WELCOME FUNDS
Life Settlements, Simplified. Offers Maximized.

WHAT IS THE MOST SUITABLE EXIT STRATEGY FOR LIFE INSURANCE?

All eyes in the life insurance agency and financial advisory world have been on New York, where in the summer of 2019, the New York State Supreme Court paved the way for implementation of Insurance Regulation 187. This rule imposes a new standard for agents and brokers when issuing a recommendation to a client regarding an annuity or life insurance product.

Under the New York rule, which contains language similar to the short-lived U.S. Department of Labor fiduciary rule, agents must now act in the "best interest" of consumers when advising them on how to proceed with either a proposed or an existing annuity or life insurance policy. The new life insurance fiduciary standard took effective on February 1, 2020.

A Major Shift

This is a seismic shift in the legal responsibilities of life insurance agents and brokers conducting business in New York.

In stark contrast to the traditional "suitability" standard common in state regulations, the new law defines a recommendation to be in the best interest of a consumer if it furthers the consumer's needs and objectives, and it is issued "without regard to the financial or other interests of the producer, insurer or any other party."

The New York model is a potential game-changer in the life insurance industry because it could establish precedent for other regulatory bodies to follow. The current climate mandates more accountability for advisors than ever before and the "best interest" standard is already present nationwide in most state laws governing the life settlement industry.

At the national level, the Securities and Exchange Commission issued an investment-advice rule governing broker conduct in June of 2019 and the National Association of Insurance Commissioners is working to finalize a rule to address conduct regarding annuity sales. At the state level, Massachusetts, New Jersey and Nevada are also in various stages of introducing fiduciary standards for investment advice.

Give Your Client ALL Options

If a client concludes that his life insurance policy is no longer needed or affordable — or perhaps is no longer serving its original purpose — then he needs to be aware of multiple available strategies prior to canceling, surrendering or lapsing the policy. It is in his best interest to be knowledgeable and informed of the following three primary options:

1. ***Accelerated Death Benefit* —** In what is also known as a "living benefit," some life insurance policies include an Accelerated Death Benefit (ADB) option. This essentially allows the policy owner to access a portion of the death benefit payment now. However, this is usually only available if a physician certifies that the insured has a life expectancy of less than six months. ADB payments will vary based on the rider in a client's life insurance contract, if available, and should be verified through the insurance company.

2. ***Cash Surrender Value* —** If a client's life insurance policy has a cash surrender value, then there is an option to surrender the contract in exchange for that amount. In order to receive such cash, the sum is verified and policy surrender forms are requested from the insurer. However, prior to doing so, it is always advisable to consider the third option below, since the potential payment, by definition, will **always** be higher than the cash surrender value.

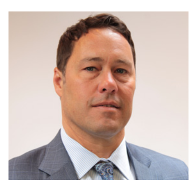
3. ***Sell the policy as a life settlement* —** Yes, there is a viable, highly regulated market to sell a life insurance policy to a third party through a transaction called a life settlement. A life settlement enables qualified policy owners to sell their coverage to a "life settlement provider" — a licensed financial entity that purchases policies on the regulated secondary market for life insurance — in exchange for a lump sum cash payment. These funds can be used to help pay for retirement expenses, offset expensive health care bills or provide gifts to family members or charities. The life settlement industry has paid billions of dollars to consumers and, according to one U.S. Government Accountability Office study, policy owners received four to eight times more money than the cash surrender value offered from life insurance carriers.

If a client decides to explore the sale of his policy, then it is advisable to work with a licensed life settlement broker. The broker represents his best interests throughout the sales process and determines the policy's eligibility. After initial eligibility is confirmed and the applicable paperwork and authorizations are completed, the broker will negotiate with multiple qualified life settlement providers who compete to extend the best offer to purchase the policy.

Conclusion

The New York fiduciary rule has disrupted the life insurance industry, but upon close examination, isn't it really just about doing the right thing for the client?

For more information about the potential value of a client's life insurance policy on the life settlement market, please contact an experienced life settlement broker like Welcome Funds, who is required, both ethically and per applicable law, to represent the client's best interests.



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ABOUT WELCOME FUNDS

Partner with Welcome Funds and access our Life Settlement Platform for BGA's.

Over the past 24 years, we have served in the best interest of policy owners by maximizing life settlement offers through auction based negotiations. When buyers compete, policy owners win!

36,000+	$1+ Billion	9+
Offers Negotiated	Paid to Consumers	Average # of Bids Per Policy