



Look at Your Term Book!!

This old adage is still valuable advice today for a new reason: life settlements. They are not taboo and they are not unethical. They are a valuable part of the insurance planning process and it is your *fiduciary duty* to suggest them where appropriate.

Converted Term is quickly becoming the most often purchased policy by life settlement companies.

The best way to demonstrate the power of mining your term book is in these case studies:

CASE STUDY 1

“I still need the coverage, and I’m still insurable at the same levels I was previously.”

Male Age 70, bought \$2,000,000 of 10-year term at Standard Non-Smoker rates for \$19,534 year 5 years ago (Met Life). He has paid almost \$100K to date in premiums. He is now 70 and a new 10-YT would cost \$29,000 (West Coast Life).

No sale there right?

What if we converted the \$2M of Met Life term to a UL and entertained a life settlement?

The Conversion premium is \$69,138

His Life Expectancy Calculation is exactly 11 years (132 months) and with the conversion illustration plus this independent calculation we are able to secure a buyer for the converted policy for \$190,000 plus a reimbursement of the \$69,138 for the initial premium.

Sooooo...

- Sale #1: Convert Met Life Policy for \$69,138 (ALL TARGET)
- Sale #2: Sell Met Life Policy for \$190,000 (Carries a \$20,000 Commission)
- Sale #3: Manage \$190K of assets (Annuity sale? Wrap account?)
- Sale #4: Sell new term policy with West Coast Life for \$29,000.

How many of those do you need to find to change your year?

CASE STUDY 2

“My coverage is expiring in 2 years and I’m not insurable anymore. I want to maintain some coverage but I can’t afford the conversion premiums.”

Male Age 67, Bought \$2M of 10 YT from John Hancock at preferred rates at age 60 and has 2 more years to go. Paying \$8720/yr. Has since become a type 2 diabetic and is no longer insurable at standard rates. The conversion premium would be \$45,639 but your client can’t afford that.

Convert \$1M of the JH Term to UL for \$22,880 and entertain a life settlement. With a Life Expectancy Calculation of 100 months and the conversion illustration, we are able to sell the policy for \$265,000.

As a lump sum deposit in the other \$1M of JH term, we can have a guaranteed premium of \$4,314/yr to keep \$1M in force to age 121.

Sooooo...

- Sale #1 Convert \$1M of JH Term for \$22,880 (ALL TARGET).
- Sale #2 Sell \$1M of JH converted term for \$265,000 (\$35,000 Commission)
- Sale #3 Convert \$1M of JH Term for \$265 Lump Sum and \$4324/yr thereafter. (\$26,834 TARGET)

How many names are running through your head at this point?