

**INTRODUCING A SERVICE FOR LIQUIDATING  
*LIFE* INSURANCE FACE VALUE INTO *CASH***

**“LIFECASH<sup>®</sup>” – THE LIQUIDITY OPTION  
A LIFE SETTLEMENT TRANSACTION**

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# “LIFECASH®” – THE LIQUIDITY OPTION

## LIFECASH® - AN ABUNDANT RESOURCE

- LifeCash®
  - A service for liquidating life insurance face value into cash – a Life Settlement Transaction.
  - Individuals have the opportunity to sell their existing policies for a percentage of the net face value.
  - The sales value or purchase price will be higher in amount than the Cash Surrender Value.
- Viatical Settlements versus LifeCash®
  - Viatical Settlements – where the insured has a maximum life expectancy of 2 years due to terminal or chronic illness.
  - LifeCash® - where the insured has a maximum life expectancy of up to 12 years and no less than 2 years, and, where Policies are deemed to be unnecessary or unwanted and as a result these Policies would be lapsed or cancelled anyway.
- LifeCash® is **NOT** a Viatical Settlement.
- LifeCash® is **NOT** a Security.
- The basis for this option where existing policies become unnecessary or unwanted are:
  - A change in circumstances of the individual and/or corporation, or,
  - Updating of Financial Plans in respect to Business; Estates; Individual.
- The money received by the client can be used for any purpose, including reinvestment in other financial resources that better suit current needs.
- In summary the transaction includes the following components:
  - Seller - the Policyowner.
  - Buyer – the Buyer becomes the Owner, Beneficiary and Premium Payer.
  - Broker – the Mediator for marketing the concept and closing the sale.

## GOALS OF LIFECASH®

- Deliver a Check to the Client for the sale of an unwanted or unnecessary Policy.
- Increase your skills as a Wealth Transfer Strategist.
- Increase the flow of Referrals to you.
- Increase your income stream.
- Further developing relationships to a new level.

## LIFECASH® – FIVE WINNING WAYS OF MAKING MONEY!

- Compensation on sale of the policy:
  - Compensation to Producers is based on a percentage of Face Value. Higher compensation is attainable based on Production and dependent on the funder/provider compensation structure.
  - If an Agent is precluded from receiving compensation from this transaction, then this concept is still a profitable option as there are four more ways of making money!
- Renewal income stream continuation on the old policy.
- Term conversion - this may be required by the purchaser of the policy.
- New business opportunities - life policies; annuities; investments; long term care; Professional Fees for Estate, Financial, Tax or Business Planning etc..!
- Clients want to refer people to you!
- LifeCash® is a very lucrative transaction especially as the population continues to age.

## **COMPENSATION CALCULATION AND PAYMENT**

- A policy of full disclosure is followed in respect to Offers and Compensation to the Agent/Broker. We will disclose the gross offer from the Purchaser or Funder, and, total Compensation, and, the net offer to the seller.
- Compensation can be based on a Net Percentage Calculation – in other words, a Producer could earn a percentage of the Net Offer (net of Cash Value), or, a percentage of the Net Face Value (net of Policy Loans, Accelerated Death Benefit, and other Payments), whichever is lesser. This formula encompasses compensation paid out by any Purchaser or Funder.
- Most Purchasers or Funders pay compensation on the basis of a percentage of Face Value and do not use the Net Percentage Calculation.
- Higher compensation is attainable based on Production and dependent on the funder/provider compensation structure.
- Payable after the completed settlement and rescission period, not at death.

## **LIFECASH® - PROFESSIONAL BENEFITS**

- Simple concept to communicate to clients and professionals.
- Does not take a lot of time out of one's normal business.
- Does not detract from one's present business.
- Easy implementation – marketing, case submission and closing.
- Minimum time for profit return.
- Adds value to clients and professionals.
- Satisfied clients.
- Promoting professional image.
- Promoting excellence in service.
- Promoting credibility before Clients and Professionals.
- Referrals are easier to procure as compared to the traditional insurance product pitch.

## **WHAT TO LOOK FOR?**

For further information in respect to submitting cases for quotation and the forms that are required to be completed, please see the attached "Case Submission Forms" which include a Checklist, Application Forms, Authorization to Release Medical Records and Policy Information, and, Medical Insurance Summary.

### **Policy Size?**

- Target Minimum of \$500,000 preferred per insured, or, minimum of \$250,000 and upwards.
- Several policies can be included to make up the target minimum.

### **Policy Type?**

- Any type of Policy can be sold with the exception of Whole Life insurance.
- Examples of Policies that are sold include Term, Variable Life, Universal Life, Second to die, Key man, Split Dollar etc.

### **Policy Ownership?**

- Any Policy can have their ownership transferred to a new owner, in this case, a purchaser.
- Examples of Policies where the ownership can be transferred include the following owned Policies: Individual, Trusts, Corporate, Pension Plan, Banks etc.

