

SUCCESS STORY

Retired Business Owner Sells \$11.6M in Unwanted Coverage and Receives \$240K Cash Windfall with \$2M Retained Death Benefit

CASE PROFILE

- 85 yr. old retired businessman
- Owned \$11.6M in coverage that became obsolete
- Escalating premiums were a financial burden
- His Goals: Reduced coverage; premium relief; cash
- Received \$240K cash windfall, \$2M in reduced coverage, and elimination of all annual premiums

REASON FOR SELLING POLICY

The insured was fully retired and his companies were operating successfully. His key man coverage was no longer necessary and the company's debt exposure was no longer an issue. By selling the unwanted coverage, he sought to achieve premium relief, receive a substantial cash windfall for his retirement, and retain sufficient death benefit coverage without future annual premiums.

Read Full Case Summary on Reverse Side



Retired Business Owner Sells \$11.6M in Unwanted Coverage

This retired business owner was feeling the pinch of annual premiums for \$11.6M in life insurance coverage purchased many years ago that he no longer needed.

After discussing the options with his estate attorney and his daughter (an insurance licensed financial professional), he was open to the idea of selling the excess coverage in the secondary market so long as it met his three objectives:

- (1) To eliminate all future premium payments;
- (2) to retain a minimum of \$1.5M in death benefit coverage for his current estate planning needs;
- (3) to receive a substantial cash windfall to boost his retirement fund.

The estate attorney contacted Asset Life Settlements to request that we conduct a preliminary review of the senior's eligibility for a life settlement and to discuss the prospects for meeting all three of the insured's objectives.

Based on the senior's age and current health, we determined that he fit the general criteria that secondary market investors typically require when purchasing policies. We commenced the bidding process by presenting the case to 11 different institutional funding sources. However, we recognized that we would likely face challenges due to the fact that the total insurance package was comprised of three separate policies which could complicate the transaction.

The largest policy was a \$10M policy owned by a corporation established by the retired executive for business expansion and succession purposes. Now that the companies were operating successfully and debt exposure was no longer an issue, a life settlement with the highest retained death benefit option made the most sense.

The second policy, valued at \$1.5M, was purchased by the retired business owner as a key man policy when he and his

business partner initially launched the business. Before selling his business interest to his partner and retiring, the insured transferred ownership of the key man policy to a family trust.

The third policy, valued at \$60,000, was a UL policy purchased for \$20,000 when the insured's first child was born. The policy's death benefit and the cash build-up grew over the years. In spite of the fact that the value of the policy did not fit the minimum purchasing guidelines of most funders (typically \$250K), we were able to eliminate that hurdle when negotiating the merits of the entire transaction.



The Outcome

In spite of the hurdles and the complexity of the case, Asset Life Settlements was successful in narrowing down the field of buyers and negotiating a life settlement package that ***exceeded*** the insured's goals:

- (1) Eliminated all future premium payments
- (2) Retained \$2 million in death benefit coverage
- (3) Received a cash settlement of \$240K

Key Take-Aways

- This case illustrates that life settlement transactions can be extremely complex and require rigorous and skillful negotiations with prospective buyers in order to achieve a successful outcome. That's why working with an experienced broker such as Asset Life Settlements is often the key to achieving the client's goals.
- Insurance specialists have an opportunity to generate client referrals for life settlement transactions by sharing case examples like this with centers of influence such as attorneys and CPAs.

Call us at **1-855-768-9085** to explore your client's eligibility for a life settlement or to request a free policy appraisal.