

# Robin & Peter on LIFE SETTLEMENTS



Issue No. 121, February 23, 2022

## Unaware of Term Life Settlements - It's Time You Knew!

One of the most common life settlement situations occurs when a term life insurance policy is about to leave its level premium paying period. Faced with drastically increased premium requirements, policy owners often let these contracts lapse. Then, after it's too late, they become aware that a life settlement might have yielded them unexpected cash.

Term life settlement opportunities are frequently missed for three reasons:

- The client is unaware of life settlements or that a term policy can be a life settlement prospect.
- The agent is unaware that a term insurance policy can be a prospect for a life settlement.
- The agent has not paid attention to the end of the conversion privilege on their client's policy.

Lack of awareness is the critical factor that leads to lost life settlement opportunities. Term insurance almost always must be sold prior to the expiration of the conversion privilege. Just like the original policy owner, who doesn't find the increasing term premiums attractive or affordable, buyers don't find them

desirable as an investment either. They almost always want the policy to be able to be converted to universal life.

It is becoming increasingly common for the conversion privilege to expire sooner than the end of the level premium guarantee. By the time the client or agent is jarred to attention by the increased premium required to continue the term policy, it is already too late for a life settlement.

While savvy agents are already keeping track of term conversion privileges as an opportunity to convert term policies, it is also critical information to have to avoid missing out on a life settlement. And, even if the agent may have written off the client as a conversion prospect, a term life settlement can lead to the same result, a conversion, to the benefit of both the agent and client. So, even clients that are not conversion prospects must continue to be monitored to avoid losing a life settlement opportunity.

It's also important to be aware that term policies can be split when converted. So a client could sell a portion of a term policy, which will be converted as part of the life settlement transaction. The remaining portion of the policy can be continued as term or converted as well.

**To make it easier for you to find life settlement prospects, we have sample letters available for you to send, as appropriate, to both clients and advisors, along with new marketing pieces. All you have to do is ask.**

A life settlement represents a chance to do one more good thing for your clients by maximizing the value of policies that would just lapse or be surrendered. All too many of those opportunities are being lost – opportunities that could make a meaningful difference in your clients' lives.

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