

# LIFE SETTLEMENTS

A better option for unneeded life insurance policies.

## What is a life settlement?

In short, a life settlement is the sale of an existing life insurance policy for more than the policy's cash value but less than the death benefit.

Life insurance provides financial solutions to meet various needs of businesses and families. Over time, however, needs change. Policies may fail to meet the needs of changing circumstances or may no longer be needed.

A life settlement offers policyowners an opportunity to sell their policy for significantly more than the cash value offered by the insurance carrier.

The purchaser assumes ongoing premium payments and receives the death benefit upon the death of the insured. In most cases, Coventry can tailor a bespoke solution for the policyowner, where they can choose to retain a portion of the policy's death benefit in lieu of, or in addition to, a cash payment.

## More powerful. More flexible.

It is estimated that more than \$700 billion of life insurance is surrendered or permitted to lapse each year – over \$100 billion of which is by seniors. Further, nearly 90% of all Universal Life policies never result in a death claim.

A surrender essentially is a sale of the policy back to the insurance company for the cash value. Life settlements benefit policyowners by offering an alternative option.

On average, life settlements provide more than four times the policy's cash surrender value in addition to decreased monthly expenditures for policy premiums.

## Why would I sell my life insurance policy?

There are many reasons policyowners pursue life settlements. Some of the more common reasons include:

- The original purpose for the policy no longer exists.
- Estate, business, or financial needs have changed.
- Liquidity is needed.
- Premium payments have become unaffordable.

## Who qualifies?

- Insureds 65 years or older living in the United States. Younger insureds with health impairments or terminal conditions may also qualify.
- Any policy type with a death benefit of \$100k or greater and issued by a U.S. carrier may qualify.
- There is no minimum or maximum life expectancy.

## How can I use the proceeds?

There are no restrictions on how the proceeds of a life settlement can be used. Some common uses are:

- Investments and financial planning
- Cover medical or long-term care costs.
- Fund a better retirement.
- Generate liquidity for large purchases or travel.
- Cover tuition or provide immediate financial support for their family.

To learn more about life settlements, speak with your advisor today.



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# Coventry Overview

- **In 1998, Coventry created the secondary market for life insurance.** The company coined the term “life settlement” to describe the transaction that enables policyowners to sell unneeded policies; deployed the rigorous due diligence standards required to protect the privacy of insureds; and spearheaded efforts with regulatory bodies to promote strict industry regulations to guide the market’s growth.
- **Coventry is the largest company in the secondary market for life insurance.** We operate across multiple business lines and have been the industry’s largest buyer since the market’s inception. Coventry and its affiliates currently purchase more than 40% of all policies<sup>(1)</sup> transacted in the secondary market.
- **As the only licensed provider with origins in the life insurance industry, Coventry fully appreciates the intricacies of the life insurance industry.** Understanding and accurately appraising life insurance policies is no simple matter. It is critical to the success of many secondary market transactions that the provider be well-versed in the complexities and nuances of life insurance. Our knowledge and proprietary data allow us to purchase policies that others would decline.
- **Coventry is a fierce advocate for the policyowner.** We led the market in promoting comprehensive regulation, including laws to protect consumer property and privacy rights and encourage best practices among life settlement providers. Our proactive efforts continue to define the market’s regulatory landscape.

## By the Numbers

**No. 1**

Buyer of life insurance policies.<sup>(1)</sup>

**38+ Year**

Operating history.

**\$360B+**

Death benefit reviewed.

**14,000+**

Life insurance policies purchased.

**40%+**

Market share.<sup>(1)</sup>

**80,000+**

Policies serviced.

(1) Source: “The Life Settlements Report” by The Deal.

Coventry created the secondary market for life insurance, coining the term “life settlement” to describe the transaction that enables policyowners to sell their unwanted life insurance policies. For more than 20 years, Coventry has been the life settlement market leader, driving the industry forward and expanding opportunities for policyowners. Since its founding, Coventry has completed more than \$40 billion in longevity-linked transactions.