




Life Settlement Panel: The Market Evolution
Life Settlement Awareness Month
June 2008

Webinar Instructions

- If you haven't already, dial in to 1-800-839-9416 and enter the access code 8334152 to join the audio portion. Phones will be muted.
- If you have questions during the presentation, please use the "chat"  function located at the top of your web classroom screen.
- We recommend that you disable pop-up blockers on your web browser.
- Please close other programs on your computer to enable the Webinar to run efficiently.

Please stand by, the webinar will begin at 10:30 a.m. PST



Life Settlements Regulatory Forces Panelists

- Roscoe Smith, Agent Media Corp
- Rep. George Keiser, North Dakota
- Doug Head, Life Insurance Settlement Association®





Roscoe Smith

Agent Media Corp.

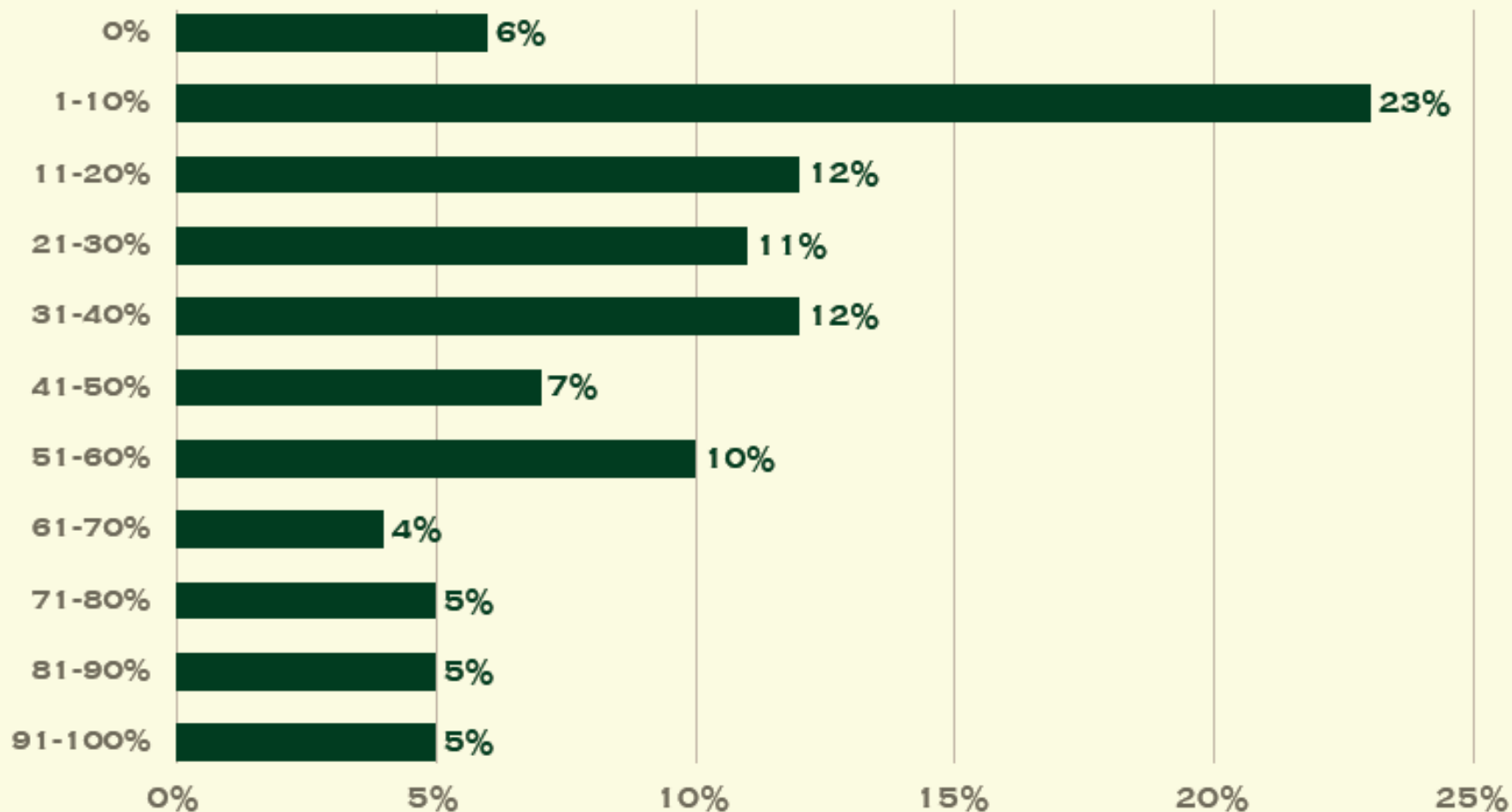


2008 LIFE SETTLEMENT STUDY

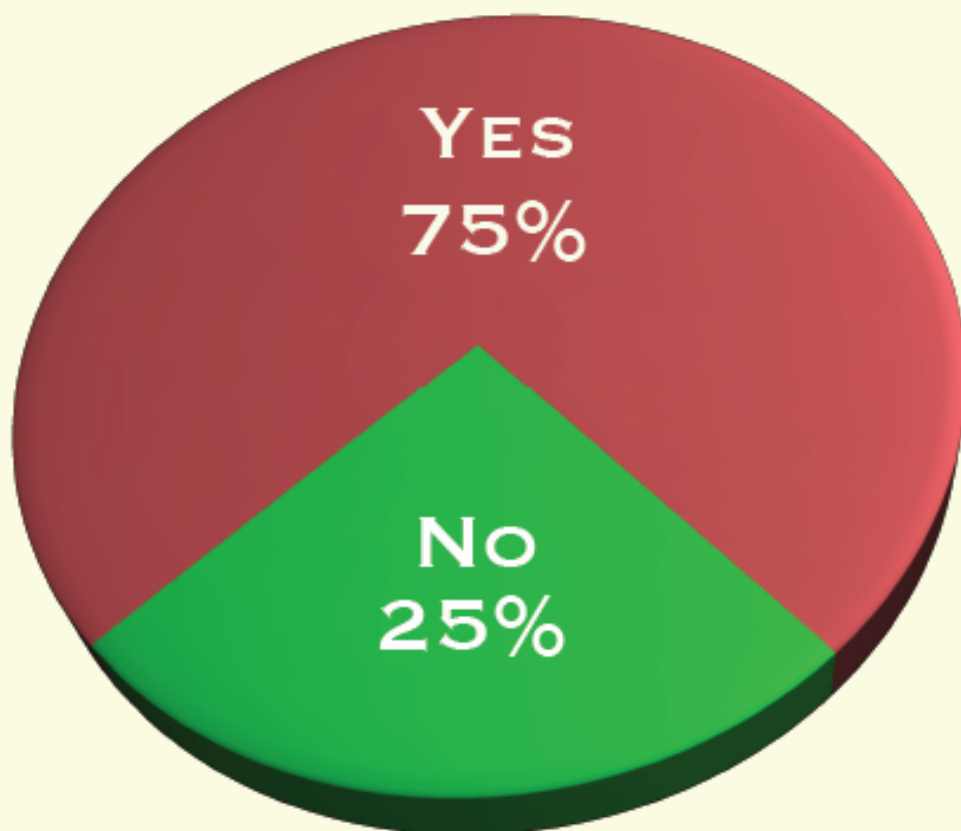
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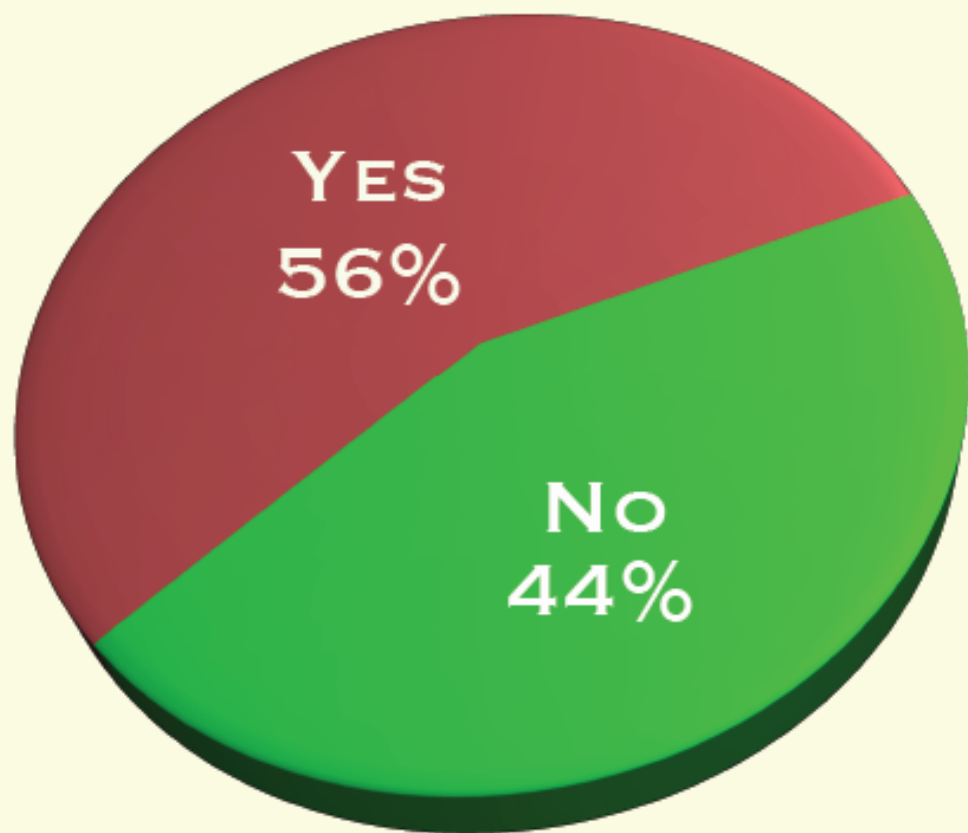
APPROXIMATELY WHAT PERCENTAGE OF YOUR CLIENTS ARE AGE 65 OR OLDER?



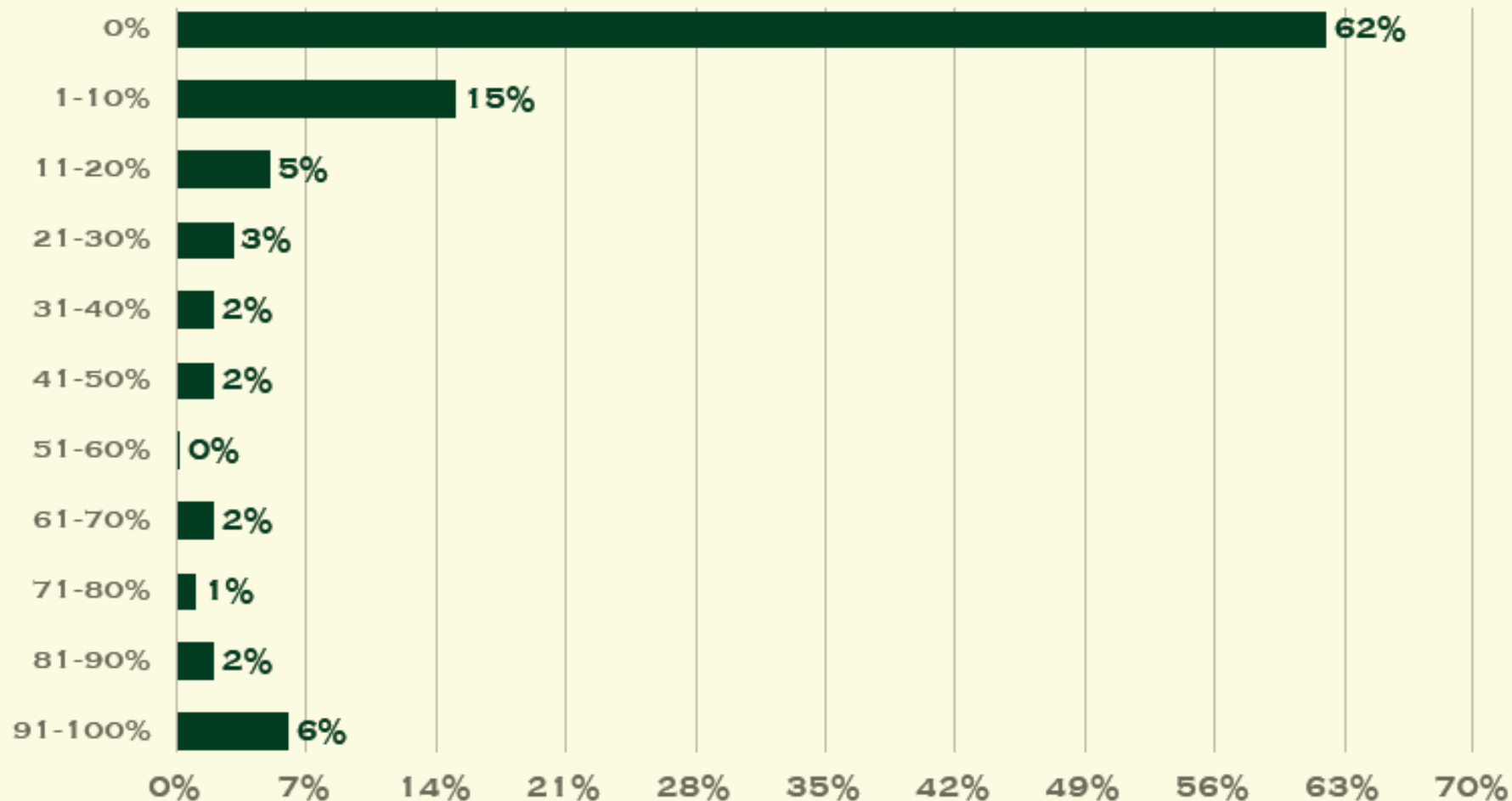
**DO YOU HAVE CLIENTS OVER AGE 65 WHOSE
LIFE INSURANCE NEEDS HAVE CHANGED
SINCE THEY PURCHASED THEIR POLICY?**



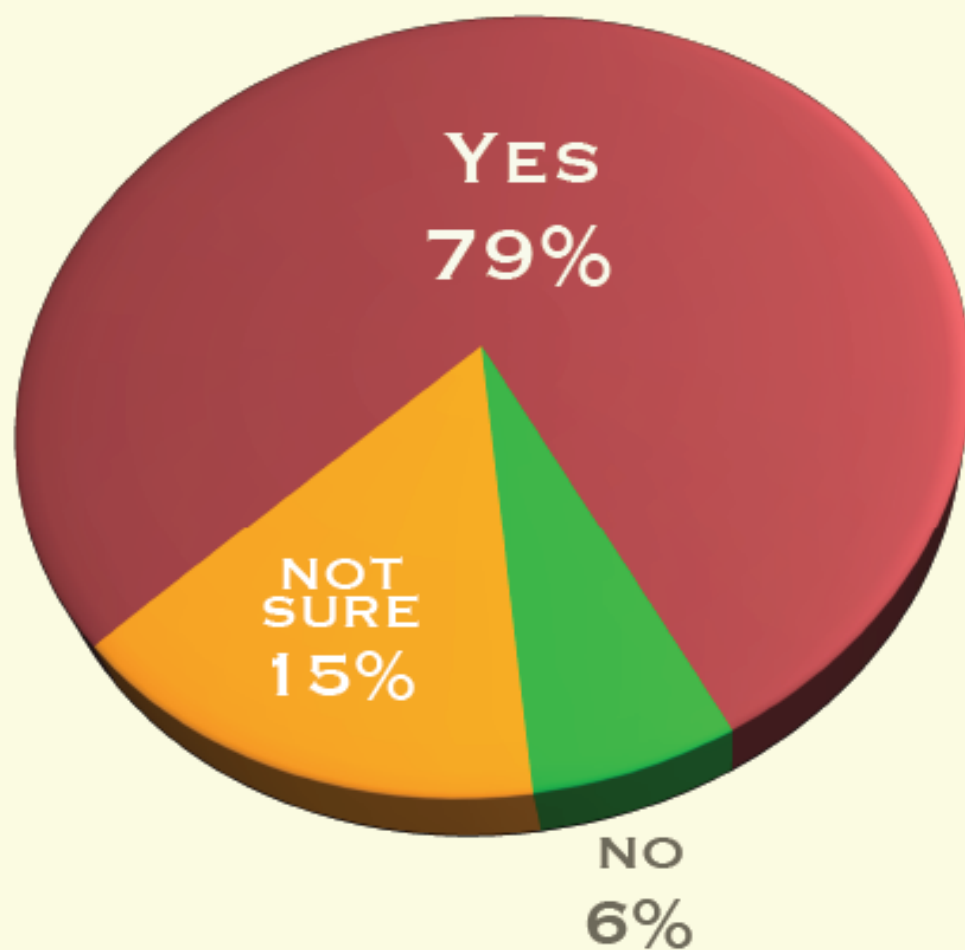
DO YOU HAVE CLIENTS OVER AGE 65 WHO HAVE EVER SURRENDERED A LIFE INSURANCE POLICY?



