

How To get more from your policy

selling life insurance you no longer need

In the past, older Americans with life insurance policies they no longer had use for or could not afford to keep had little option but to let the policies lapse or surrender them back to the issuing insurer. However, the emergence of an institutionally funded secondary market for life insurance policies has created a new source of funds for seniors. With life settlement firms, individuals on average can receive three times as much money as they could from their original insurers.

What is a Life Settlement and Who Qualifies?

A life settlement is the sale of a life insurance policy, an assignable asset, where the insured is generally 65 years of age or older and does not have a terminal or chronic illness. In a life settlement transaction, the owner of the policy always receives more for the policy than the issuing insurance company will pay for the surrender of the policy.

Owners of unneeded, unaffordable or underperforming policies on senior insureds now have more options for an exit strategy. In the past, they continued to pay premiums, surrendered the policy for the value determined by the issuing insurance company or simply allowed the policy to lapse. "The life settlement market now allows senior policy owners to receive a true fair market value for their life insurance asset," said Joe Young, Principal of Chesapeake Financial Settlements.

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These transactions involve policyholders with longer life expectancies, generally males that are at least 65 and females that are over 70. Life settlements are opportunities for individuals who have outlived their beneficiaries or have a change in their health or financial status since policy issue.

Many types of insurance policies, including universal-life, whole-life and corporate-owned policies qualify for life settlements, even term policies with conversion privileges. And recently, investors are buying policies with face amounts as low as \$50,000.

What is Involved?

Seniors can have their policies appraised at no cost or risk. The process simply involves completing an application that includes authorizations to allow the broker to request the insured's medical records and policy information. No medical exam is required and the entire policy appraisal process usually takes 90 - 120 days.

What Can I Do After Settlement?

The amount one gets depends on several factors, such as age, the face value of the insurance policy and the amount of the premium that investors will have to pay to keep the policy in force, said Norman Hood, an independent insurance broker in Rushville, Ill.

The cash proceeds from the settlement of a policy can be used for any purpose. But for seniors facing long-term care expenses, the ability to discover up to thousands of dollars in what was previously viewed as an unneeded asset, can have a significant impact on their long-term care planning.

Keep in mind that although life-insurance benefits are tax-free, money obtained through a life settlement is not. Any money in excess of the premiums paid is subject to tax. [GRL](#)

Information in this article was provided by Chesapeake Financial Settlements, LLC, a life settlement broker based in Rockville, MD. This article was also adapted from Kiplinger's Retirement Report.



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As a leading life settlement broker in the DC Metro region, our job is to make sure you get the highest offer possible for your policy.

The appraisal is risk free and requires no medical exam. Insured generally must be 65 years or older to qualify.

