



# INSURANCE NEWSNET

**SPECIAL  
LIFE SETTLEMENT  
GUIDE**

**THE ADVISOR'S GUIDE TO**

# **LIFE SETTLEMENTS**

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## **Stop Letting Clients Walk Away From THEIR Money**

Policies they no longer want or need could be worth 5-8x more than surrender value.

» **Turn those policies into payouts and new opportunities.**

» **If you're not offering life settlements, you're missing the win.**

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**LISA** | Life Insurance Settlement Association

**INSIDE**

Everything you need to know to get started.

# Is Your Client About to Walk Away from **5-8x More Money?**

Don't let them lapse or surrender that life insurance policy without exploring Life Settlements.

Every year, over **\$100 billion** in life insurance is lapsed or surrendered, often for pennies on the dollar. But there's a better way.

**Life settlements** let your clients sell unwanted or unneeded life insurance policies—often for **5 to 8 times the policy's cash value**. And for advisors, that means unlocking new revenue streams, reinforcing trust, and expanding your planning toolkit.

If you're not discussing life settlements, you're potentially leaving value and client satisfaction on the table.

## Why Advisors Choose Life Settlements:

- **Higher client payouts:** 5-8x the surrender value
- **No-obligation policy appraisals**
- **Regulated in 45 states:** safe, legal, and secure
- **Flexible use of proceeds:** healthcare, retirement, long-term care
- **Advisors win too:** new planning opportunities and revenue streams



The **Life Insurance Settlement Association (LISA)** isn't just the oldest and largest organization in the industry. We're the trusted authority behind the life settlement movement. For over 30 years, we've led the charge in protecting policyowners, educating advisors, and shaping regulations that make life settlements a safe, viable, and valuable option. If you're ready to offer clients more, we're the partner you want on your side.



**Start unlocking the full value of life insurance today.**

Download your **FREE GUIDE** to Common Life Settlement Questions.







# Your Guide to Life Settlements

Welcome to a resource created with one purpose: to help you better serve your aging clients while uncovering hidden value in the life insurance policies they no longer want, need, or can afford.

Inside you'll discover why more advisors are offering **life settlements** as a powerful planning tool and why now is the time to do the same. You'll find insights from top experts, compelling client stories, and data that reveals just how much value is being lost when policies are surrendered or lapsed.

Whether you're a seasoned professional or just starting to explore this option, this guide delivers what you need to know:

- Why every advisor should be offering life settlements
- Survey data revealing opportunity gaps
- Perspectives from LISA board members
- How to get started with the process

For decades, life settlements were misunderstood or overlooked. Today, they're a well-regulated, client-friendly option that aligns with fiduciary responsibility and offers measurable impact—for clients and your practice alike.

This isn't just another brochure. It's a wake-up call. It's your chance to rethink how life insurance fits into long-term planning.

We're here to help you every step of the way. Let's get started.

Sincerely,



*Bryan Nicholson*



**Bryan Nicholson**  
*Executive Director  
Life Insurance  
Settlement Association (LISA)*

# Every Advisor Should be Offering Life Settlements

*Life settlements create opportunity, mitigate risk, and deliver value for you and your aging clients.*

Every year, seniors voluntarily lapse or surrender more than \$100 billion in life insurance coverage often for pennies on the dollar. Why? Because their advisors never told them there was another option: a life settlement.

For too long, life settlements have been overlooked by the financial planning community. But that's changing. Regulations have tightened, awareness is growing, and fiduciary expectations are higher than ever. Simply put: If you're not offering life settlements, you may be letting your clients down and missing out on one of the most powerful, win-win planning opportunities available today.

## A Fiduciary Responsibility You Can't Ignore

Whether you're an RIA, broker-dealer, insurance agent, or estate planner, you have a responsibility to act in your client's best interests. Ignoring life settlements, or failing to even bring them up, may conflict with that duty.