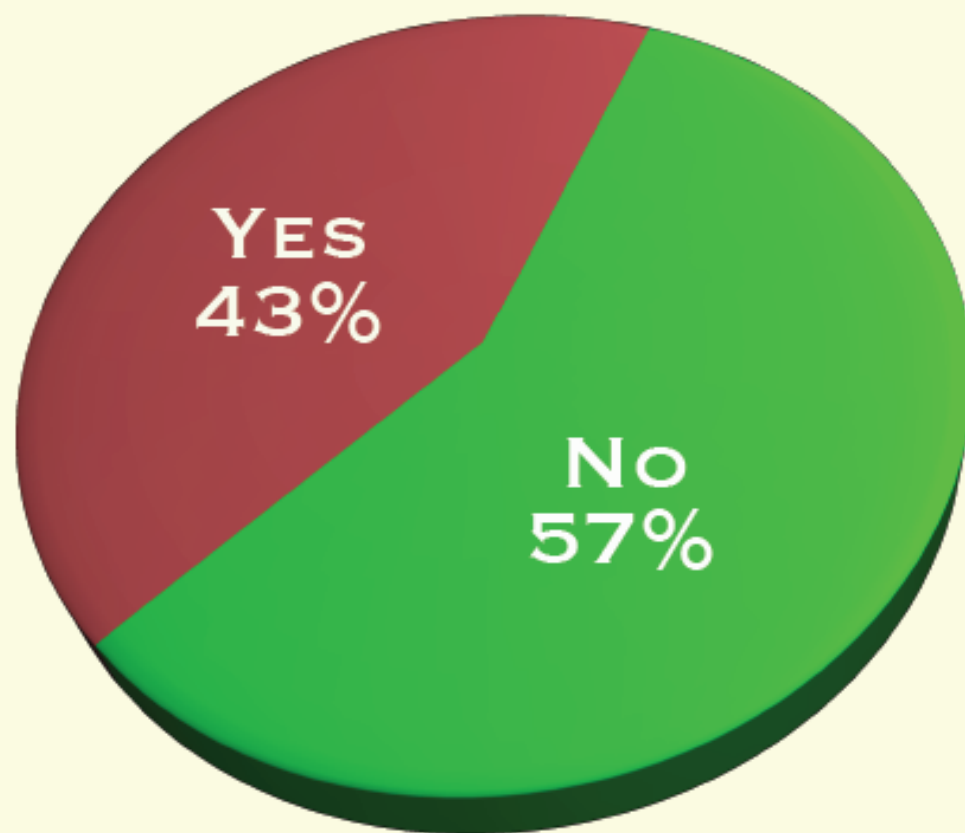
OF YOUR CLIENTS WHO HAVE SURRENDERED THEIR POLICIES, WITH WHAT PERCENTAGE DID YOU DISCUSS LIFE SETTLEMENTS?



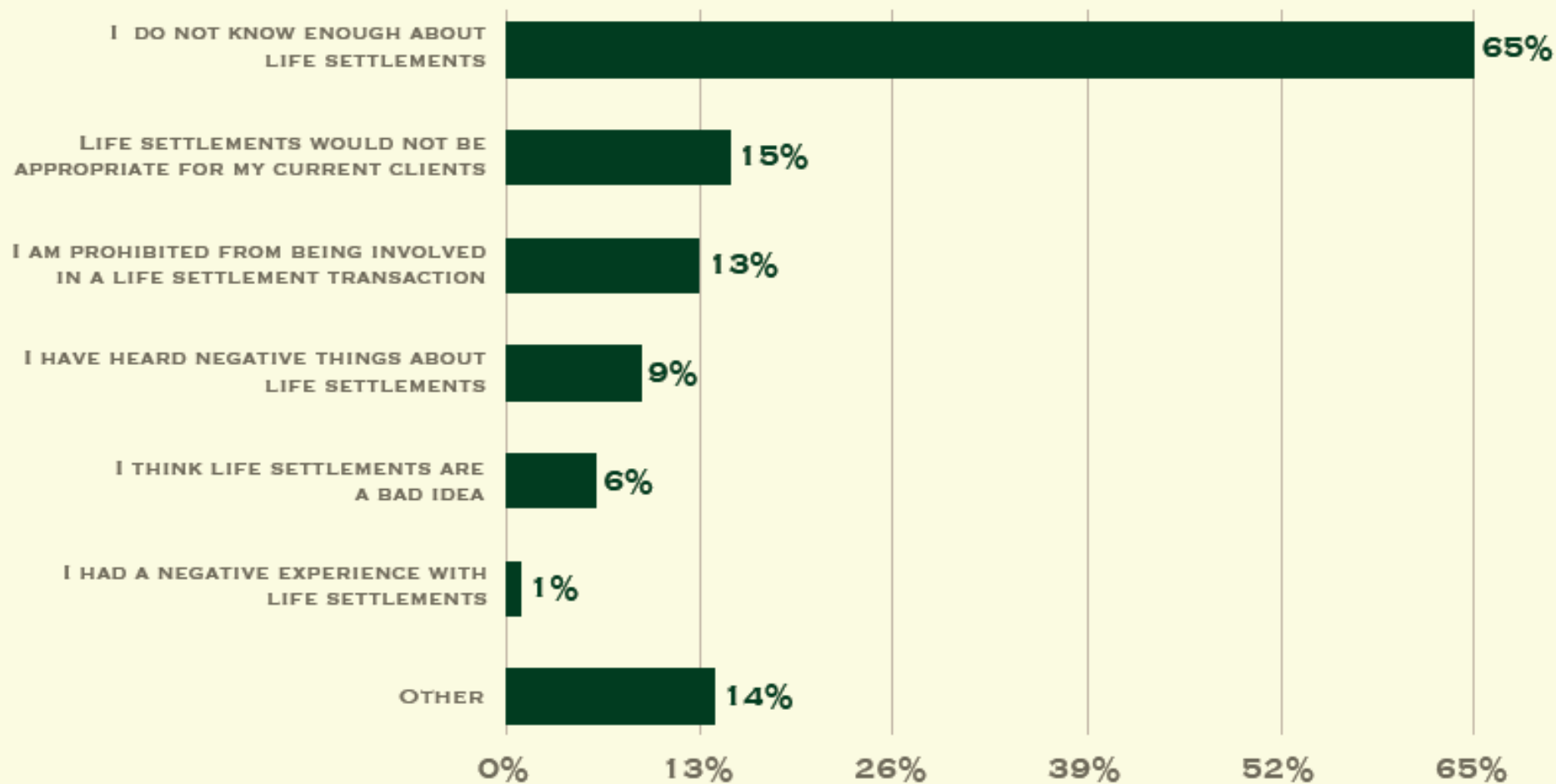
**IF YOU HAD CLIENTS WHO MET THE
REQUIREMENTS, WOULD YOU DISCUSS
LIFE SETTLEMENTS WITH THEM?**



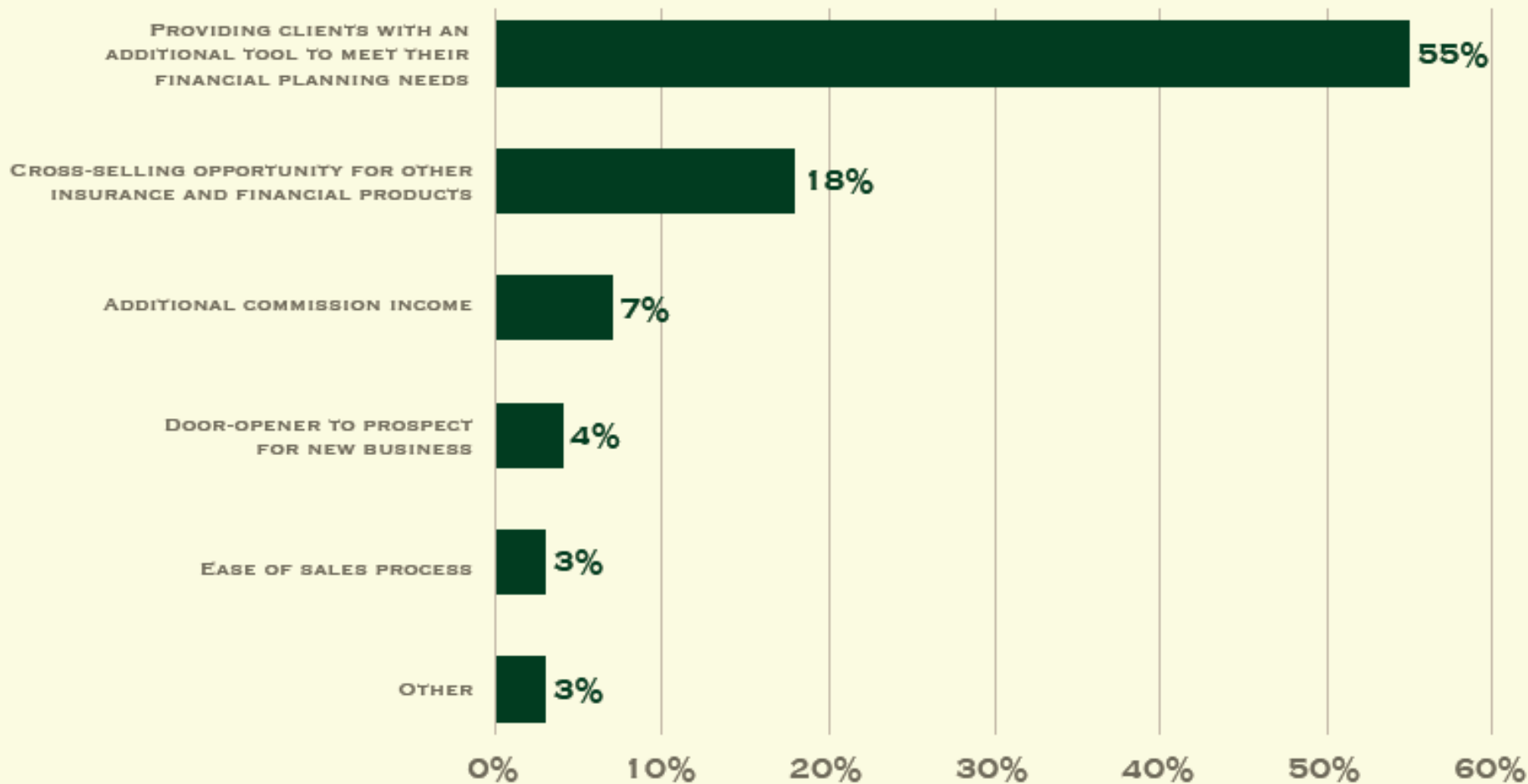
DO YOU EXPECT TO PERFORM A LIFE SETTLEMENT TRANSACTION WITHIN THE NEXT 12 MONTHS?



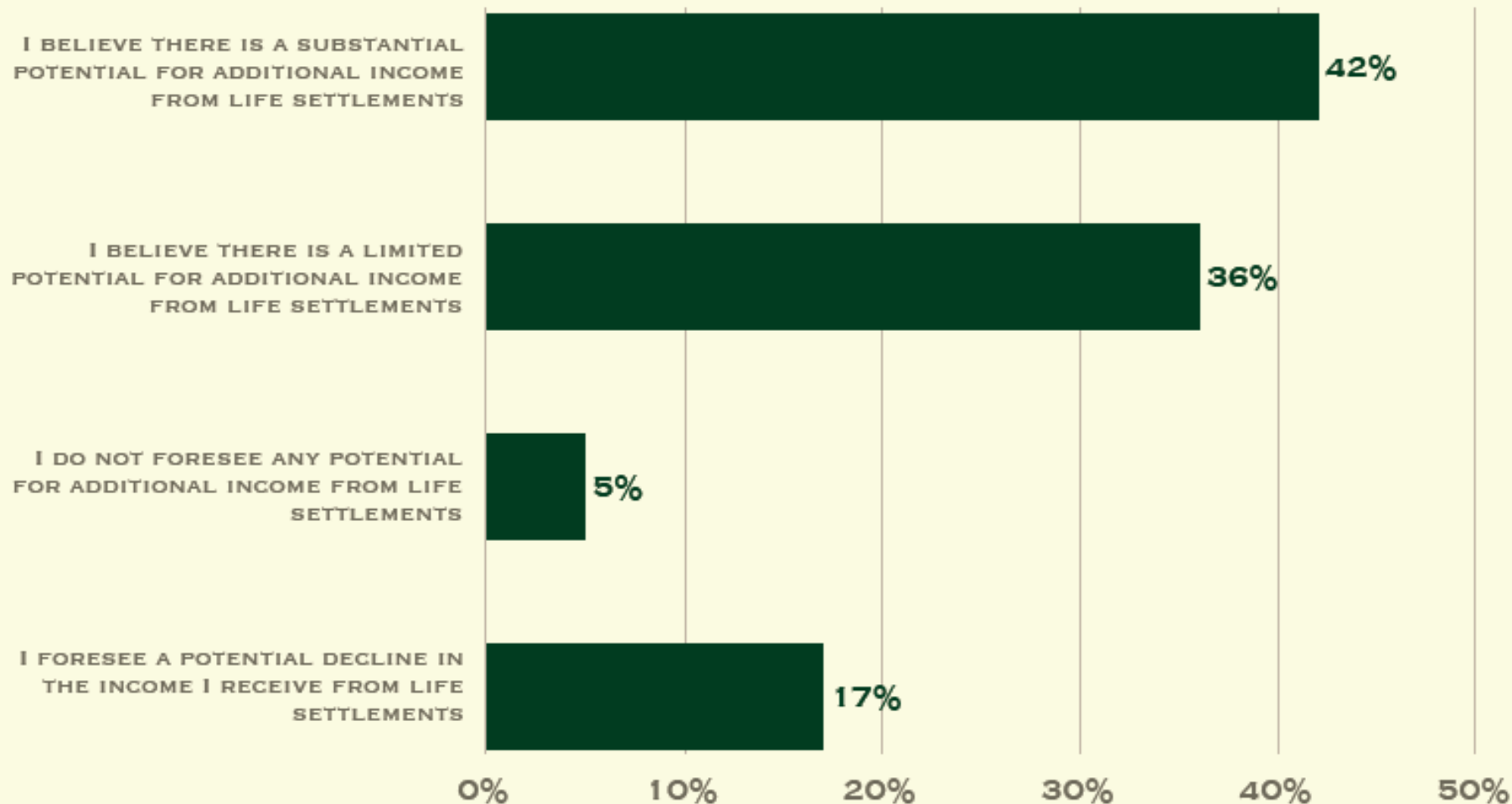
IF "NO" TO QUESTION 11, WHY DON'T YOU PLAN TO PERFORM A LIFE SETTLEMENT TRANSACTION WITHIN THE NEXT 12 MONTHS?

