



What Every Producer Should Know about Life Settlement Brokers



Noam S. Weiss

Life settlement brokers are the intermediaries of the secondary life insurance market. They provide a spectrum of services that benefit the client and the producer throughout the process of a life settlement transaction. Despite continual changes in this rapidly developing market, the value of utilizing a broker has not been diminished.

While life settlements, defined as the exchange of an unwanted or unneeded life insurance policy for a cash payment, primarily involve two parties, the insured/policy owner (often the same person) and the life settlement provider, the transaction secondarily involves several supplementary parties. These auxiliary entities include an escrow agent, a life expectancy provider, a tracking firm, and a life settlement broker. In some cases, the transaction balloons further to involve an insurance broker-dealer or several trust executives. With so many moving parts, we can see the first benefit of a life settlement broker: coordination and efficiency. Without this support, advisers are forced to remove their energy and focus

from their main business while trying to learn the details and procedures a specialist already exploits.

Of course, we may be getting ahead of ourselves, as not all policy reviews result in an actual life settlement transaction. Often, the maximum or suitable financial offer is difficult to obtain or not available. Nonetheless, these files need to be underwritten just the same. Medical and insurance records need to be gathered, life expectancy reports need to be ordered and interpreted, and most importantly, multiple offers need to be solicited

and negotiated. These services are all provided by the professionals at any competent full-service life settlement brokerage.

In addition to committing the time and financial resources necessary to actually do this underwriting, life settlement brokers also depend on their experience to help determine which cases are worth underwriting. This profile changes often with new compliance rules and changing provider parameters. Without leaning on this specialized information, ordinary producers regularly waste valuable time and resources working cases that do not result in a transaction.

As previously mentioned, obtaining multiple offers is possible when a potential life settlement case is sent to multiple funding sources. While producers can send to multiple sources themselves, tracking this information can become cumbersome. Furthermore, a typical life settlement broker leverages relationships with over 15 institutional funding sources. These additional venues often yield better offers.

Despite these and other benefits, some producers believe going direct to a life settlement provider produces larger commissions. However, by leveraging multiple sources and long-standing funding relationships, brokers often produce higher offers and, therefore, higher commissions. Since brokers also handle the underwriting of a case, and usually only require a simple application initially, the decision to use one seems obvious. ●

Noam S. Weiss is the managing partner of Settlement Benefits Association, a full-service

life settlement brokerage in Tampa, Florida. Through a network of licensed funding groups, the company helps policyholders and their trusted agents understand and maximize the value of life insurance products. Through their attention to service they are committed to exceeding client expectations. Settlement Benefits Association is a member and sponsor of the National Ethics Bureau, an organization of approved financial advisers who have maintained an exemplary record of business ethics. Noam may be reached toll-free at 888-287-1437, or visit www.settlementbenefits.com.

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