According to the SEC's Fiduciary Interpretation, "An investment adviser must, at all times, serve the best interest of its client and not subordinate its client's interest to its own." In states where insurers are required to inform clients about life settlements, failure to mention this option could become a liability. It's no longer just

- **David, 88**, was paying \$75,000 annually for a \$2 million policy he no longer needed. He sold it for **\$792,000**—instead of settling for a mere \$42,000 surrender value.

- **Janice, 78**, needed long-term care support. Her \$750,000 policy had only an \$11,000 surrender value—but she received **\$90,000** in a life settlement.

- **John and Mary, both in their 70s**, were about to surrender their \$500,000 survivorship policy. A quick evaluation revealed it could be sold for **\$85,000**—money they never expected to see.

These aren't outliers. These are your clients. Or at least, they could be.

## Why Advisors Miss the Opportunity

Despite the benefits, many advisors still avoid discussing life settlements. Some remember the viatical settlements of the 1990s and fear reputational risk. Others worry about compliance or don't understand the process.

But here's the truth:

- **Life settlements are regulated in 45 states**, with strict requirements for licensing, disclosures, and escrow protection.

- **Licensed life settlement brokers are fiduciaries by statute**, legally obligated to act in the best interest of the policyholder.



**"We don't say every policy should be sold. But every policy should be evaluated. The risk is not in offering life settlements. It's in ignoring them."**

— Bryan Nicholson, Executive Director

A life settlement allows a policyholder, typically age 65 or older, to sell a life insurance policy they no longer want, need, or can afford. In return, they receive a lump sum payment—**often 5 to 8 times greater** than the policy's cash surrender value.

Instead of lapsing a policy or surrendering it back to the carrier for minimal value, your client receives a substantial payout, which they can use for retirement income, long-term care, healthcare expenses, or simply peace of mind.

And you? You provide real value while creating new revenue streams. That's what we call a win-win.

a planning opportunity; it's a compliance consideration.

As Brian Casey, partner at Troutman Pepper and a leading expert in insurance law, puts it: "Advisors who partner with licensed life settlement brokers can bring that level of fiduciary protection to their clients. There's no excuse not to explore it."

## Real People. Real Impact.

Think life settlements are rare? Think again. LISA's "Faces of Life Settlements" campaign is filled with stories of real people who transformed their financial lives with one smart move.

- **Licensed life settlement providers evaluate submissions**, at no cost and utilize state approved consumer-oriented agreements to purchase policies
- **Advisors may earn commissions or referral fees**—and often find new planning opportunities from reinvested proceeds.

As LISA's Executive Director Bryan Nicholson notes, "We don't say every policy should be sold. But every policy should be evaluated. The risk is not in offering life settlements. It's in ignoring them."

### When to Consider a Life Settlement

Life insurance is an asset, just like real estate or a stock portfolio. And like any asset, it should be reviewed regularly, especially when circumstances change. Your client may be a candidate for a life settlement if:

- Their **premium costs are rising** and becoming unaffordable
- Their **needs have changed** (e.g., death of a spouse, business sold, no more dependents)
- They're considering **lapsing or surrendering** a policy
- They simply no longer need the coverage

In other words, life settlements are a strategic exit for policies that have outlived their original purpose and a smart way to unlock hidden value.

### Advisors Win, Too

Life settlements don't just benefit your clients. They benefit you, too:

- **Client loyalty** increases when you uncover unexpected value
- **Revenue potential** grows from new business, commissions, referrals, and follow-up planning



**Life settlements are a strategic exit for policies that have outlived their original purpose and a smart way to unlock hidden value.**

- **Reputation** strengthens when you're seen as a knowledgeable, trusted advisor

In many cases, clients use settlement proceeds to fund new life insurance, annuities, or investment products putting money back in motion, and back under your guidance.

### It's Not a Gimmick—It's a Legitimate Financial Tool

As LISA emphasizes, life settlements are not a one-size-fits-all solution. But they are a vital option that every advisor should understand and offer when appropriate.

"There are 38 million life insurance policies owned by Americans over 65, with over \$3 trillion in face value," said Nicholson. "Even if a small fraction of those are eligible for a life settlement, the impact is enormous."

Too many clients lapse policies simply because they didn't know better. As their advisor, you can change that.