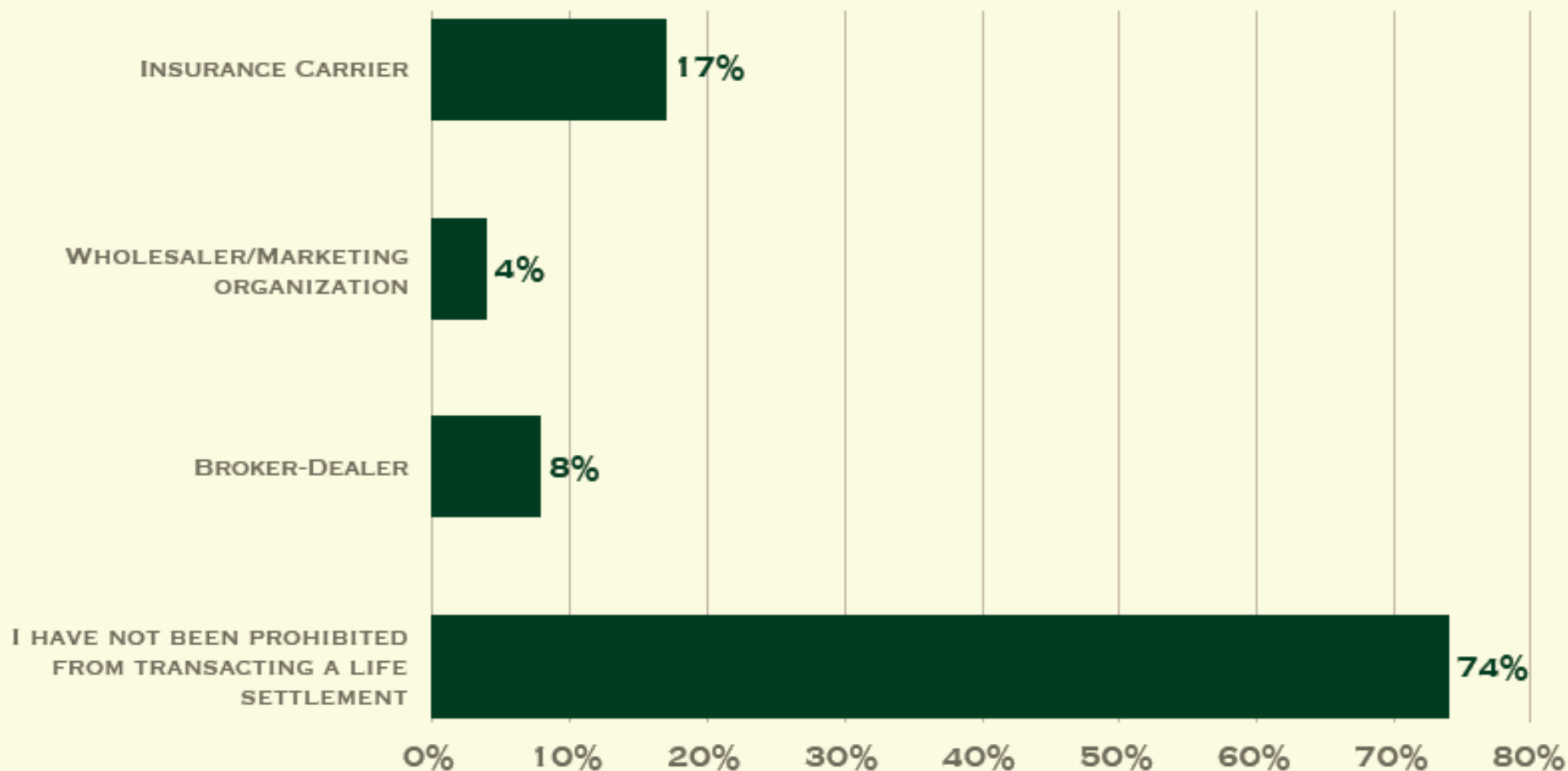


WHAT DO YOU PERCEIVE TO BE THE MAJOR ADVANTAGE OF OFFERING LIFE SETTLEMENTS IN YOUR PRACTICE?

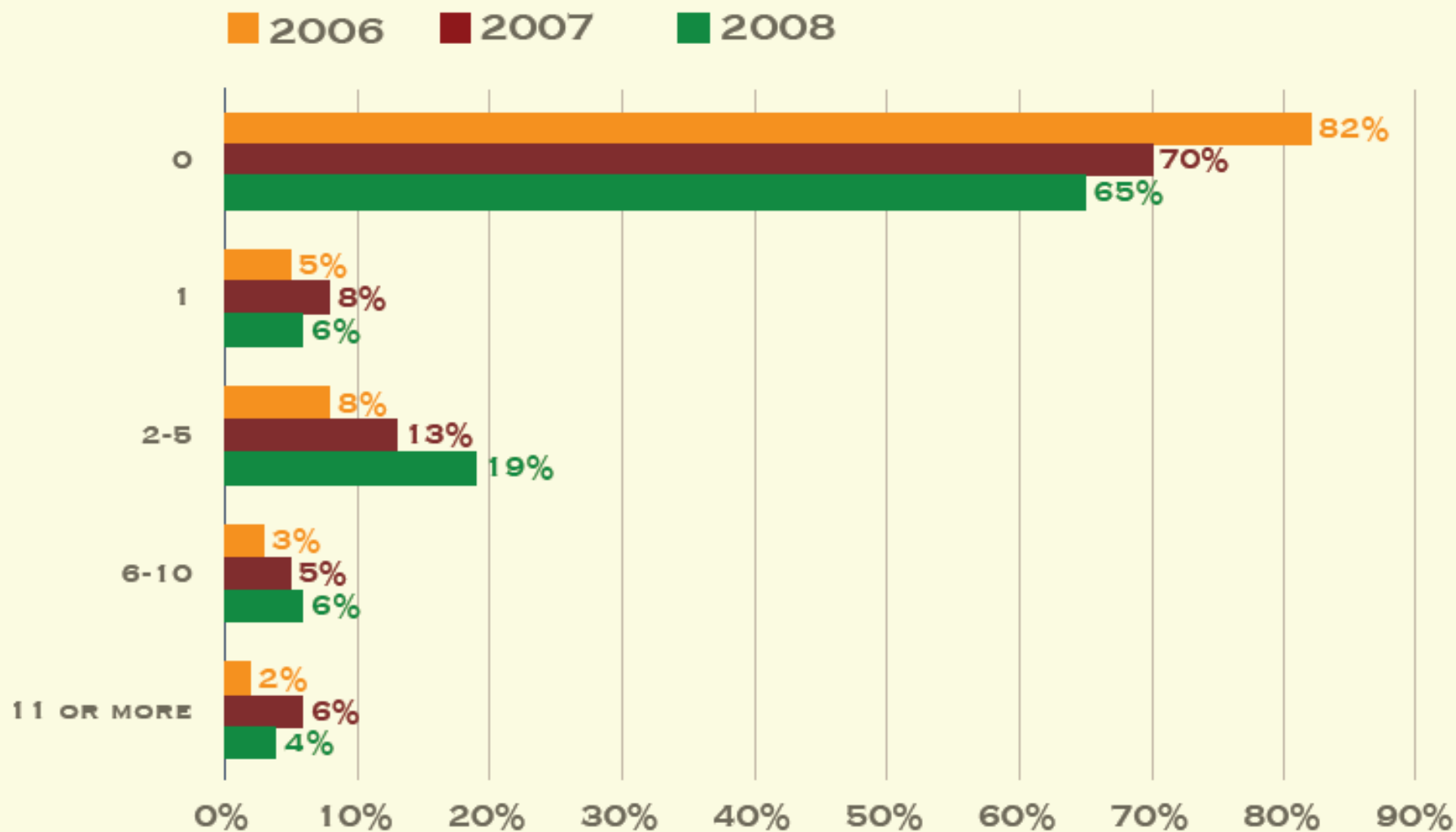


HOW DO YOU PERCEIVE THE POTENTIAL IMPACT OF LIFE SETTLEMENTS ON YOUR BUSINESS?



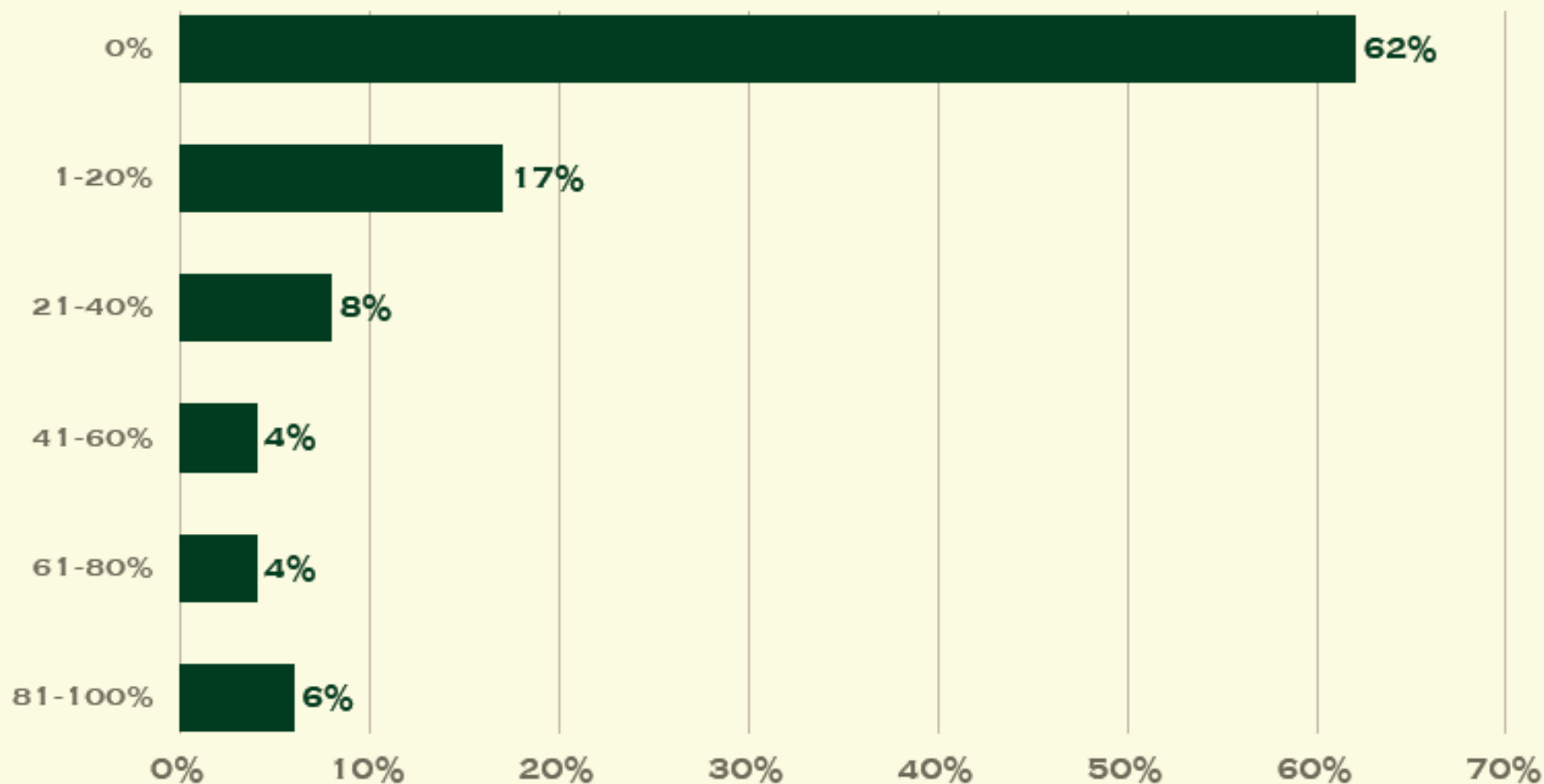
WHICH OF THE FOLLOWING HAS PROHIBITED YOU
FROM TRANSACTING A LIFE SETTLEMENT?

APPROXIMATELY HOW MANY LIFE SETTLEMENT TRANSACTIONS HAVE YOU COMPLETED IN YOUR CAREER?



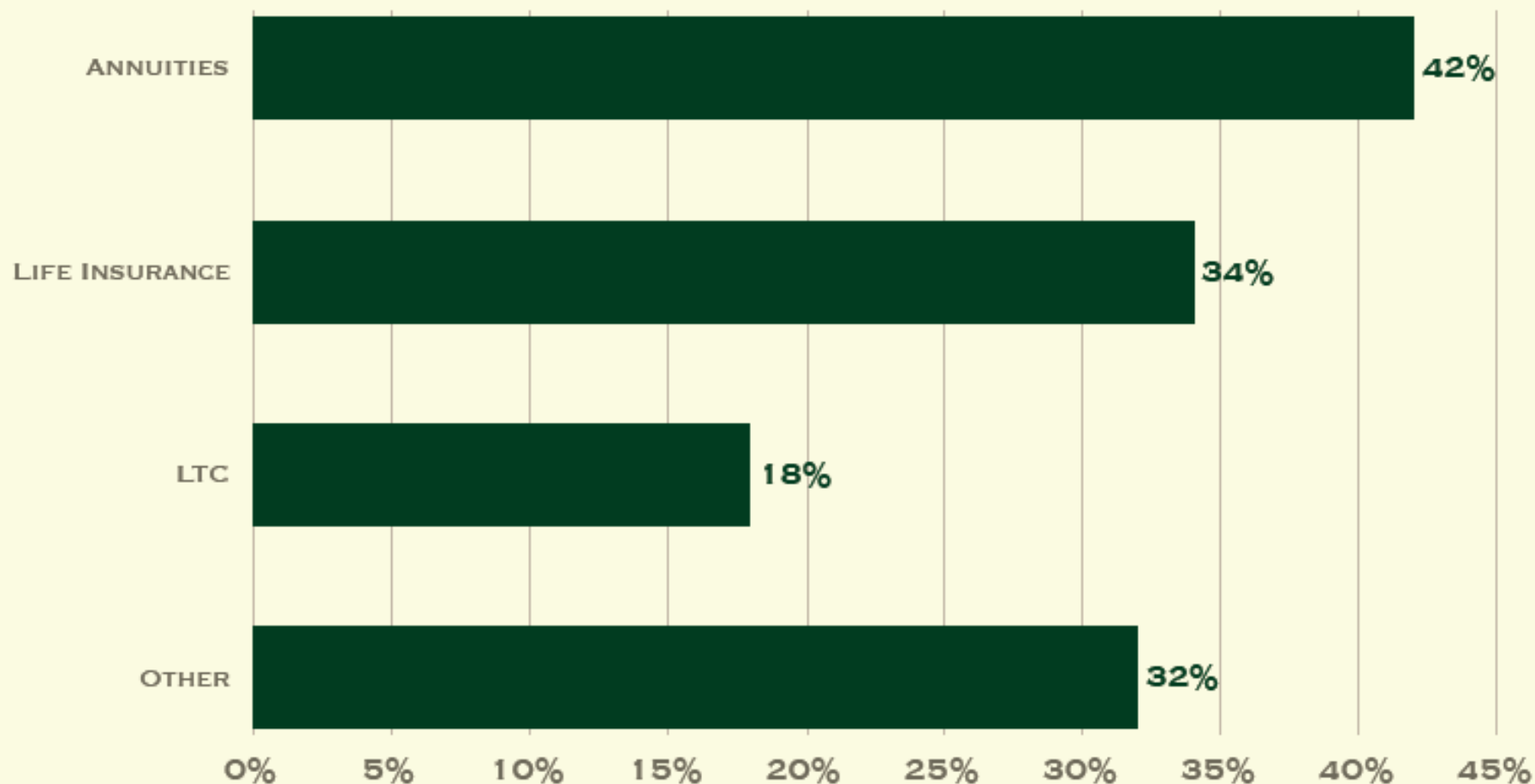
IF YOU HAVE EVER TRANSACTED A LIFE SETTLEMENT BEFORE, APPROXIMATELY WHAT PERCENTAGE OF YOUR LIFE SETTLEMENT TRANSACTIONS HAVE RESULTED IN THE SALE OF ANOTHER INSURANCE OR FINANCIAL PRODUCT?

Note: Results reflect responses by those agents who have completed at least one life settlement transaction.



