

Education is the Key to Industry Growth Says Major Provider

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Daniel Jimenez

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Few people in the life settlement industry have done as much to educate financial professionals and investors as Larry Simon, president and CEO, of Life Settlement Solutions, Inc. Simon started Life Settlement Awareness Month™ (LSAM) in 2005. Each June, Life Settlement Solutions provides free industry educational resources, including web-based presentations and panels, conference workshops, sales and marketing campaign suggestions, and more, to thousands of financial professionals.

Simon is a strong advocate for industry regulation and education. Employing a robust legal team, he urges further regulation of the industry by participating with his staff in lobbying efforts, legislative panels and presenting at numerous industry events on the topic. Life Settlement Solutions developed one of the first 50-state-approved continuing education courses for life licensing in conjunction with the second annual LSAM, that is still available today.

In February 2009, Simon recognized the need for increased investor education on life settlements and created the first ever Insurance Linked Investments Awareness Month™. In its first year, more than 1,000 institutional investors from a variety of sectors collectively participated in the five free web-based panels on various industry topics related to life settlement investment strategies.

Here are Simon's thoughts on consumer awareness, investor education, and how to fix the industry's image.

Why did you decide to organize Life Settlement Awareness Month™?

We got into this business when there was no one else really in it. It was at the start of the life settlement era so we saw a need for more market awareness and more education. From a customer's perspective, we want life settlement to be a household word just like Kleenex is today. From an agent and broker standpoint, we needed to constantly get our name there and also educate them on the uses of life settlements, how to do a life settlement, where to buy one and so forth. Once the agents understand life settlements better, they'll feel more comfortable doing them. We want them to submit life settlement packages that can be approved so they don't waste their time or our time. So for all those reasons we felt that education was very important. In this marketplace, no one has spent much time or effort on education. In addition to LSAM, we also offer a continuing education course that is accredited in every state.

While June and February are our biggest months for educating the industry, we do free webinars and events all year long. In fact, we have a servicing webinar coming up in September. I'd encourage any one to let us know what they'd like to learn about. If the suggestion is a fit for us, we'd gladly present the information to the industry at no charge. All of the resources from previous events are posted on the respective event's Web site for at least a year after the event was held.

What sort of impact has the education series had on your audience?

Another reason why we started LSAM is because of the annual insurance agent survey LISA does in conjunction with *Agent Sales Journal*. We saw that the number one reason why agents weren't transacting life settlements is because they didn't know enough about them. That was a strong influence for us starting the program. We follow the results of that survey and we do see improvements every year. That's exactly the result that we wanted from it. It's just been a homerun.

What feedback have you gotten from participants?

The feedback has been phenomenal. The Conning report praised the fact that we do this type of education. We get good feedback from attendees and attendance has gone up each year. The increase in attendance is a sign of more market awareness and that the seminars are worthwhile. In addition, we always see a spike in new customers that come to us as well. The program has been helpful with the institutional marketplace. When major institutions call us they'll say that they attended our webinars. They think it's a great thing so it wins a lot of good points in our favor with clients. They really respect the program.

What does the industry need to do to improve its public image?

Obviously, the more awareness the public has the better [for the industry]. The public and the regulators have to understand that life settlements are a way to create value for someone who had no value in the policy other than surrendering the policy. We're doing the customers a great service by giving them a marketplace. That's the message that we have to get out there. There are always good and bad players in every marketplace.

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Education is the Key to Industry Grow...

Should the industry be doing more to root out the few bad apples who are giving life settlements a bad name?

We internally have a lot of policies and procedures and due diligence on who we do business with. We don't do business with every agent that calls here. To the contrary, our typical client is a big broker/dealer with huge distribution and that broker/dealer is responsible for suitability issues. Unfortunately, most of the people in the market don't pay much attention to that and they will do business with anyone who sells them a warm policy. How does the industry control that? Maybe the regulators can have stricter licensing requirements. Right now, anybody can be a broker or an agent with very little effort, no regular financial stability and no background check.

Florida is a great example [of how the licensing could be done]. To get a Florida license the process is over a year long and there are all kinds of background checks. It's a lot of work and lot of scrutiny.

So maybe there should be more regulatory scrutiny on the agent and broker level.

Some brokers at the recent LISA Broker Summit claimed that many regulators don't understand their industry. Do you agree and if so, then what can be done to change the situation?

I'm not as close to the regulators as LISA is but what [the brokers] said sounds reasonable. Can we get regulators in the room and make an effort to educate them [about life settlements]? I would suggest setting up a session at a NCOIL or NAIC meeting when they're all together and educating them.

What are some of the biggest misconceptions about life settlement investments?

There is a general lack of understanding of how the investment works and how to properly invest in it. For example, there is a major company that sells a life settlement investment for \$10,000 to an individual. They get a fractional ownership of a policy with maybe 10 or 15 other owners and there really is not enough actuarial accuracy in the investment to give the investor peace of mind or any actuarial safety. If we can get some major investment banks or mutual funds involved in distributing the asset, then perhaps that may bring more credibility to the marketplace from an investor standpoint.

Explain your goals for Insurance Linked Investments Awareness Month™ .

It is more targeted to investors than Life Settlement Awareness Month. It covers the issues concerning investors and not brokers or agents. We talk about issues such as servicing, regulations, transferring policies and transferring investment portfolios. It is such a big program and just wouldn't fit comfortably into LSAM. We wanted to reach out into the investment community as we have seen a much greater demand for life settlement investment information over the past 12 months. We're doing these programs for free. We think it is important to appeal to a diverse group of investors. We believe the programs serve the long term good of the industry.

Location: Life Settlement Solutions, Inc. (LSS) is headquartered in San Diego, Calif.
(www.lss-corp.com, www.lifesolutionsint.com, www.lifesettlementawarenessmonth.com)

Size: LSS has purchased life-insurance policies in excess of \$2 billion in aggregate face value to date.

Background: Founded in 2004, LSS is one of the oldest and largest life settlement providers in the industry. The company is responsible for bringing one of the first institutional capital transactions to market.