### Get the Tools and Support You Need

If you're not sure where to begin, you're not alone. That's why LISA exists. We're the oldest and largest association in the industry, advocating for policyholders and educating

financial professionals like you. The process is simple:

1. Identify policies that may no longer be needed or wanted
2. Request a **free, no-obligation policy appraisal** from a licensed broker or provider at [www.lisamembers.org](http://www.lisamembers.org).
3. Help your client evaluate their options and decide what's best

That's it. No strings attached. Just an informed decision and the potential for real impact. Learn more about the Life Settlement process on [page 10](#).

### Your Clients Deserve Better. So Do You.

You wouldn't ignore an underperforming stock or a vacant property. Don't ignore a life insurance policy that no longer fits your client's needs.

Life settlements are not just about unlocking money. They're about doing what's right. They represent a modern standard of care for modern financial professionals.

It's time to rethink what you're offering your clients. It's time to include life settlements in the conversation. •



# Life Settlements By the Numbers

Over the past four years (2021–2024), life settlements have delivered **hundreds of millions of dollars in value** to policyowners, often **6x more than the cash surrender value (CSV)**. The data tells a clear story: when policyowners are informed, they choose better outcomes.

## BIG PICTURE

### The Power of Settlements

- **\$2.5+ billion** more to consumers vs. surrender value
- **\$16.5 billion** in total net death benefits
- That's **6.48x** more than surrendering



## MARKET IMPACT

### Net Amount Paid to Consumers

- **Total:** \$2.99 billion
- **4-Year Average:** \$748 million per year

### Annual Completed Settlements

- **Total:** 11,989 settlements
- **4-Year Avg:** 2,997 settlements



## CONSUMER IMPACT

### The Difference in Real Dollars

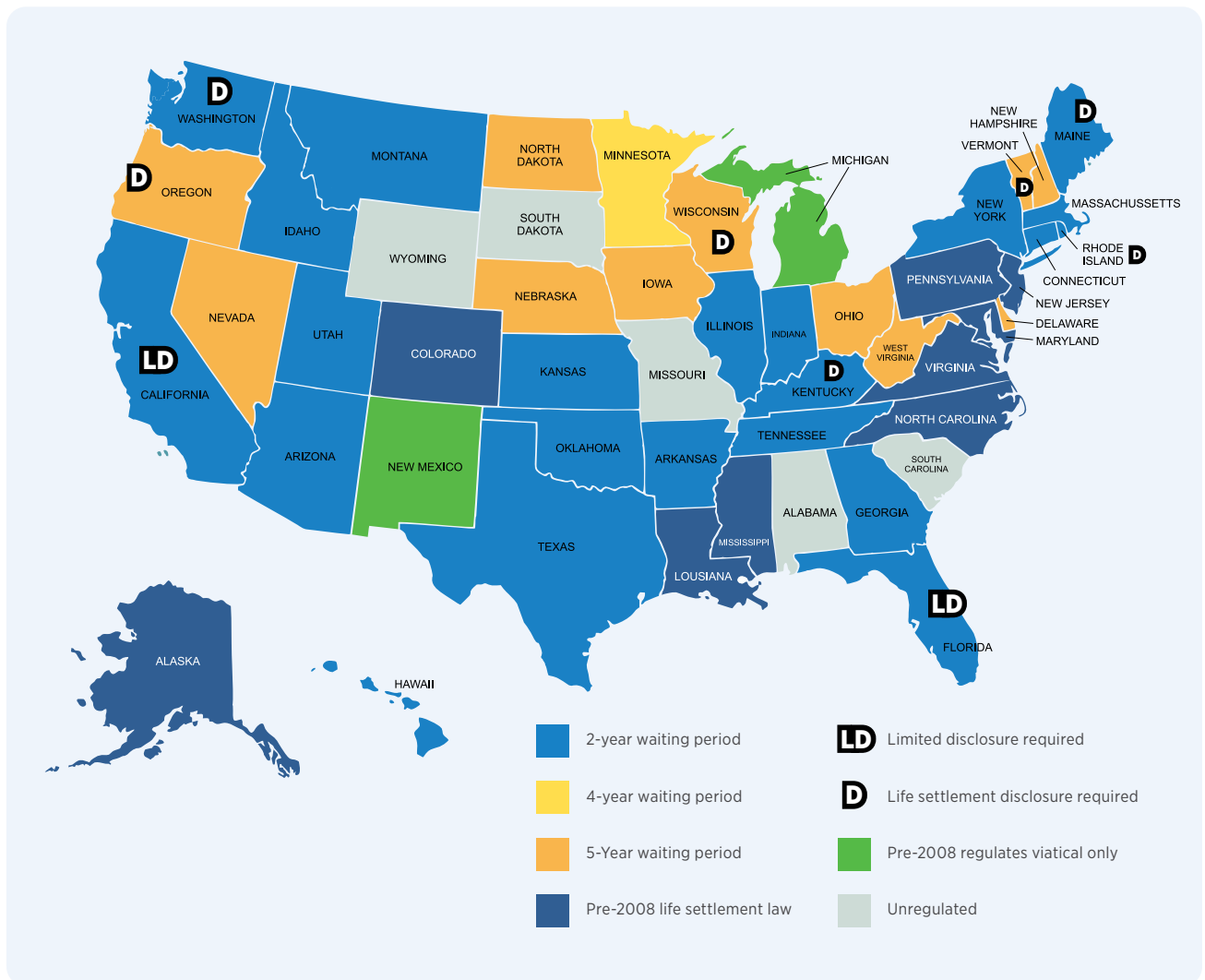
- Avg CSV: \$39,250
- Avg Settlement: \$248,550
- **Avg Gain Per Policy: +\$209,300**