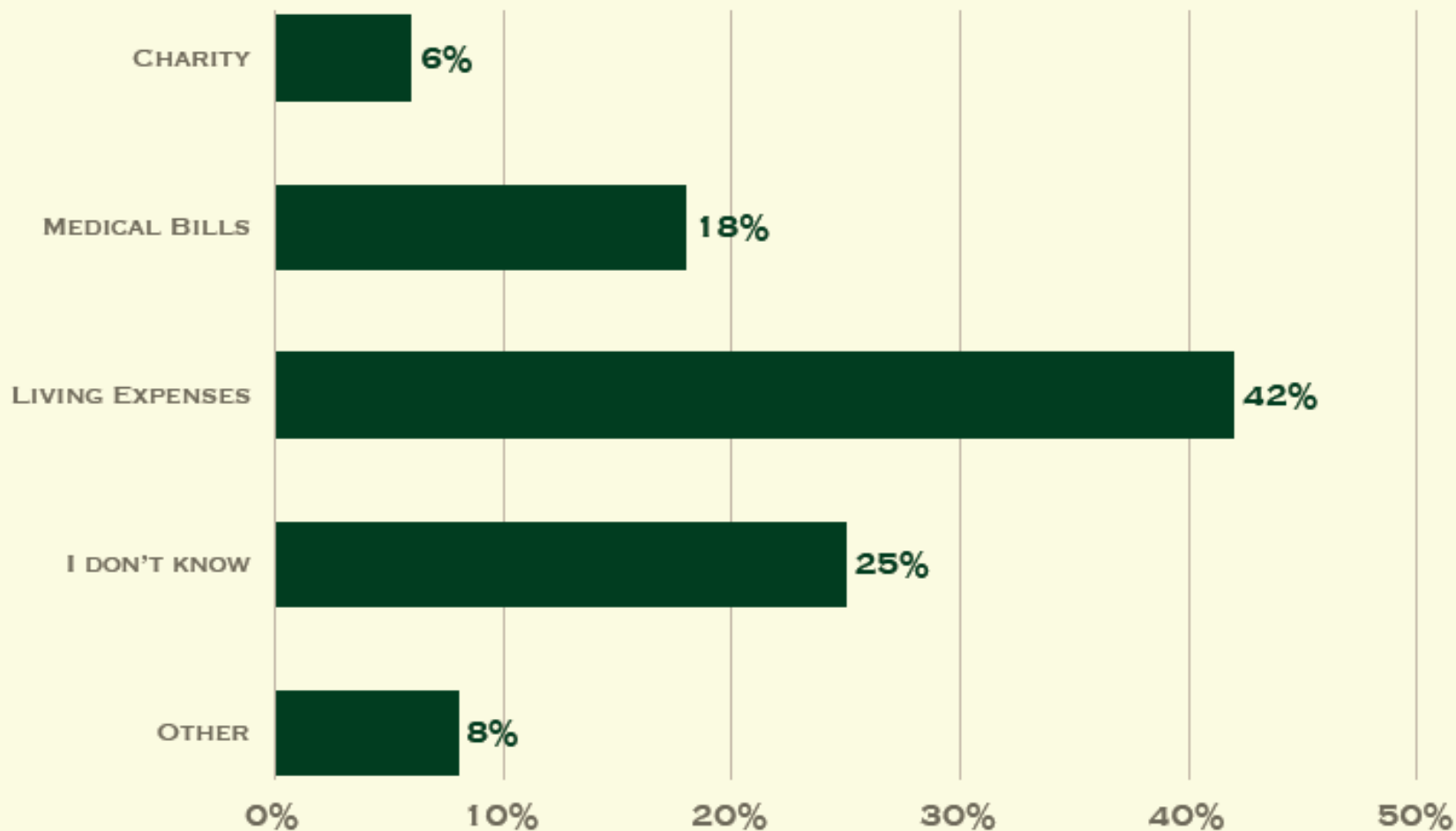
WHAT ADDITIONAL PRODUCTS HAVE YOU SOLD AS A RESULT OF A LIFE SETTLEMENT TRANSACTION?

Note: Results reflect responses by those agents who have completed at least one life settlement transaction that has resulted in the sale of an additional product

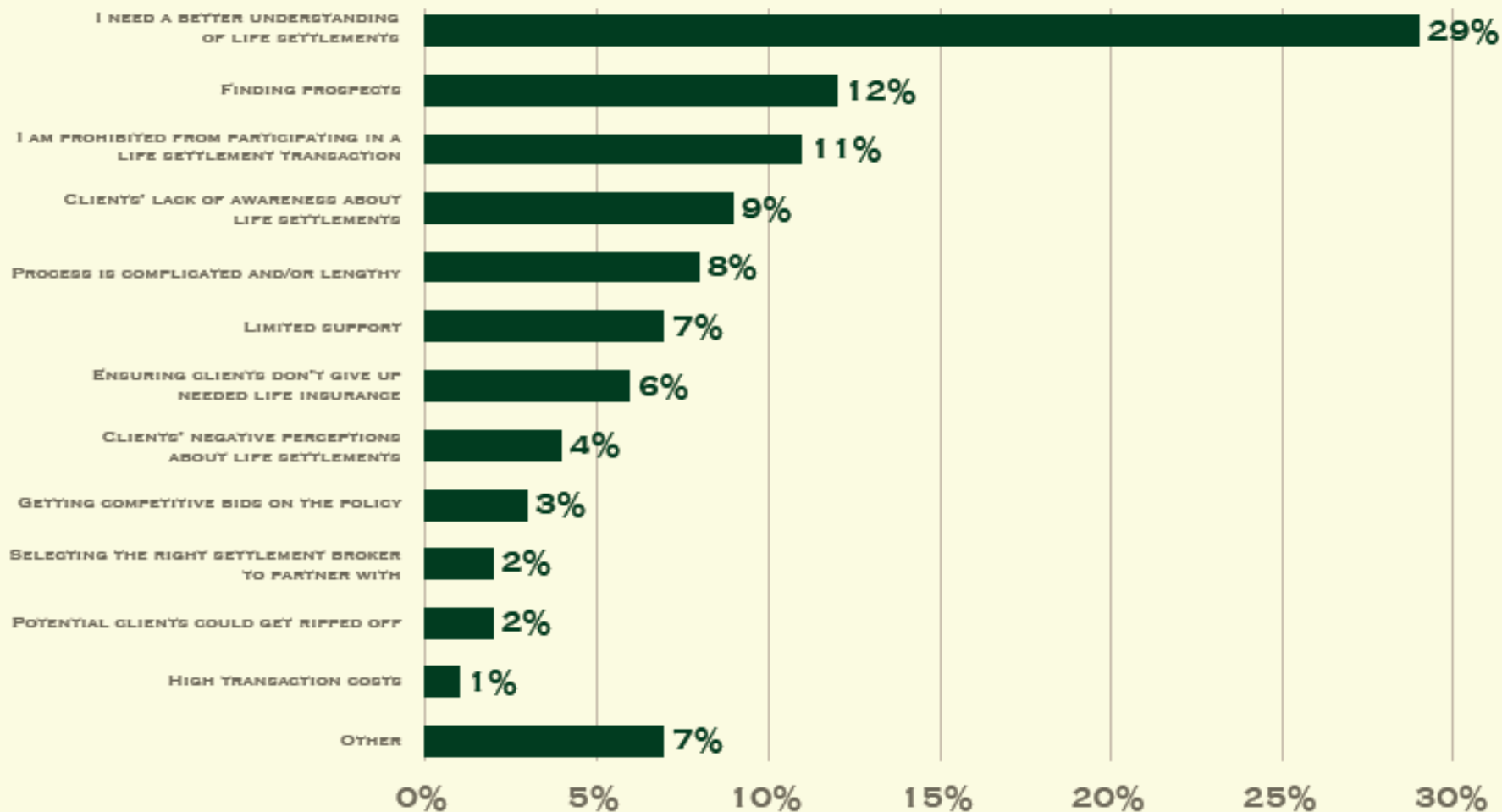


OTHER THAN FINANCIAL OR INSURANCE PRODUCTS, WHAT OTHER EXPENSES DO YOUR CLIENTS USE THEIR LIFE SETTLEMENT PROCEEDS FOR?

Note: Results reflect responses by those agents who have completed at least one life settlement transaction.

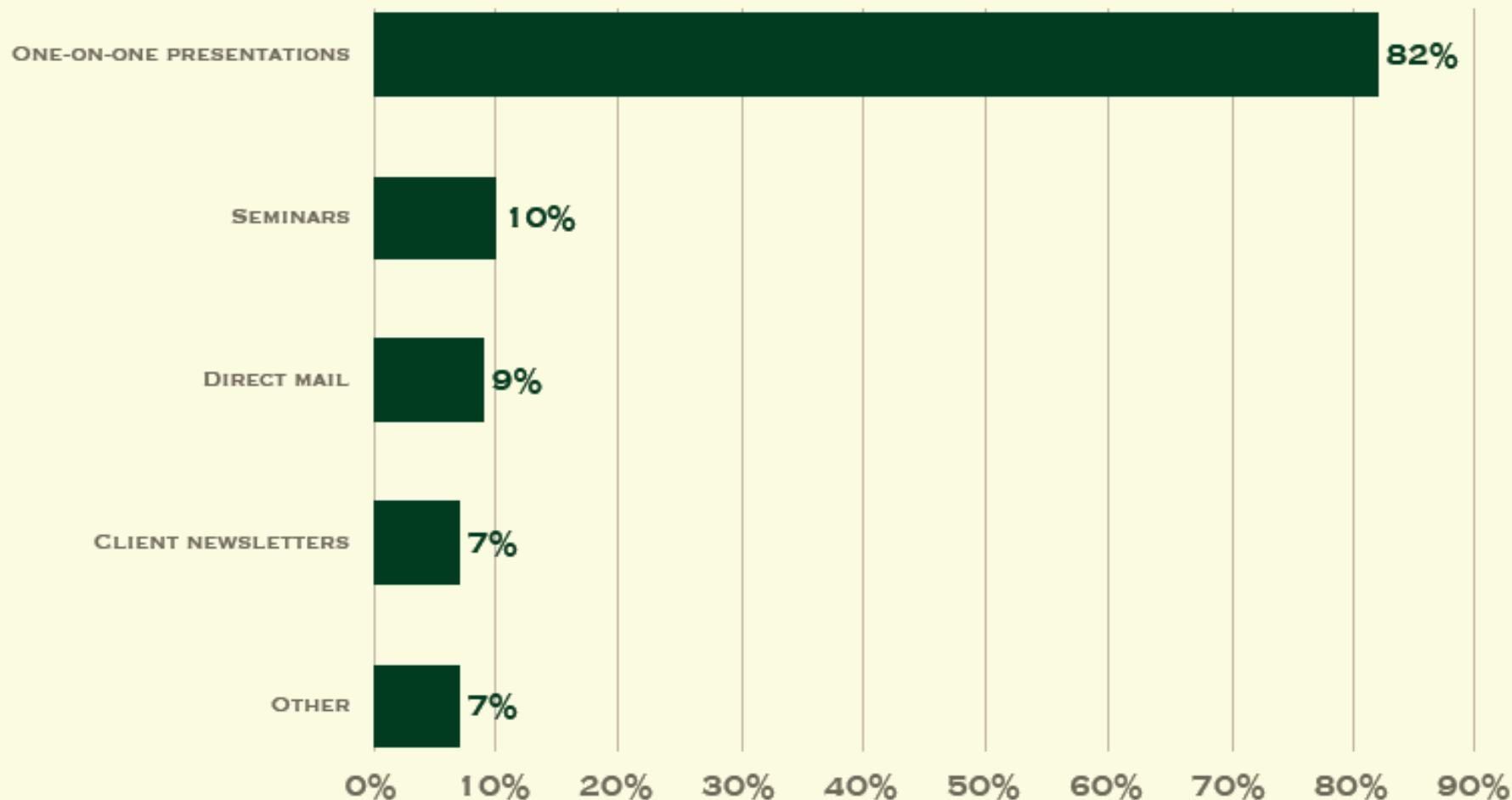


WHAT IS YOUR BIGGEST CHALLENGE WITH PRESENTING LIFE SETTLEMENTS?



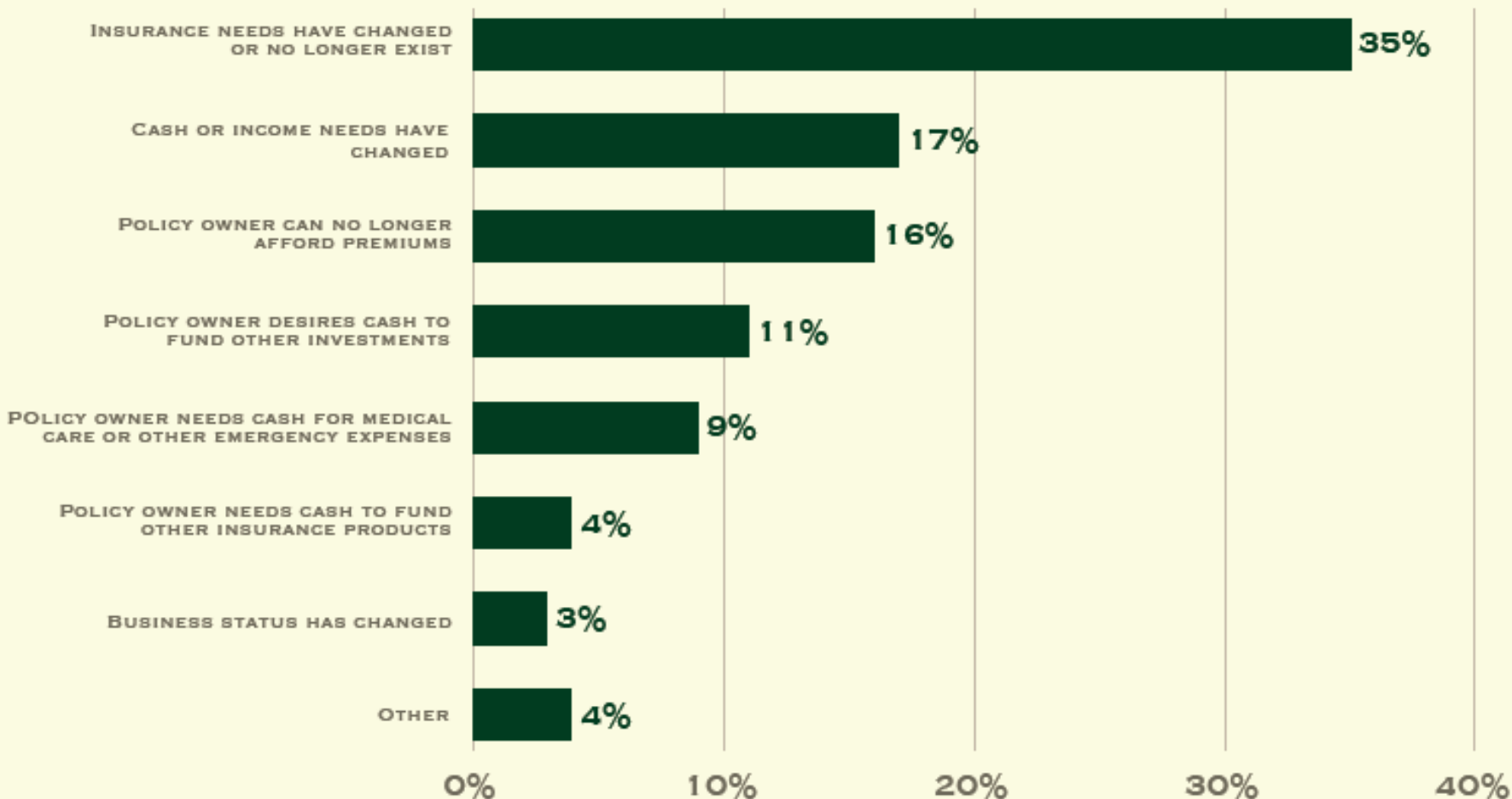
WHAT HAVE YOU FOUND TO BE THE MOST EFFECTIVE METHODS FOR MARKETING LIFE SETTLEMENTS TO PROSPECTS?

Note: Results reflect responses by those agents who have actively marketed life settlements.



