

Life Settlements: Case Studies

CASE STUDY 1

Unaffordable premiums

Insured: Male, age 74

Death benefit: \$2 million

Annual premiums: \$92,000

Life settlement gross offer: \$475,000

A 74-year-old physician lost a significant portion of his wealth, which jeopardized the lifestyle he and his wife were accustomed to and made it difficult for him to afford his annual insurance premiums. A life settlement was the solution: Selling his \$2 million policy generated gross proceeds of \$475,000 and removed a financial burden that threatened the doctor and his wife's quality of life.

CASE STUDY 2

Creating additional liquidity

Insured: Female, age 89

Death benefit: \$6 million

Cash surrender value: \$93,000

Life settlement offer: \$1,565,000

An 89-year-old widow's sizable net worth had diminished over the years, raising concerns about the liquidity required to pay the premiums on her policies held by the family trust, and potentially threatening the inheritance she had planned for her family and charities. We worked with the widow to negotiate a life settlement of \$1,565,000 for her \$6 million Universal Life policy – an amount that was 16 times more than the policy's cash surrender value.

CASE STUDY 3

Splitting corporate-owned policy

Insured: Male, age 60

Death benefit: \$750,000

Cash surrender value: \$0

Life settlement offer: \$202,500

A 60-year-old doctor with cancer had a \$1.5 million term policy that was owned by the medical group where he was one of two corporate officers. Faced with a financial crunch, the practice consulted with us and decided to retain \$750,000 of the coverage and sell the remainder on the secondary market. The gross settlement (before commissions and expenses) of \$202,500 provided working capital for the practice and allowed the doctor to retain insurance coverage.