### **Policy Structure?**

- Percentage of Premium to face amount.
- Minimum premium required to maintain policy with cash value zero at the end of life expectancy.
- Length of policy ownership.
- Percentage of Cash Value to face amount.
- Term conversion consideration.
- Insurance company - ratings.

### **Policy Split Option – Two Insureds?**

- This is an option when there are two insureds under the one Policy e.g. Second to Die
- One of the insured's may have a long life expectancy, which may mean that there is no offer on the Policy in total.
- Splitting the Policy may be the only option in order that 50% of the total Face Value of the Policy may be sold.
- Please refer to the Policy conditions and to the carrier as to whether this option is allowable.

### **Policy Split or Partition Option – One Insured?**

- The Insured may not want to sell the total Face Value but only a portion.
- Splitting or partitioning the Policy may be a viable option.
- Please refer to the Policy conditions and to the carrier as to whether this option is allowable.

### **Policy Dividend Option?**

- This option applies to a fully paid up Policy where no further premiums are required.
- Some Purchasers/Funders may allow dividends to flow back to the Client as long as the death benefit stays level throughout life expectancy.

### **Life Expectancy or Age of the Insured?**

- Life expectancy must not exceed **12** years at any age – the lesser the life expectancy, the higher the Settlement Offer.
- Individual Target Minimum Guidelines
  - Male - generally target minimum age 75+
  - Female - generally target minimum age 78+
  - Health conditions **must** exist at **and** below target minimums.
- Group Target Minimum Guidelines
  - Average age for the Group should be age 78+.
  - There may be the possibility of carve outs, depending on whether the census is skewed to a younger average age, in any event, the carve out will still be attractive to the seller.
  - Case submission requirements and parameters on request.

### **Underwriting?**

- Underwriting includes a review of all of the above factors and subsequent input into the actuarial model.
- **Reverse Underwriting** - Although healthy people are considered prospects for this transaction, depending on their age and gender, the more health conditions a person may have the more likely the sales value will be higher.
- A health or medical check up is not ordered nor required.
- Underwriting is dependent on historical medical data – Attending Physician Statements and Medical Records.

## **LIFECASH® - A SOLUTION WHEN NEEDS CHANGE**

The basis for presenting this option for individuals or businesses is a change of circumstances, or updated Financial Planning, that make an existing life insurance policy unnecessary or unwanted. Needs Analysis has promoted the idea that once the original intent for purchasing life insurance has been fulfilled, then there is no further need for keeping those policies. For example:

### **Business Changes**

- A policy previously purchased to finance a buy/sell agreement that is no longer needed after the business has been sold to a third party or where a partner retires.
- A key man policy is no longer necessary.
- A policy(s) that is entangled in litigation among business partners.
- Policies on individuals who have retired or resigned.
- Policies where premiums are excessive and no longer affordable.
- Bankruptcy - where the business must sell assets to pay creditors.
- The business may be subject to a takeover and the new corporation may want to change the present program.
- The business owns policies purchased to fund deferred compensation or retiree benefit programs after such programs have been changed.

### **Addressing New Estate Planning Needs**

- An individual becomes highly liquid and no longer wants to use life insurance to pay estate taxes.
- A reduction in estate size or a change in tax policy means less insurance is required to pay projected estate taxes.
- An individual has a change in financial condition, and the premiums are no longer affordable.
- A policy needs to be removed from the estate. The three year rule can be avoided by sale of the policy to repurchase a new policy outside of the estate.

### **Charities, Foundations, Universities and other Organizations**

- Many organizations are left with life insurance policies that they are making premium payments on. These policies can be sold for immediate cash.
- Proceeds from the sale of a policy can create cash for much needed projects.
- The sale of policies lowers the risk of policy lapse, eliminates the maintenance cost on these policies, and, creates an immediate cash flow.

### **Personal changes**

- A divorce may lead to policies that are no longer needed or affordable.
- A sale of a policy can be used to reduce debts during a bankruptcy.
- A sale of a policy may be used for appropriate distribution prior to death to achieve and ensure a desired outcome.
- A sale of a policy may alleviate health problems and a change of lifestyle.

## **BENEFITS OF SALES PROCEEDS IN ESTATE PLANNING**

- Policies that are the cornerstone of estate planning, including policies that are held in trusts, may no longer be wanted or necessary.
- These policies may be liquidated and the sale proceeds become unrestricted in their use.
- Some of the options are:
  - Purchasing a minority interest in a closely held business to reduce estate taxes.
  - Facilitate the transfer of a business and other assets, e.g. cash, to family members and future generations.
  - Fund the purchase of permanent life insurance to cover estate taxes.
  - Fund a charitable gift, charitable lead trust, charitable remainder trust or gift annuity.