## REGULATION COVERAGE

### State-by-State Regulation

Consumers and advisors can be confident in the process and protections. Life settlements are **regulated in 45 states** and could potentially cover **90% of the U.S. population**.



## THE TAKEAWAY

Life settlements aren't rare. They're **real**, **regulated**, and **ready** to help clients turn an underutilized asset into meaningful retirement income. If you're not helping your clients explore life settlements, someone else will.

# Having the Life Settlement Conversation

## *LISA Board Members on How Advisors Can Unlock Hidden Value for Clients*

Most financial professionals pride themselves on knowing the full scope of what's available to their clients. But for too many, life settlements remain a blind spot: misunderstood, mischaracterized, or simply missing from the planning conversation. The Life Insurance Settlement Association (LISA) is on a mission to change that.

Comprised of leaders from across the life settlement industry, LISA's Board of Directors represents decades of experience in helping consumers unlock hidden value in life insurance policies they no longer want, need, or can afford. Their message to advisors is direct.

Advisors and financial professionals are not having this conversation with their clients for many reasons. The disconnect between consumers and their trusted advisors needs to change."

### **The Role of LISA: Championing Education, Advocacy, and Trust**

To these leaders, LISA is more than a trade association. It's a force for transparency and consumer protection.

"LISA is the voice of this industry," says **Sherry Duarte**, Senior Managing Director at Fifth Season Investments.



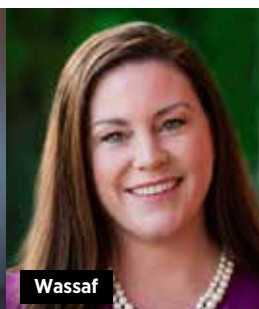
**Shapiro**



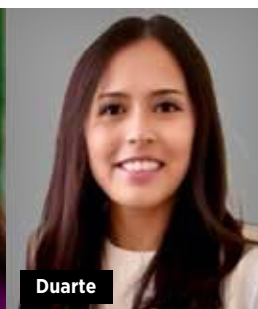
**Jacobs**



**Welcom**



**Wassef**



**Duarte**

**Life settlements are real, regulated, and ready. If you're not offering them to your clients, someone else will.**

### **Why Life Settlements Matter**

"It's not your fault if you don't know about life settlements," says **Steven Shapiro**, President and CEO of Q Capital Strategies. "Most advisors don't and that's a problem for consumers."

