

Questions To Ask

- Do I still need life insurance protection?
- Will I qualify for a new life insurance policy in the future?
- If I sell my policy, how will they decide how much cash I get?
- Is this an employer or other group policy? If so, do I need their permission to sell it?
- If I sell my policy, who will be the legal owner?
- Can the policy be resold?
- Who will have specific information about me, my family or my health status?
- Is the broker or company I plan to sell to allowed to do business in my state?

Always Check With the Idaho Department of Insurance

Contact your state insurance or securities department to learn about the issues and risks of life settlements if:

- You are considering selling your life insurance policy;
- You are asked to sell your life insurance policy *and* your health has not changed since you bought the policy;

- You are asked to buy a new life insurance policy for the purpose of selling it for cash. It is possible you are being targeted to participate in an illegal transaction.



State of Idaho Department of Insurance

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800-721-3272**

<http://www.doi.idaho.gov>

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Understanding Life Settlements

A life settlement is the sale of a life insurance policy to a third party. The owner of a life insurance policy gets cash for the policy. The buyer becomes the new owner and/or beneficiary of the life insurance policy, pays all future premiums and collects the entire death benefit of the policy when the insured dies.

People decide to sell their life insurance policies for many reasons. Some common ones are changed needs of dependents, wanting to reduce premiums and cash for meeting expenses.

A life settlement may or may not be the right choice for you. Your state insurance department, along with the National Association of Insurance Commissioners, is concerned that many consumers may not fully understand life settlements. Please read on before making any decisions.

Consider Your Options

If you **are** selling your policy to get cash to pay expenses, check all of your options. You may find a way to get more cash from your life insurance policy.

- Ask your insurance agent or company if you have any cash value in your life insurance policy. You may be able to use some of the cash value to meet your im-

mediate needs and keep your policy in force for your beneficiaries. You may also be able to use the cash value as security for a loan from a financial institution.

Find out if your life insurance policy has an *accelerated death benefit*. An accelerated death benefit typically pays some of the policy's death benefit before the insured dies. It may be a way for you to get cash from a policy without selling it to a third party.

Other Considerations

- Contact a professional tax advisor. Find out the tax implications. Proceeds are not tax-free. Know that creditors could claim the proceeds. Find out if you will lose any public assistance benefits such as food stamps or Medicaid if you receive a cash settlement.
- The buyer of your policy can periodically ask you about your health status. ***The buyer is required to give you a privacy notice outlining who will get this personal information. Be sure to read the notice carefully.***

Consumer Tips

- Understand how the process works and when different phases will happen.
- Decide whether to sell your policy directly to a life settlement provider or to go through a life settlement broker who will do the comparison shopping for you.

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