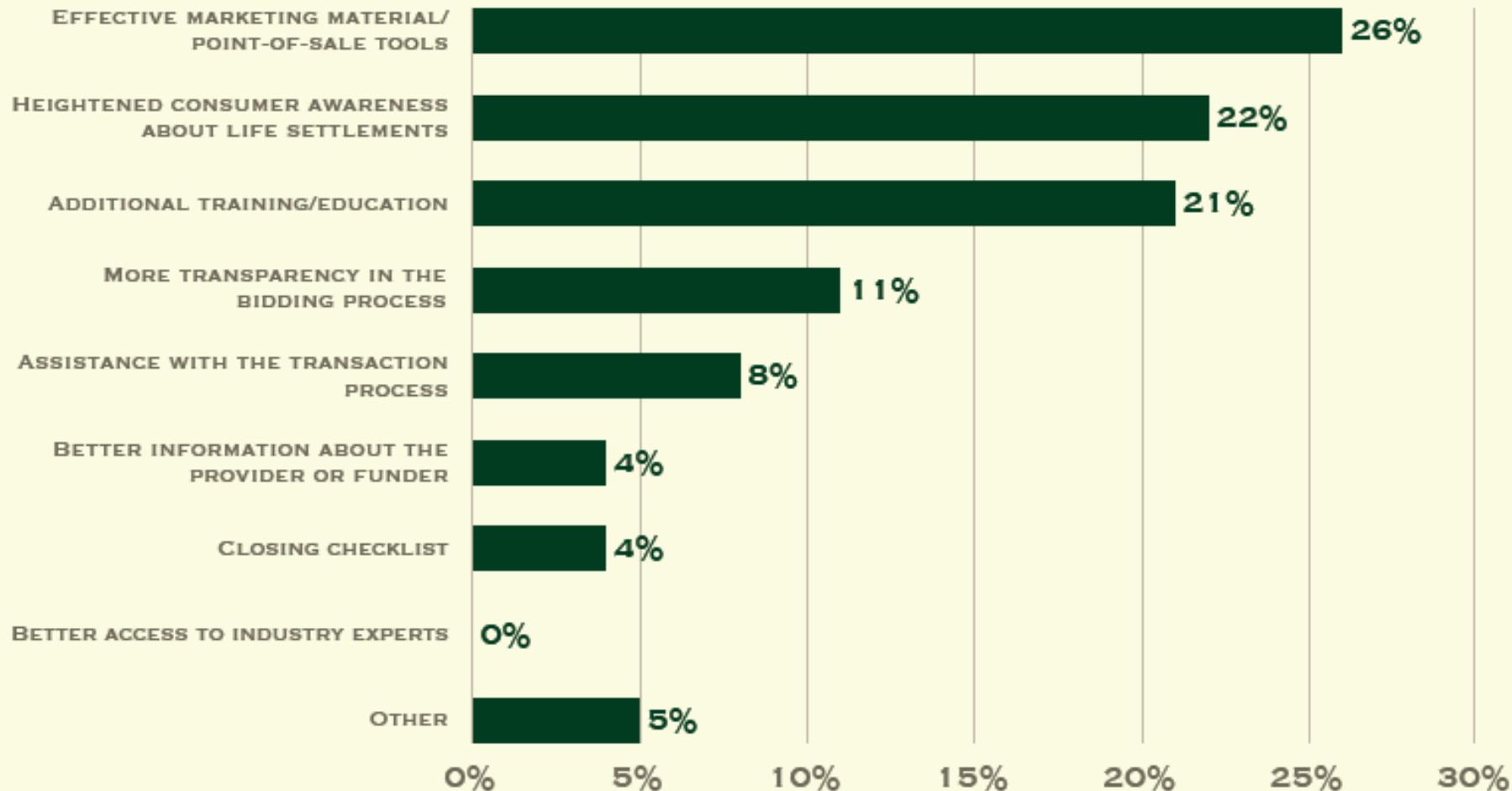
WHAT IS THE MOST COMMON REASON YOUR CLIENTS HAVE ENGAGED IN A LIFE SETTLEMENT TRANSACTION?

Note: Results reflect responses by those agents who have completed at least one life settlement transaction.



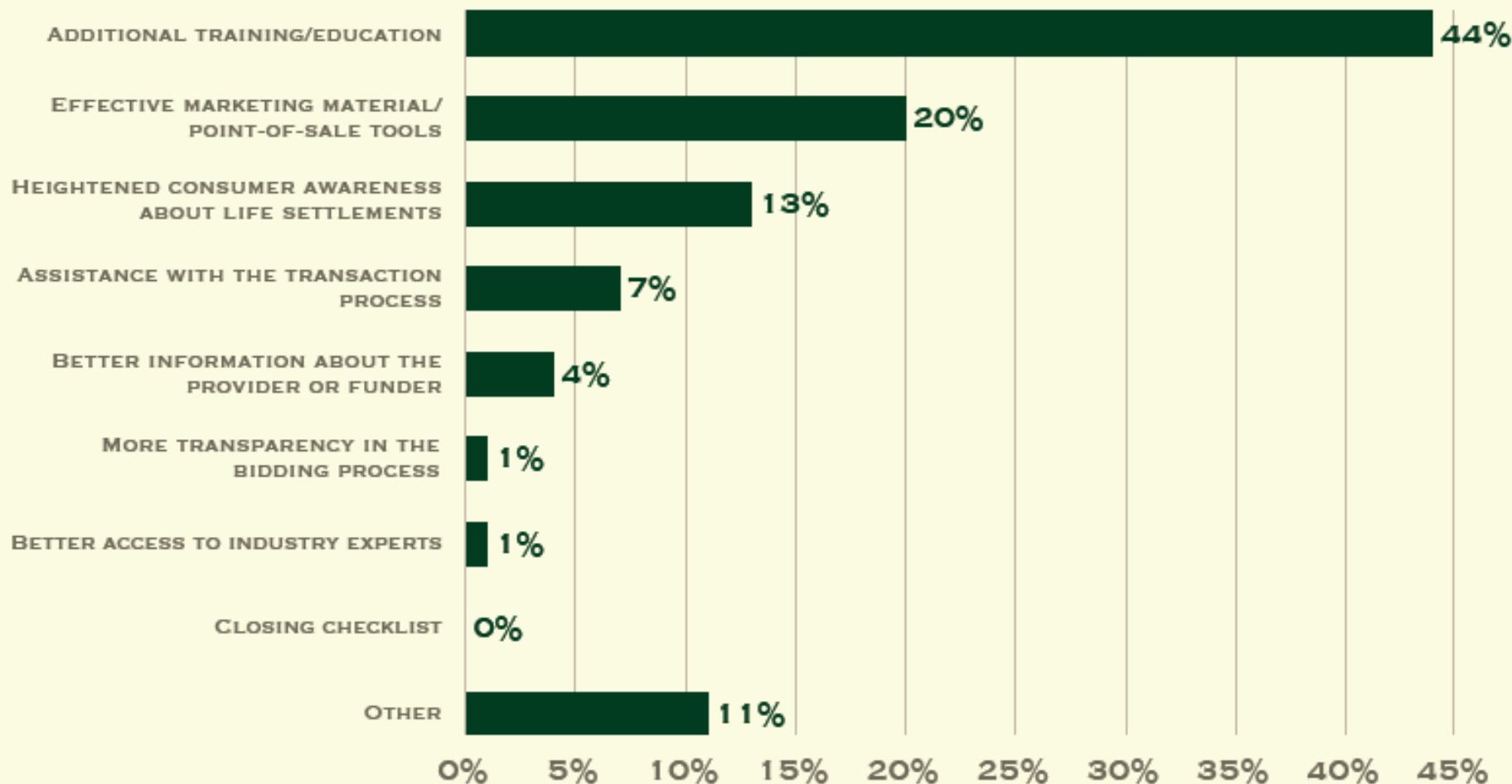
WHAT WOULD BE THE BIGGEST HELP TO YOU IN THE SUCCESSFUL COMPLETION OF A LIFE SETTLEMENT TRANSACTION?

Note: Results based on responses by these respondents who have completed at least one life settlement



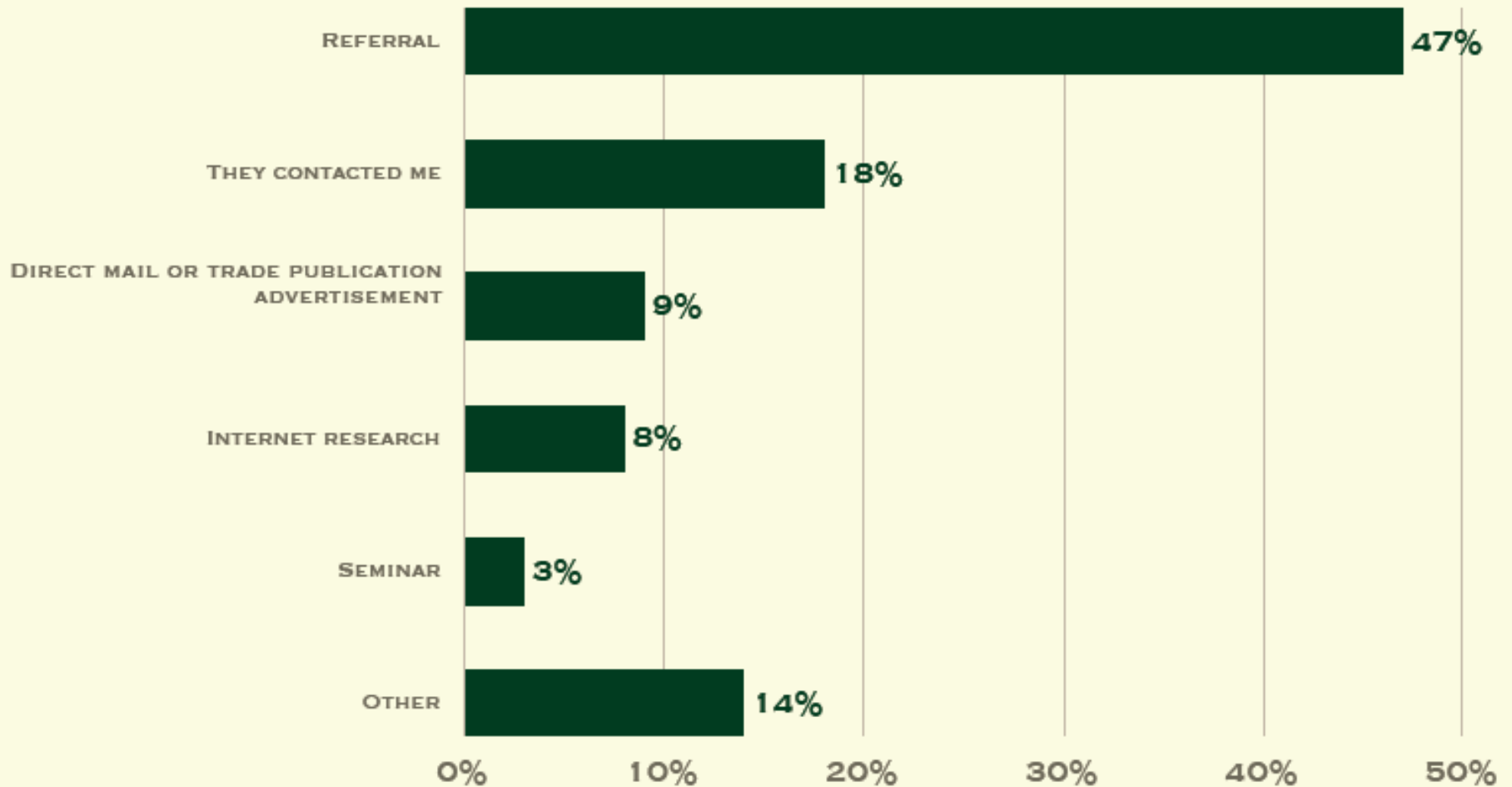
WHAT WOULD BE THE BIGGEST HELP TO YOU IN THE SUCCESSFUL COMPLETION OF A LIFE SETTLEMENT TRANSACTION?

Note: Results based on responses by these respondents who have not completed at least one life settlement



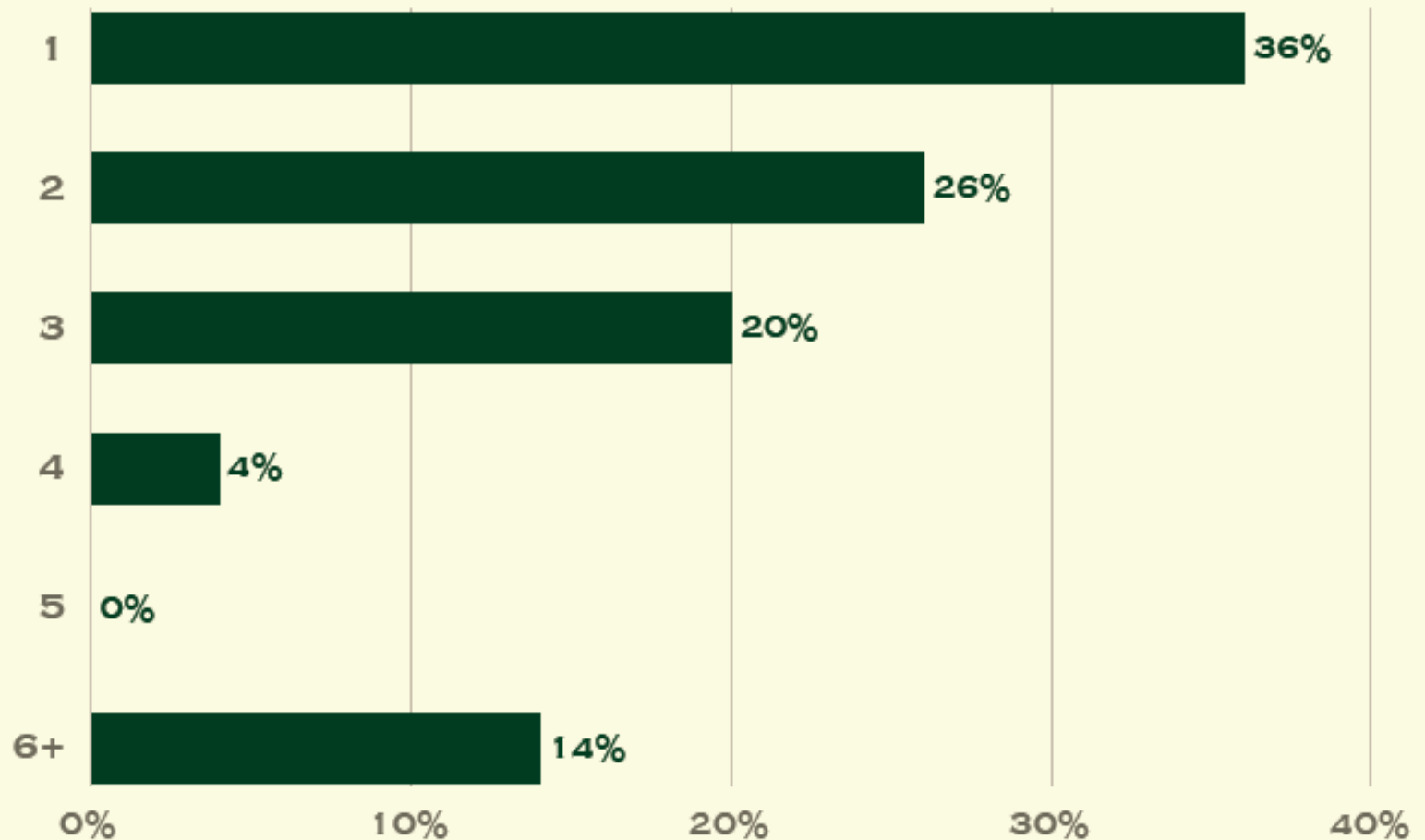
HOW DID YOU FIND YOUR CURRENT PROVIDER OR BROKER?

Note: Results reflect responses by those agents who have previously transacted a life settlement.

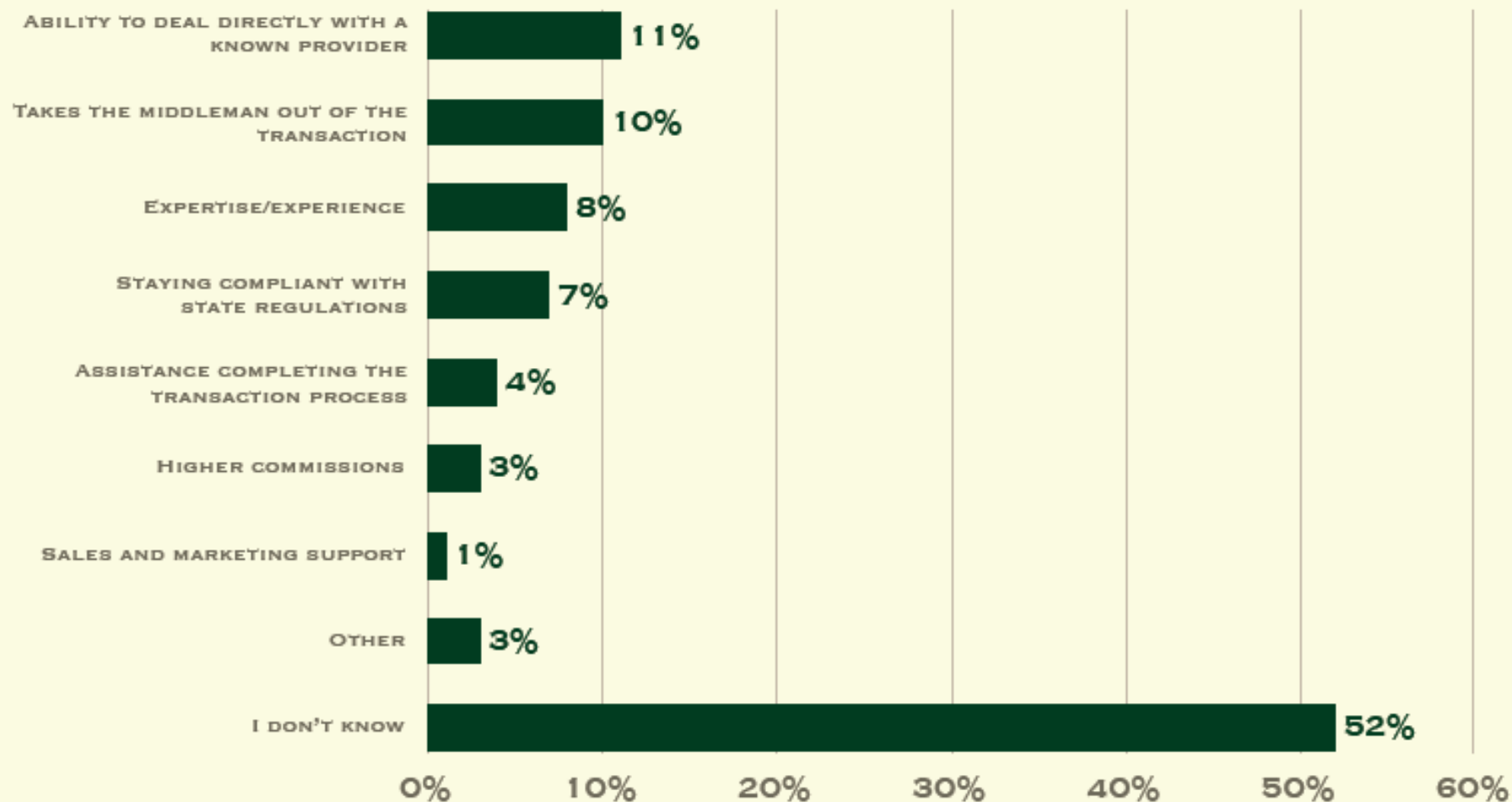


IF YOU HAVE EVER WORKED DIRECTLY WITH A LIFE SETTLEMENT PROVIDER, HOW MANY COMPANIES DO YOU TYPICALLY SEEK BIDS FROM?

