamps, unemployment, or Medicaid if you accept a cash settlement for your life policy.

## **Check all of your options**

Find out if you have any cash value in your policy. You may be able to borrow from the cash value, cancel the policy for its current cash value, or use the cash value as collateral to secure a loan from a financial institution.

Find out if you have an “accelerated benefit” rider on your policy. If available, it could pay you a substantial portion of your policy’s death benefit without requiring you to sell your policy. It may be your best option.