**Neal Jacobs**, Senior Managing Director, Capital Markets at Coventry and LISA's Chair, adds: "Life settlements offer a way for policyowners to be educated about their policy, understand its value and their options regarding their policy and make an informed decision about this asset just like they would with other assets they own."

**John Welcom**, Founder and CEO of Welcome Funds, puts it bluntly: "You wouldn't hand your house keys to the bank and walk away after years of mortgage payments. But that's exactly what people do with their life insurance when they lapse it. It's illogical."

**Courtney Wassef**, VP of Compliance and Assistant General Counsel at Preston Capital, agrees: "Consumers are often unaware that their life insurance policy is an asset.

"It protects consumers, supports policyholders, and brings legitimacy to the market."

**Chris Conway**, Chief Development Officer at ISC Services and LISA's Secretary/Treasurer, calls LISA "the mechanism that makes the marketplace real. It's David versus Goliath, but now David has a voice."

**Samantha Butcher**, President, Portfolio Operations at Abacus Life, highlights the human element: "These aren't easy conversations — death, illness, finances. But we handle them with care and empathy."

**If you're not talking about life settlements, someone else will, and they might take your client with them.**

— **Nate McCormick**, Executive VP of Origination, Kosmos Management, LLC



And for **Rob Haynie**, Managing Director of Life Insurance Settlements, Inc. and LISA's Vice-Chair,

LISA's leadership is vital. "When needed, we speak as one. That kind of unity is what drives industry growth."

### Overcoming Barriers to Awareness

Despite its promise, the life settlement space remains misunderstood. "There are hundreds of millions of dollars squandered every year," says Conway, "and the only reason is lack of knowledge."

Haynie is blunt: "We're still battling decades of misinformation. Most people still have no idea this option exists. If insurers told policyholders up front, advisors would re-engage and retain more clients. Because life insurance is priced on clients lapsing, there is zero incentive for carriers to offer it to clients or to want their advisors to know."

Jacobs adds: "The best-case scenario is that people have vaguely heard you might be able to sell a policy. That's miles away from knowing what a life settlement is, getting an annual valuation, and acting on it. Education closes that gap."



Conway



Butcher



Haynie



McCormick



Dallas

### The Advisor Opportunity

According to the board, life settlements represent not just a consumer win but a business growth engine. "Advisors have a fiduciary duty to present all the options," says **Nate McCormick**, Executive Vice President of Origination, Kosmos Management, LLC. "If you're not talking about life settlements, someone else will, and they might take your client with them."

**John Dallas**, President of Berkshire Settlements and LISA's Immediate Past Chair, compares it to a familiar scene:

"It's like an episode of Antiques Roadshow. Someone shows up with a dusty old policy and finds out it's worth much more than they thought. That only happens if we keep educating and collaborating."

"This gives advisors a reason to re-engage with clients," Dallas adds. "Advisors are always looking for new ways to re-engage with existing clients. Life settlements bring clients back into the conversation."

Butcher offers a challenge: "Why aren't you at least trying? You don't know the value of a policy until you engage. There's no obligation but clients deserve the option."

## "We put life back into life insurance."

— Rob Haynie, Managing Director and Vice-Chair, LISA

### A Smarter, More Accessible Future

**Technology, regulation, and consumer interest are all moving in the right direction**, say the board members.

"The process is faster and more efficient than ever," says Butcher. "It's easier, faster, and more consumer-friendly than it's ever been."

"We've (the industry) expanded (in terms of life expectancies) who we can help," adds Haynie. "People are living longer. These policies are becoming critical to fund retirement."

Jacobs believes better technology will help drive increased adoption: "Consumers expect a streamlined process that is quick and easy and as our industry continues to invest in technology and move in that direction, more consumers will participate in the market."

### Still, awareness is the final frontier.

"We have to keep pushing," says Welcom. "LISA is producing content, building tools, and helping members get the word out. It's expensive but it's essential."

### Final Thoughts: A Wake-Up Call for the Industry

"Life settlements unlock hidden value," says Shapiro. "They're consumer-friendly, and they belong in every advisor's toolkit."

