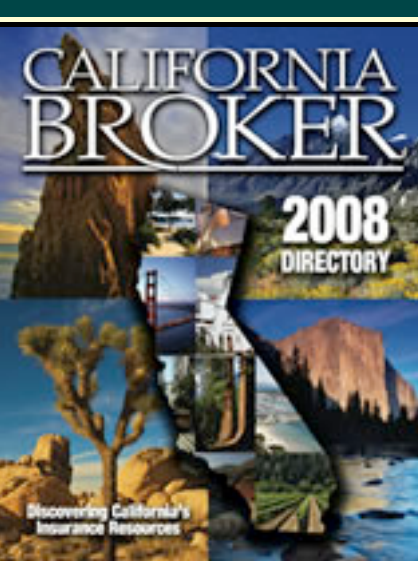




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## Life Settlements

### How to Market Life Settlements to Your Senior Clients

by Alan Niemi

The Life settlement segment is one of the fastest growing segments among financial services offerings. When they emerged in the early 1990s, life settlements dramatically changed the value of otherwise unwanted life insurance policies. Before the product category was born, seniors simply let unwanted life insurance policies lapse or surrendered them to the original insurance providers for less than the policies' market value. By converting those unwanted policies to cash, life settlements became an appealing alternative for seniors.

Agents and brokers found benefits in life settlements too because of exciting new opportunities to generate additional revenue from new products that meet their clients' financial needs more effectively.

#### Who Are Candidates

Ideal candidates are generally 65 or older. They have recently experienced a change in health and own a transferable life insurance policy with a face amount greater than \$100,000 from a rated carrier. Life settlements are beneficial for people who own their own policies and for a business that own life policies as part of its compensation package or life insurance coverage of key executives.

#### Why a Life Settlement

Seniors seek life settlements to meet several changing needs and desires including the following:

- Beginning retirement.
- Experiencing a changing medical condition.
- Experiencing a divorce or death of a spouse or beneficiary.
- Improving underperforming investments.
- Selling a business or filing bankruptcy.
- Gifting to family members of charities.

#### How Life Settlements Work

Implementing a life settlement for a client is as simple as implementing a term life policy. There are four primary steps in the process.

1. Application – Initiating the process is an application to a provider, accompanied by an authorization to release medical and insurance information to the provider. While a provider can get medical and insurance information without an applicant's assistance, the sooner it receives this information the sooner an offer can be made.
2. Review – The provider reviews the documents and assesses the applicant's life expectancy and policy to establish an offer price. The provider sends the seller a commitment to purchase package at that offer price.
3. Closing – The seller accepts the offer by sending the provider notice and a closing package. The closing package contains various forms and documents that must be signed, witnessed, notarized, and returned to the provider.
4. Payment – The seller is paid after the provider receives the closing package and the policy's change of ownership is confirmed.

#### Marketing Tips for Existing Clients & New Prospects

Compared to other offerings, it is easy for agents and brokers to step into the life settlement market since it doesn't require you to invest significant time and money. Plus, the best place to find life settlements prospects is in your client base – people who already know and trust you. Your marketing efforts have to cut through a steady flow of direct mail and other advertising that your clients and prospects already receive. It takes a little time to gain traction, but there are very effective ways to reach your target market.

#### The Review Process

Your client base is the best place to begin prospecting. You already play an important, trusted role with clients. You know their financial needs. When you review their portfolios, you can readily determine their eligibility for a life settlement. Because just a small percentage of seniors is eligible, the review process is necessary in your marketing campaign. It saves you a lot of time and energy when you only target eligible prospects.

#### Marketing Media

You must also consider your budget to attract prospects. Three methods are generally within the budget of most agents and brokers – direct mail, telemarketing, and e-mail marketing. Each has its pluses and minuses, but all three readily inform your audience and can appeal to your prospects to learn more about life settlements.

1. Direct Mail – Of the three marketing methods, direct mail demands the reader's attention most. People tend to read direct mail when they have time to focus on it.

So give the prospects only the most relevant information and make it easy for them to read. Keep the jargon out and tell them what's in it for them. Important information stands out better when it's in italics, bold or both and readers tend to remember it longer. Consider hiring a graphic designer to enhance your direct mail.

2. Telemarketing – Telemarketing is effective because the key selling points are spoken, which makes it easy and convenient for your audience to receive the information. Plus, you can engage your prospect in a conversation if the prospect expresses an interest in learning more. Still, keep your message informative and concise. You want your prospect to remember your message and you don't want to waste their time.

3. Email Marketing – Email marketing has become increasingly effective and popular. Similar to direct mail in content, it's cheaper to send than sending direct mail via the U.S. Postal Service. Plus, you can include a link to your Website or another location that offers additional information for those who want more. If you offer a document that prospects request, you gain further insight into which prospects are more interested. Of course, your prospects must have an e-mail address and access to a computer, but affluent seniors typically do.

#### Credibility is Key

Being knowledgeable about your offering is the best way to establish credibility. Educational seminars are effective tools to do just that. The life settlements segment is still relatively young compared to life insurance products and prospects still have a lot to learn. More and more seniors are learning how life settlements can open new doors for them, which is a very encouraging sign.

When educating others about life settlements, explain the product with concrete supporting facts. Don't overload your prospects with information. As with other marketing communications, keep your message simple and easy for the uninitiated to understand.

Using case studies and testimonials is another good way to establish credibility. Information is more readily accepted when someone else describes the benefits they gained from the offering. You'll need approval.

#### Federal & State Regulations

Insurance products, including life settlements, are regulated by state and federal agencies often to protect the prospects you approach. You must know those regulations. Do-not-call lists and other programs were created to crack down on unwanted telemarketing. California has established its own do-not-call list. A complete list of do-not-call states is available at [www.the-dma.org](http://www.the-dma.org).

Though these are not the only rules to follow, insist that your marketing materials do the following:

- Include testimonials from your clients.
- Avoid misleading language.
- Provide credible sources and statistics.
- Acknowledge state filing requirements for all marketing initiatives.

#### Prospects in the Marketplace

This market segment offers tremendous potential. As Baby Boomers age, more prospects and clients will want to convert their life insurance policies into cash. By 2030, the number of seniors who are 65 or older will double to nearly 72 million, according to the U.S. Census Bureau. Additionally, Bernstein Research predicts that, by 2030, seniors will control about \$800 billion of life insurance – \$161 billion of which will be eligible for life settlements. This means more prospects for you and suggests that the market segment will soon drive the mainstream insurance industry. With the right marketing strategies, you can drive your own revenue as you meet the financial needs of your senior clients more effectively. What better time to get involved in this phenomenal industry than right now?

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