

What is a Life Settlement?



A life settlement is the sale of an existing life insurance policy to an investor in a secondary market transaction. There are two parties to every life settlement transaction (sometimes also called a "Senior Settlement"): a policy seller (who no longer wants or needs the policy) and a policy buyer (typically a life settlement provider buying the policy on behalf of an institutional investor).

The seller is the owner of the policy and may be a trust or corporate entity or a natural person. The insured under the policy is normally a senior citizen, 65 years of age or older with a life expectancy of 3 to 18 years. The price of the policy is derived in large part from the life expectancy of the insured, and the amount paid for the policy is less than the death benefit, but in nearly every case much more than the policy's cash surrender value. Sellers receive an immediate cash payment in consideration of the policy sale. The buyer ultimately collects the full death benefit when the policy matures upon the death of the insured. After closing of the life settlement transaction, the policy buyer assumes responsibility for all premium payments from the date of the life settlement to the maturity of the policy.

Life settlements are one of the fastest growing areas in the financial services arena and represent a pro-consumer, added-value choice for persons who no longer want or need their life insurance policies. Strong demand for these policies by institutional investment houses has ensured rapid market expansion in this ever-growing and increasingly regulated secondary market for life insurance.

Next steps

For further details for having a life insurance policy evaluated and priced please call Peachtree Life Settlements at 1.866.864.6886.

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**For more information,
call today
1.866.864.6886**