"Would you let your own policy lapse?" challenges Welcom. "It just doesn't make sense to not explore the possibilities."

Duarte concludes: "Life settlements aren't just another transaction. They're a tool to help clients achieve dignity, flexibility, and peace of mind."

Haynie reinforces the call to action: "If insurers educated policyholders about this option upfront, advisors would reengage, grow their practices, and retain more clients. LISA is here to preach that message and make sure no one lets a policy lapse without knowing what it's worth. We put life back into life insurance." •

# Thinking About a Life Settlement? Get Started!

## Turn Unused Life Insurance into Real Value for Your Clients

Many seniors hold life insurance policies they no longer need, want, or can afford. Stop letting those policies lapse or be surrendered for minimal value.

### Is a Life Settlement the Right Fit?

**Age:** 65+ (younger individuals may qualify with significant health impairments)

**Policy Types:** All types considered—**Term, Universal Life, Whole Life**, etc.  
*Convertible term policies* are especially valuable.

**Policy Size:** Minimum **face value of \$100,000** (larger policies may attract stronger offers)

#### Common reasons for selling a policy:



Premiums are becoming unaffordable



Estate plans have changed



Coverage is no longer needed or wanted (e.g., spouse died, mortgage paid off)



Client needs liquidity for retirement, health care, or other expenses

## The Life Settlement Process: What to Expect

While each case is unique, the process generally follows this clear structure.

# 1

### Application & Initial Review

The policy owner and insured sign forms giving permission to broker or provider to gather information. Disclosures are provided upfront to ensure full transparency and regulatory compliance.

# 2

### Information Gathering

No medical exam is required — but underwriting specialists will review:

- Policy details (type, premiums, benefits, etc.)
- Medical records (life expectancy analysis)

# 3

### Appraisal & Market Valuation

It's important to keep in mind during valuation:

- Underwriters evaluate all data to determine the policy's fair market value
- Each case is unique — health, age, and policy terms all factor into the offer

# 4




### Offers & Review

Offers include a **purchase price** and **transaction terms** (timing, required documentation, conditions, etc.).

You and your client can evaluate multiple offers and select the most favorable one.

## Finalizing the Transaction

Once an offer is accepted:

-  Legal documents and disclosures are sent for review and signatures
-  The buyer performs due diligence
-  The life insurance company updates ownership and beneficiary designations

**IMPORTANT:** Most states have a mandatory **15-day rescission period** after the sale is finalized, giving clients peace of mind and the ability to cancel if desired.

## Typical Timeline: 60–120 Days

The timeline depends largely on how quickly third parties respond. *Times are estimated. Some steps run concurrently. Timely client responses can speed things up considerably.* Here's a general overview:



## Bottom Line for Advisors

Life settlements are often overlooked, but they can offer significant financial value, especially for clients in or near retirement. As a financial professional, it's part of your fiduciary duty to explore every potential source of value. A life settlement doesn't just preserve value. It creates opportunity.

**Don't let your clients surrender or lapse a valuable asset. A life settlement could be the solution they didn't know they had.**



# Your clients deserve to know all their options.

**You deserve the  
confidence to offer them.**

***Don't let life insurance policies slip away unnoticed.***

Life insurance policies sitting on the sidelines aren't just unused. They're lost opportunity.

**5-8 Times More Than Surrender Value**

That's what your clients could be getting with a life settlement, not pennies on the dollar.

**This isn't a niche option. It's a must-have tool.**

Every advisor who ignores life settlements risks losing clients and revenue.

**THE FACTS ARE CLEAR:**

- Over \$100 billion in policies lapse or surrender every year.
- Most clients don't know life settlements even exist.
- Advisors who act win with new revenue and stronger client trust.

**Don't let another policy lapse unnoticed.**

The opportunity is real, the market is ready, and the time to act is now.

**LISA is Your Partner**

The industry's trusted leader for over 30 years, ready to help you start today.



**Visit [LISA.org](https://LISA.org) to  
learn more and get  
started today.**



**LISA**

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