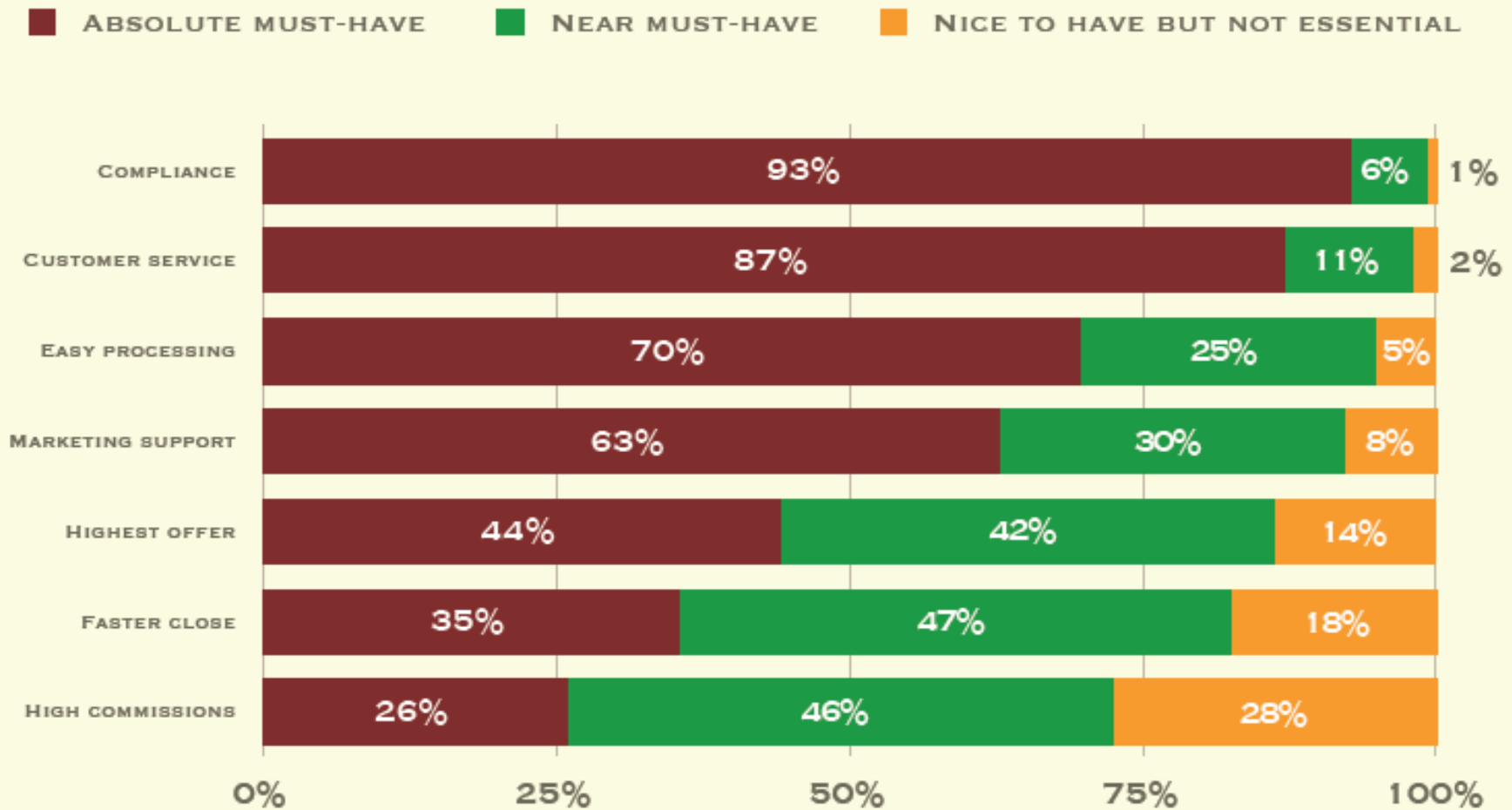
Note: Twenty-two percent of respondents have worked directly with a life settlement provider. Results reflect responses by those agents who have worked directly with a life settlement provider.



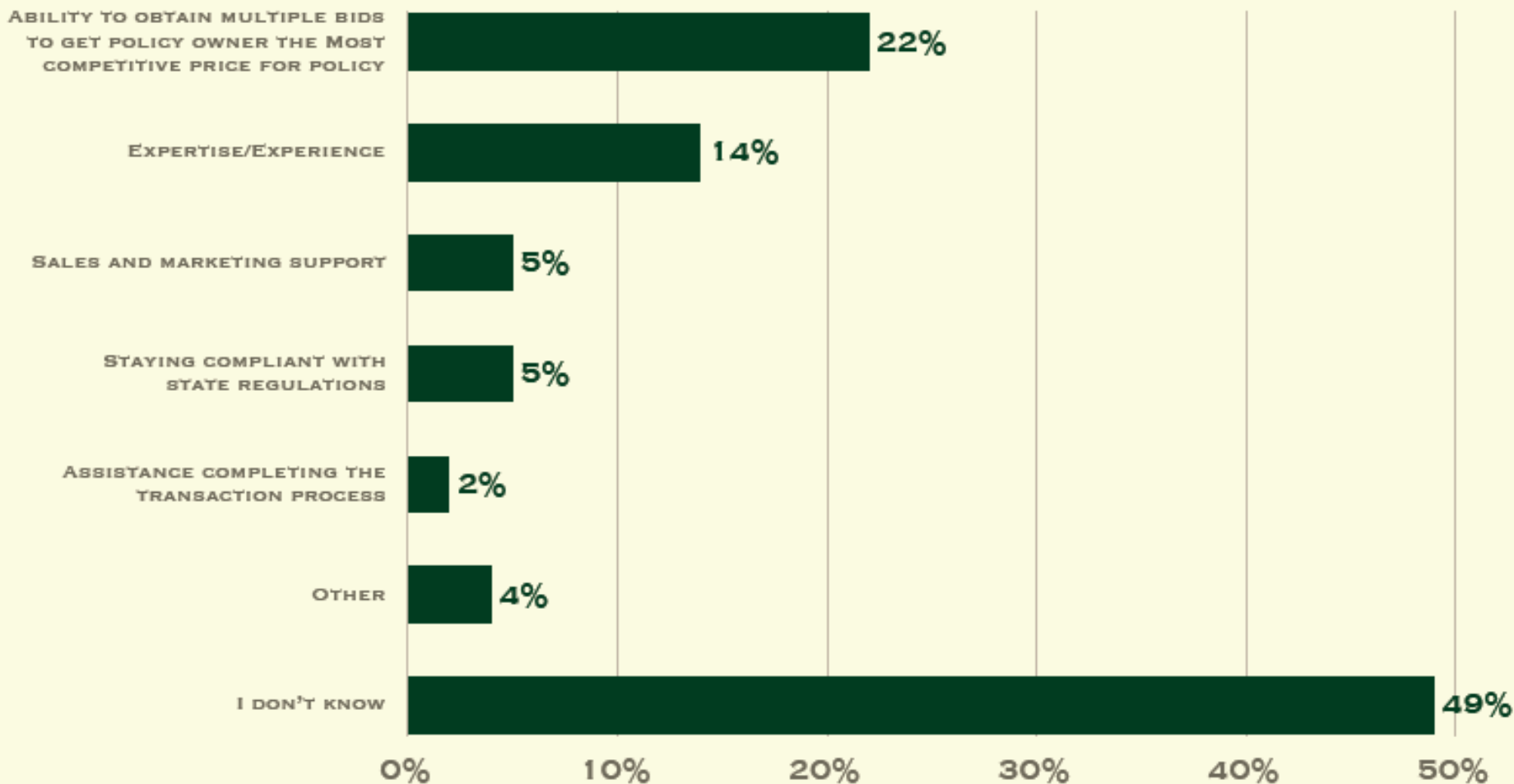
WHAT DO YOU PERCEIVE TO BE THE MAJOR ADVANTAGE OF WORKING DIRECTLY WITH A SETTLEMENT PROVIDER?



WHEN WORKING WITH A PROVIDER, RANK THE FOLLOWING IN TERMS OF IMPORTANCE:

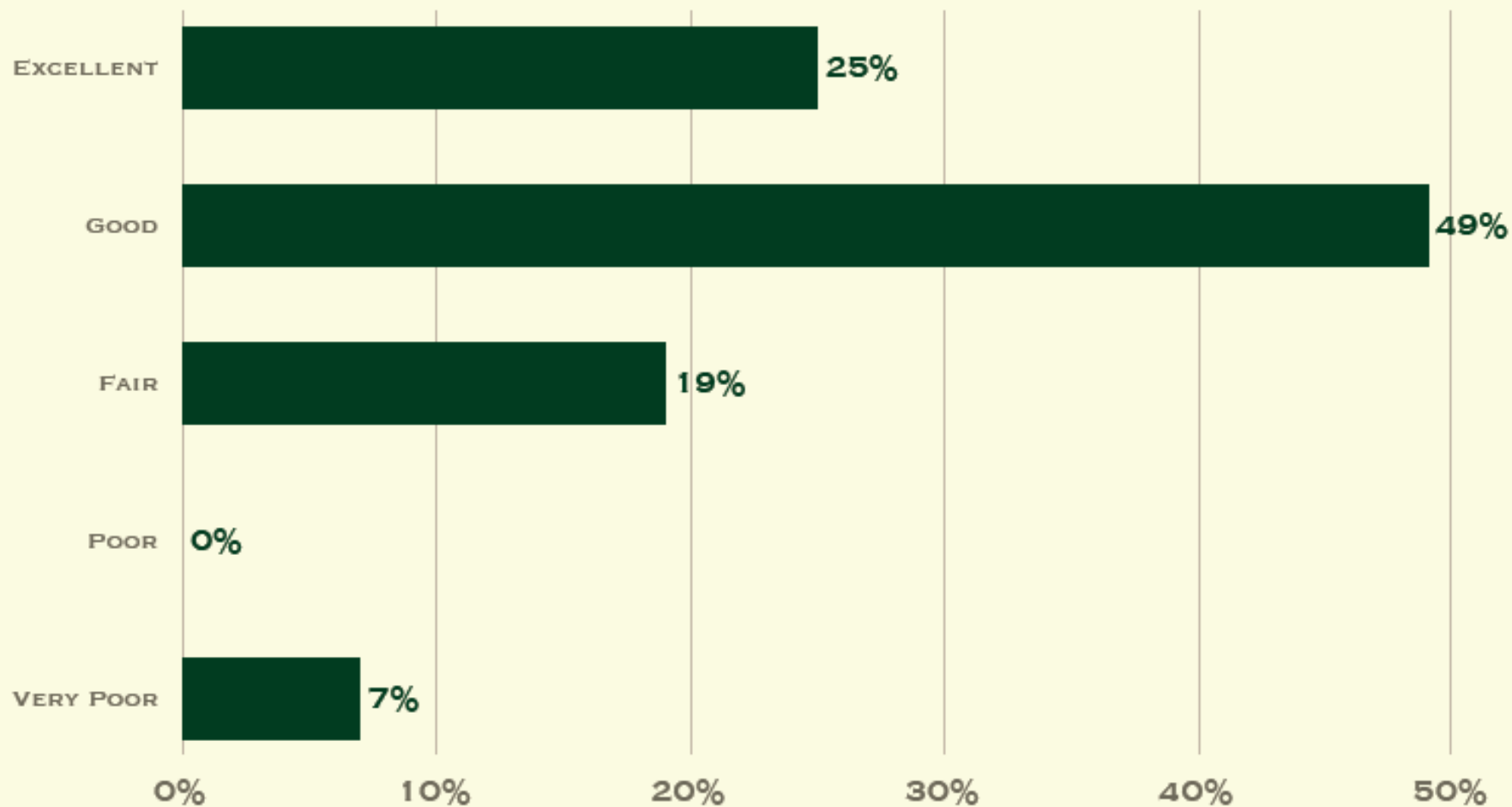


WHAT DO YOU PERCEIVE TO BE THE MAJOR ADVANTAGE OF WORKING DIRECTLY WITH A SETTLEMENT BROKER?

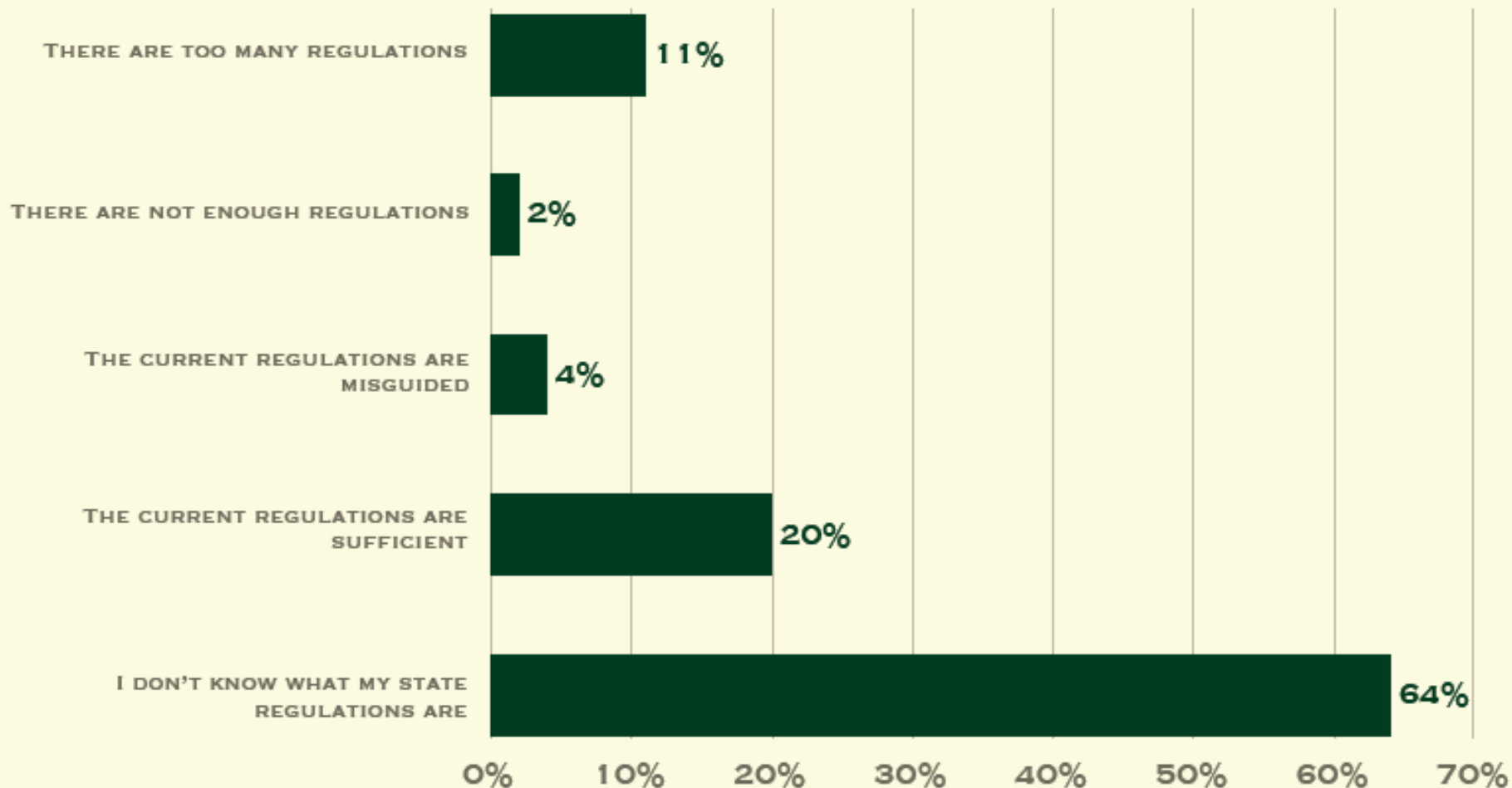


IF YOU HAVE WORKED WITH A LIFE SETTLEMENT BROKER BEFORE, HOW WOULD YOU RATE YOUR EXPERIENCE?

Note: Twenty-eight percent of respondents have worked directly with a life settlement broker. Results reflect responses by those agents who have worked directly with a life settlement broker.



WHAT IS YOUR OPINION OF YOUR STATE'S CURRENT REGULATIONS REGARDING THE LIFE SETTLEMENT BUSINESS?

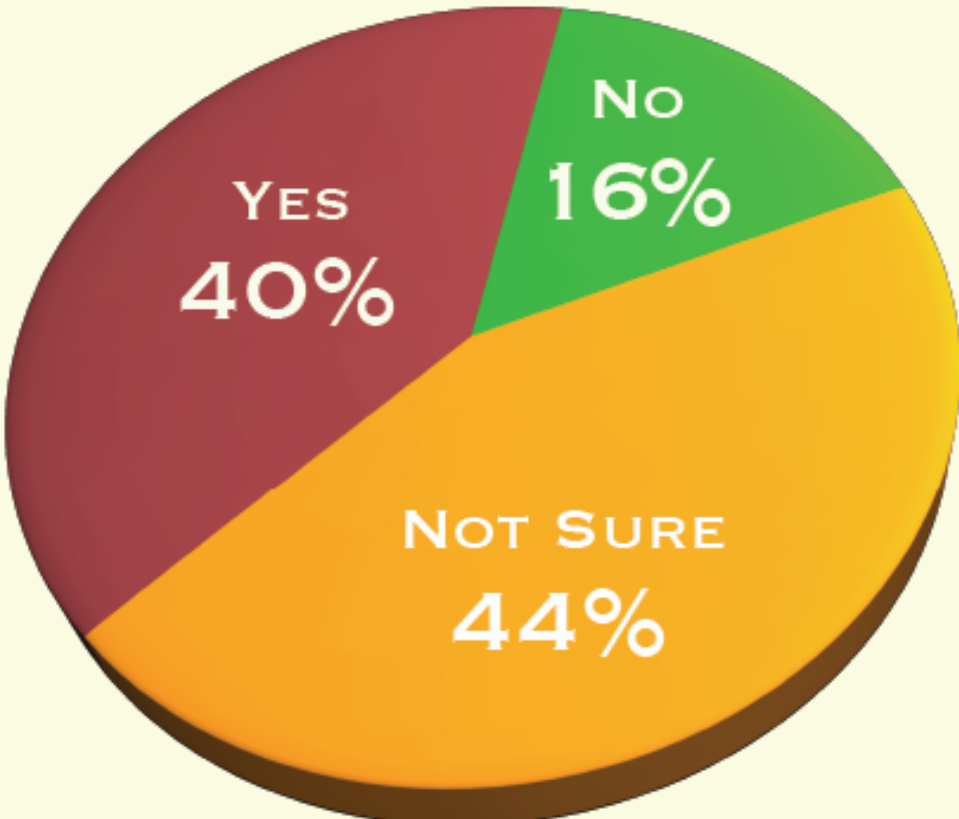


IF YOU HAVE PERFORMED A LIFE SETTLEMENT,
APPROXIMATELY WHAT AMOUNT DID YOUR
CLIENT RECEIVE AS A PERCENTAGE OF THE
POLICY'S ORIGINAL DEATH BENEFIT?

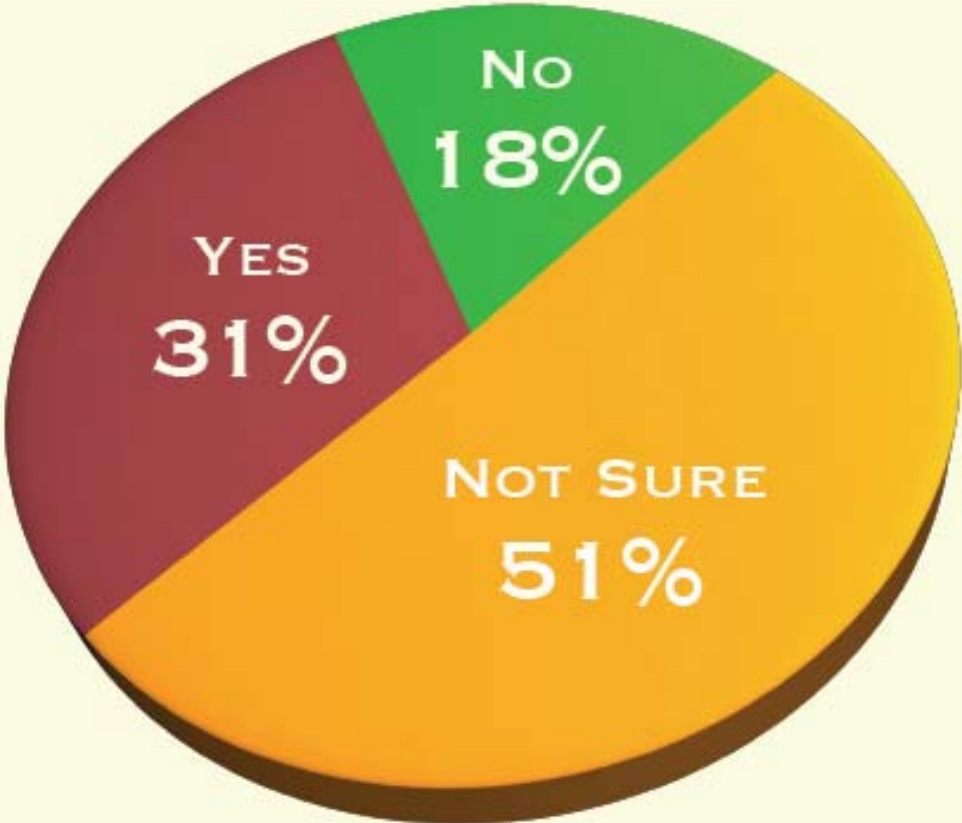
AVERAGE PERCENTAGE

31%

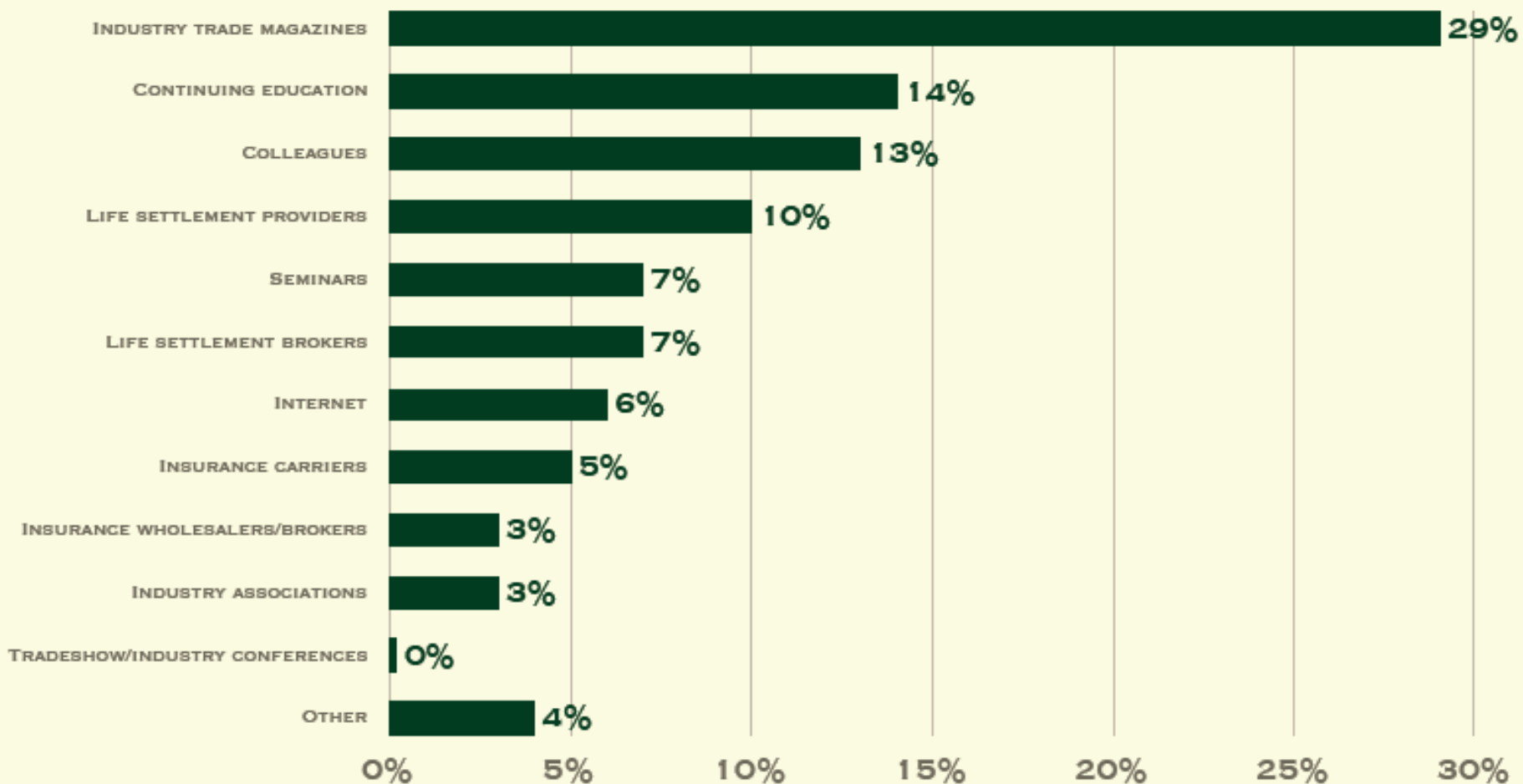
ARE YOU IN SUPPORT OF FULL COMMISSION DISCLOSURE WITH REGARD TO LIFE SETTLEMENT TRANSACTIONS?



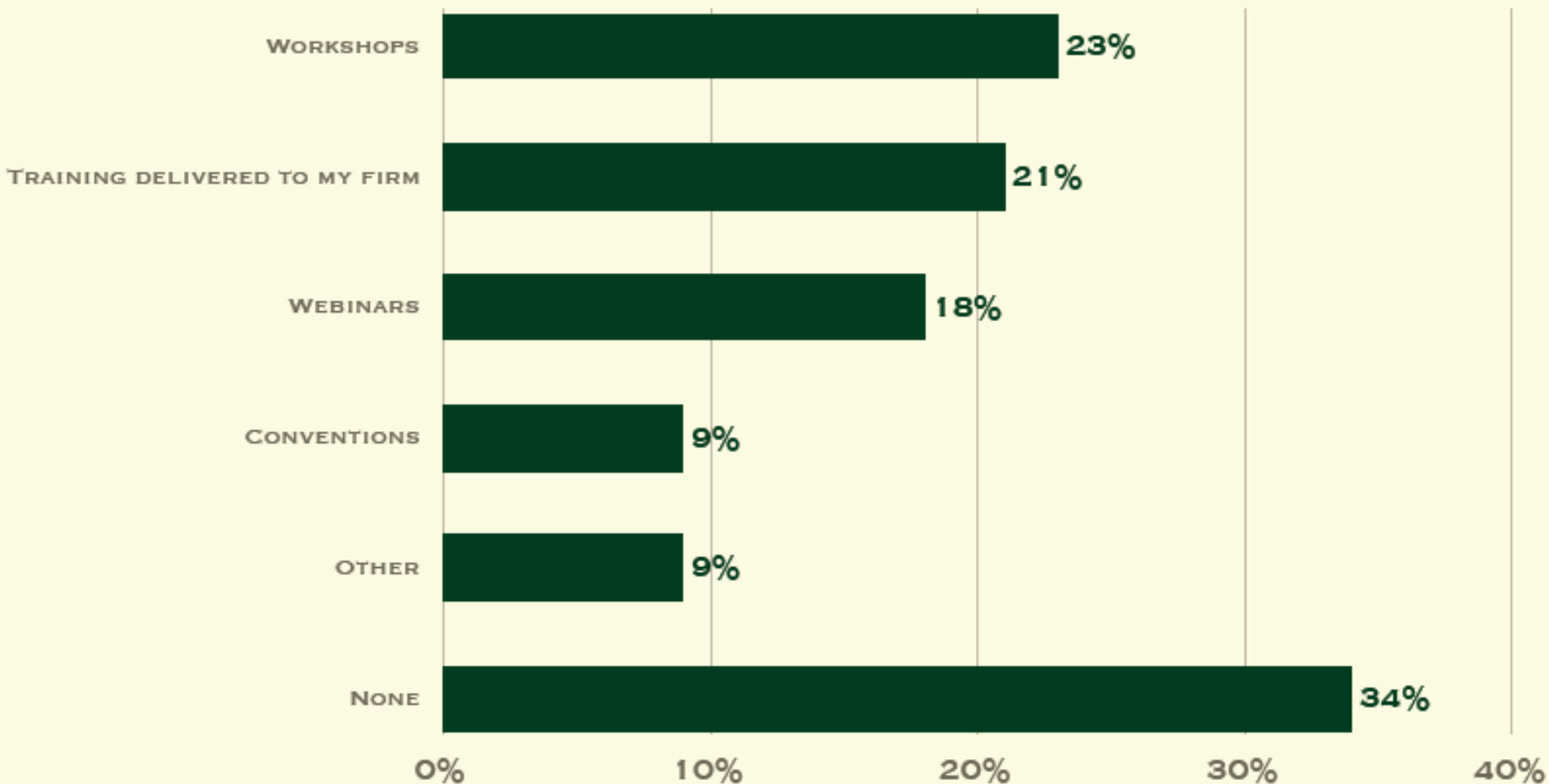
ARE YOU IN SUPPORT OF COMMISSION STANDARDIZATION?



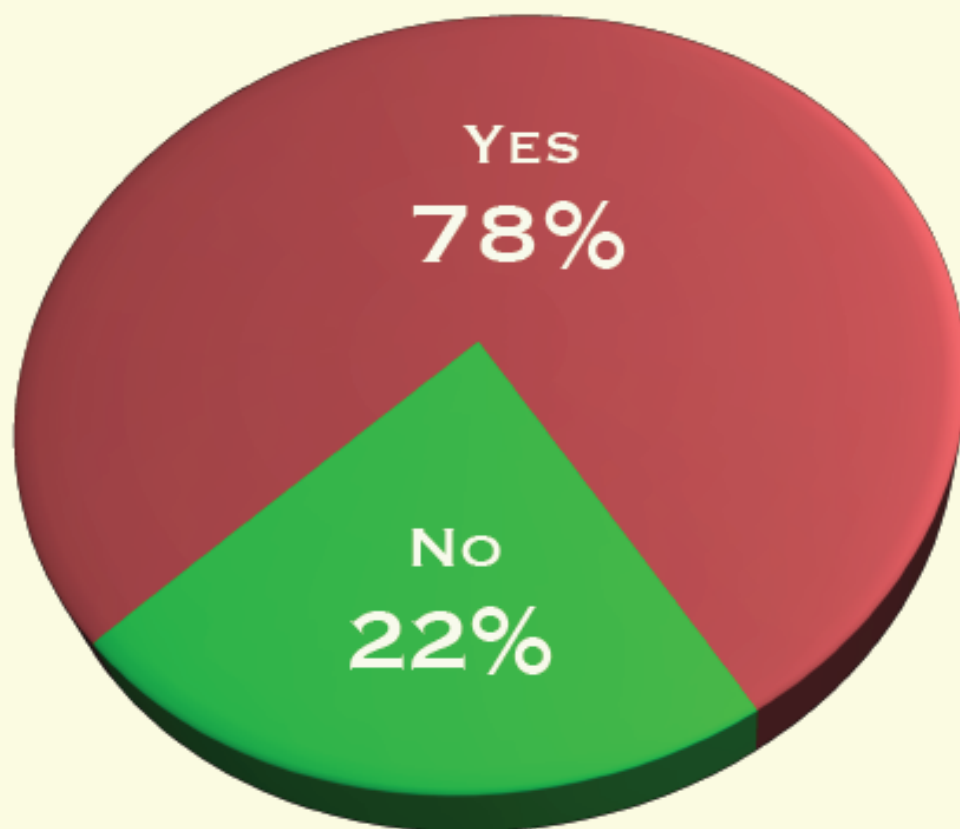
WHAT IS YOUR MOST HELPFUL SOURCE OF INFORMATION ABOUT LIFE SETTLEMENTS?



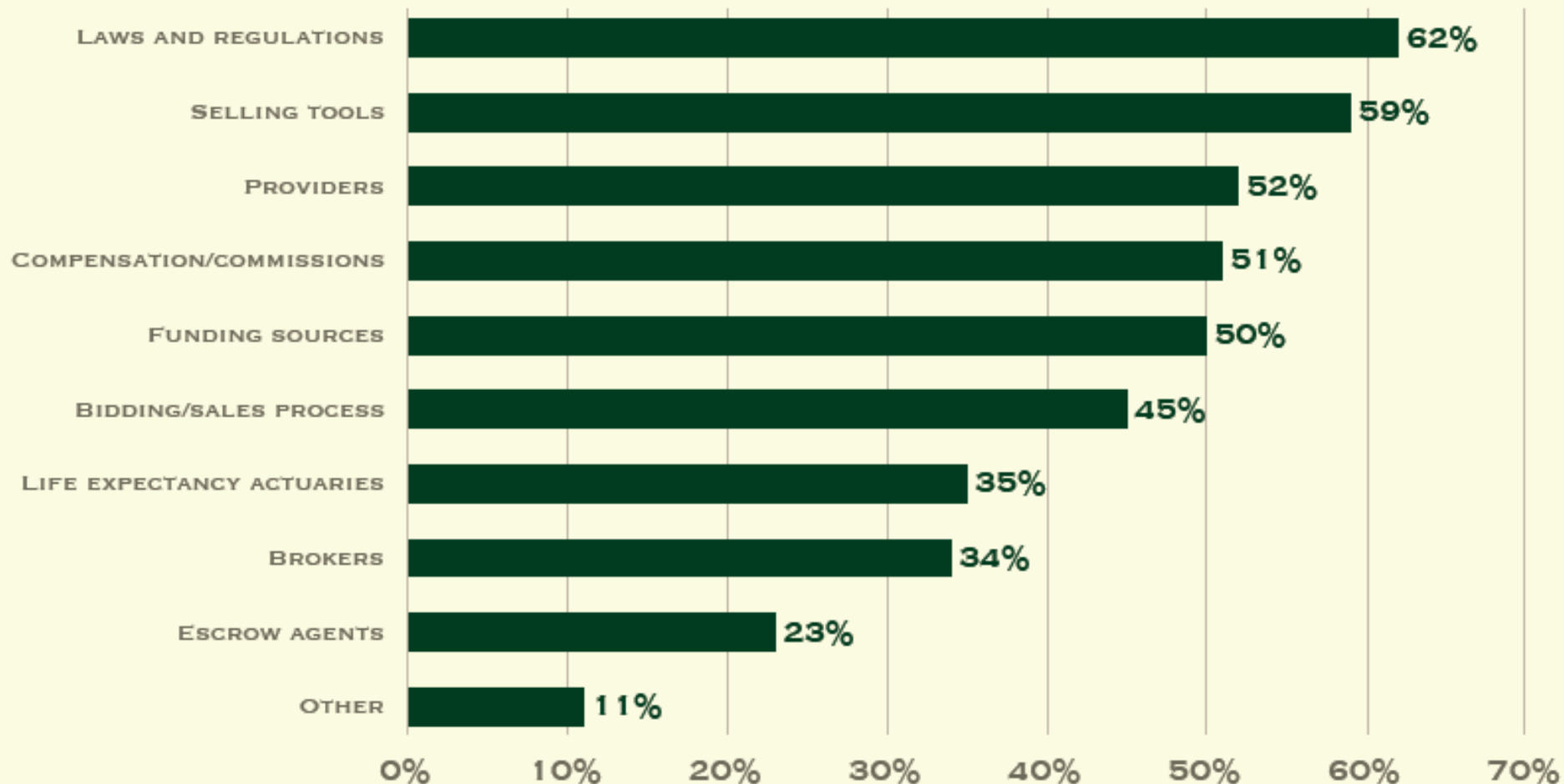
WHAT INFORMATIONAL EVENTS ABOUT LIFE SETTLEMENTS HAVE YOU ATTENDED?



WOULD YOU BE INTERESTED IN A CONTINUING EDUCATION COURSE ABOUT LIFE SETTLEMENTS?



WHICH ASPECTS OF LIFE SETTLEMENTS WOULD YOU LIKE TO KNOW MORE ABOUT?





Representative George Keiser

District 47, North Dakota



What are the Ingredients for Effective Regulation and Legislation for Life Settlements

1. "Consumer Protection"
2. Legislators/Regulators "Need To Do Something"



INSURABLE INTEREST

Cornerstone of Life Insurance Underwriting

- 49 States Have Insurable Interest Laws
- Two Year vs Five Year Contestability period

At What Point Does The Life Insurance Asset Become Active?

1. Death
2. After an arbitrary contestable period.
 - a. Traditional 2 year period
 - b. Modified 5 year period

NCOIL MODEL DRAFT

1. Retains Two Year Prohibition
2. Strengthen Language Prohibiting STOLI's at the Time or Before Applying for an Insurance Policy
3. Impose Penalties

NAIC MODEL

1. Extends to 5 Years the Standard Prohibition
2. Backs Out "Legitimate" Transactions from 5 Year Ban
3. Requires Certain Premium Financed or Potential STOLI Policies to be Kept 5 Years Before Being Sold



Doug Head

Life Insurance Settlement
Association®



What is happening in Settlement Regulation?

Doug Head
Executive Director, Life Insurance Settlement
Association



THE VOICE OF THE INDUSTRY

LISA position on effective life settlement regulations

- LISA supports regulation of the industry
- LISA opposes regulation that will interfere with consumer options or render them inoperative.
- LISA supports effective consumer education and awareness
- LISA supports competitive markets
- LISA will defend the reputation of its Membership in all forums.



LISA stance on STOLI

- LISA opposes STOLI defined as follows in proposed legislation in New York and California:
- “Stranger-originated life insurance” or “STOLI” is an act, practice, or arrangement to initiate the issuance of a life insurance policy in this state for the benefit of a third-party investor who, at the time of policy origination, has no insurable interest, under the laws of this state, in the life of the insured. STOLI practices include, but are not limited to, cases in which life insurance is purchased with resources or guarantees from or through a person or entity, that, at the time of policy inception, could not lawfully initiate the policy himself, herself, or itself, and where, at the time of inception, there is an arrangement or agreement, to directly or indirectly transfer the ownership of the policy or the policy benefits to a third party. Trusts that are created to give the appearance of insurable interest and that are used to initiate policies for investors violate insurable interest laws and the prohibition against wagering on life. STOLI arrangements do not include *otherwise lawful life settlement contracts as [defined in the law]*

Efforts to work with regulators

- LISA will seek review of inoperative aspects of the NAIC Model at the NAIC.
- LISA will seek a review of the existing NAIC Model Settlement Rule and educational materials which are out of date.
- LISA will seek corrected public information on Settlements and STOLI from NAIC regulators.
- LISA will work for education of all parties; regulators, public policy makers, professionals and the public in all forums.

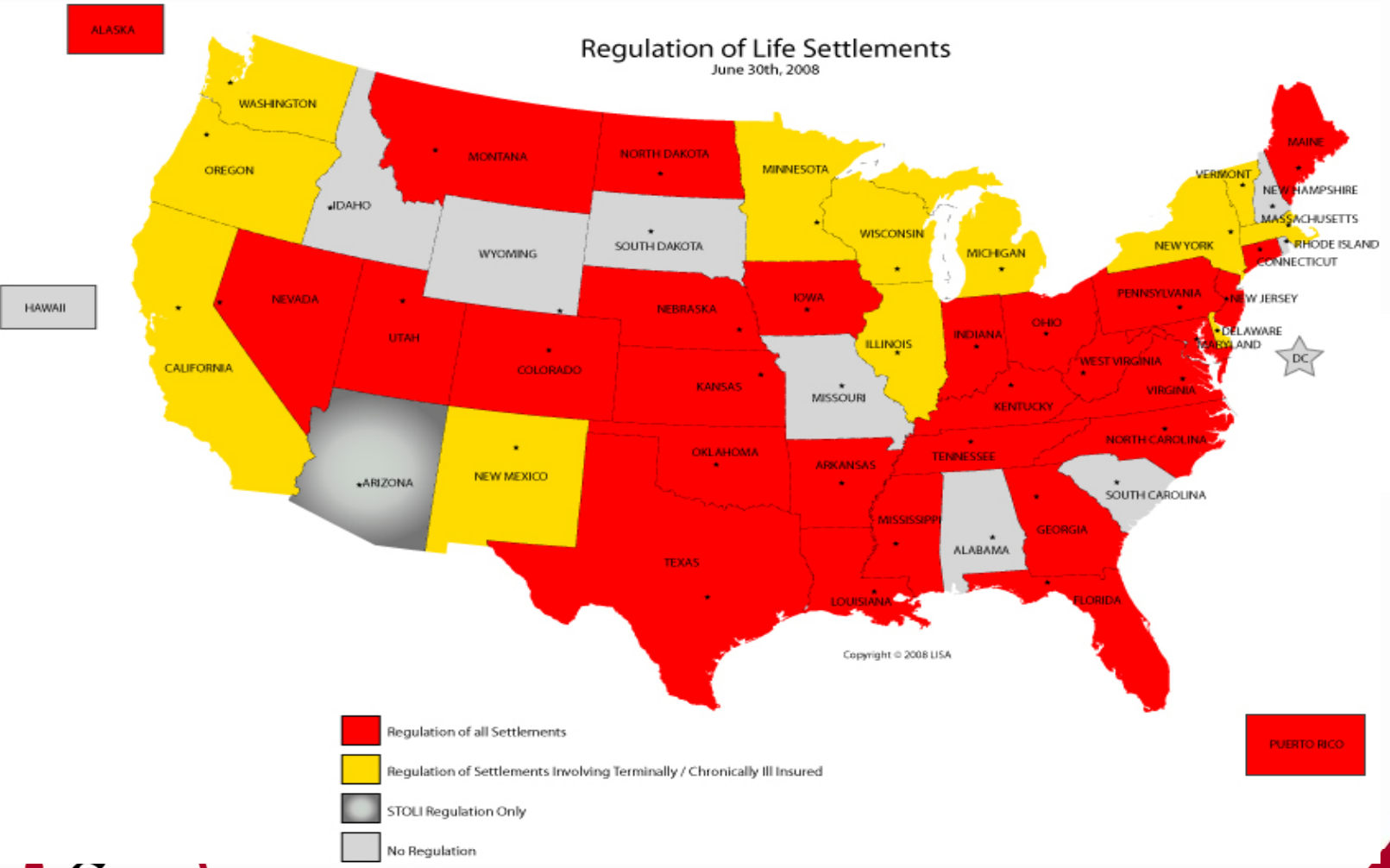


National trends for settlement regulations

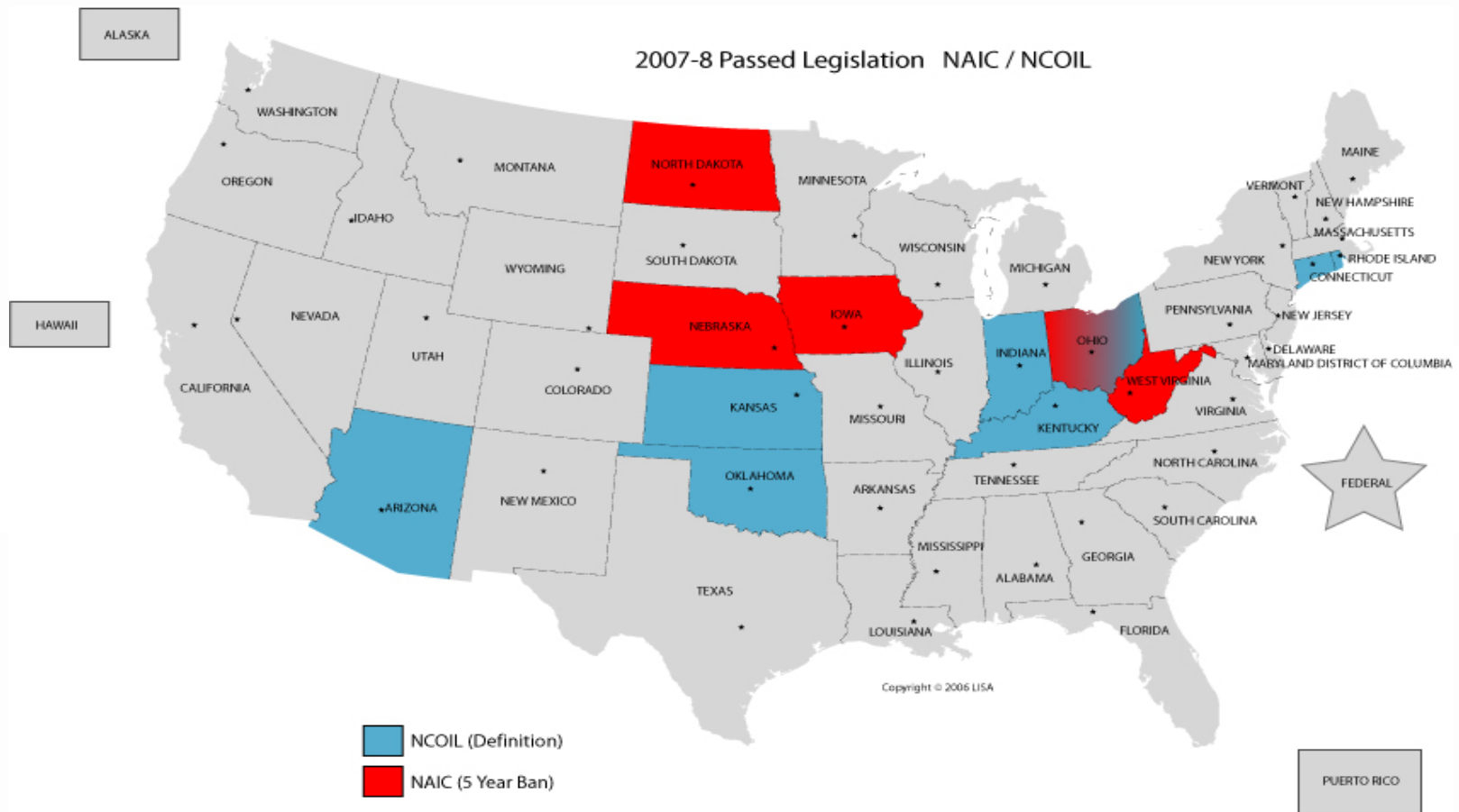
- NCOIL is the dominant emerging approach
- The NAIC approach is the winning approach in only a small number of states and, in those states, is proving unfunctional, eliminating consumer options.
- The Settlement market continues to grow and thrive and consumers will not tolerate restrictions of their rights.



State level legislative activity



State level legislative activity



Issue that financial advisors will need to confront as the states work towards regulations

- Consumer Education
 - What is a settlement? What is a Viator?
- Managing Expectations
 - What policies really work? What can consumer expect?
- Avoiding Pitfalls
 - What is the law and how do all stay compliant?
- Compensation Issues
 - What is reasonable and how should it be managed?

THANK YOU!

LISA

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THE VOICE OF THE INDUSTRY

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Resources

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