## **BENEFITS OF SALES PROCEEDS FOR INDIVIDUALS AND BUSINESSES**

- Because the proceeds from the sale of a policy are unrestricted, high net worth individuals and businesses can use the funds to fulfill a broad range of goals.
- Some of the benefits and reinvestment options are:
  - Create current liquidity from an otherwise dormant asset.
  - Provide funds that can be reinvested in other or new financial resources, e.g. insurance products.
  - Capitalize on current investment opportunities, e.g. purchase of a business.
  - Eliminate costly premium payments on a policy that is no longer wanted or needed inducing future savings.
  - Create a tax efficient solution.
  - Fund a deferred compensation program.
  - Buy back stock from a partner or a stockholder.
  - Purchase additional securities, mutual funds or annuities as long term investments.
  - Fund the purchase of long term care insurance or other asset protection tools.

## **A CLEAR UNDERSTANDING OF THE TRANSACTION**

### **Viatical Settlement?**

- LifeCash® is **NOT** a Viatical Settlement.
- This is not meant to be legal advice, please consult your Attorney.
  - LifeCash® does **not** target terminally ill people.
  - LifeCash® does **not** produce tax-free proceeds to the seller.
  - LifeCash® is to do with **unnecessary** or **unwanted** policies.

### **Security?**

- LifeCash® fails the Howey Test and is **NOT** a security according to expert legal opinion.
- This is not meant to be legal advice, please consult your Attorney.

### **“Wet Ink” or “Wet Paper” Transaction?**

- LifeCash® is **NOT** a “Wet Ink” or “Wet Paper Transaction” – insurable interest issue.
- Wet Ink or Wet Paper Transactions occur where a Senior is approached specifically to apply for a new Policy for the express purpose of selling that Policy as soon as it is issued, hence the Wet Ink scenario where the ink has not had time to dry on the Application!

## **Raising of Funds from “Investors” including “Private Investors”?**

- LifeCash® is **NOT** about raising of funds from “Investors” including “Private Investors” – securities issue.
- LifeCash® is about marketing and negotiating the purchase of unnecessary, unwanted or surplus insurance policies from third parties or policy owners.

## **Insurable Interest?**

- Insurable interest does not exist in this transaction, whereas it is required when the policy is first purchased.
- There are many instances where insurable interest is lost during the life of the policy without the policy being sold and where premiums are still being paid e.g. key men or employees leaving a business.

## **Transfer for Value and the Purchaser?**

- There is a transfer for value and therefore the purchaser has the full burden of taxation on the death of the insured.
- This is factored into the calculation of the offer to purchase.

## **Tax implications and the Seller?**

- Tax implications for individuals are as per the following.
- This is not meant to be tax advice, please consult your tax advisor.
  - Zero tax - up to basis.
  - Ordinary income tax - basis to cash surrender value.
  - Capital gains tax - cash surrender value to net death proceeds.
- Scenario 1 - Loans? In respect to individuals - Sale proceeds + Loans = Total Proceeds from Policy. Then apply the above format to the Total.
- Scenario 2 - Basis is more than Cash Value? Any amount above Basis (Premium Cost) attracts Capital Gains Tax - again for individuals.

## **Licensing?**

- States are recognizing that LifeCash® is **NOT** a Viatical Settlement and therefore additional legislation is required to regulate this new industry.
- Please contact our office to request an update of licensing requirements by State.

## **Insurance Carrier Problem?**

- As carriers become more aware of the LifeCash® transaction, you may find response time to policy information requests in respect to conducting a potential LifeCash® transaction from carriers to be slow.
- Carrier response time slow – these carriers may have lapse supported pricing of their products where they assume that the product or policy will lapse by a certain time period.
- Carrier response time normal – most probably these carriers have factored into their product line an assumption that the policy will continue to be in force until death, in other words, non-lapse supported pricing.

## YOUR MARKETING PARTNER - *Wealth Increase Network, L.P.* (WIN)

### **Purpose**

- WIN has been established solely to promote LifeCash<sup>®</sup>, and, without the distraction of retail and/or wholesale insurance business drawing on years of successful insurance experience from England and the USA.
- WIN's purpose is to market LifeCash<sup>®</sup> through a network of Agents both Individual and Corporate.

### **Function**

- **Master Broker** – We also have access to every major funder/provider who purchases policies in the USA thus bringing to you offers from the highest bidder for your Client's policies.
- WIN's Multi Buyer Advantage provides great opportunity to procure the best offer for policy owners, and, to procure an offer per se for harder cases.
- WIN has leveraging benefits with funder/providers due to multi case submissions.

### **Service and Support**

- WIN provides full time field, marketing and administrative support for its agents.
- WIN's most important goal is developing a long-term relationship with its Agents both Individual and Corporate.
- WIN's Principal has close ties with England, where this concept has been successfully operating for many years.
- WIN able to offer full time support to facilitate education and implementation of the concept in respect to all requirements for the transaction.
- WIN's support includes the following:
  - Full time principal and support staff specific to this concept.
  - Sales and Marketing Materials on diskette is available, including, a PowerPoint Presentation.
  - Presentations at your office, and, branch or affiliated offices.
  - Presentations on a group basis e.g. Estate Planning Councils, Attorneys, CPA's.
  - Marketing of the concept and follow up with your brokers, agents, branch or affiliated offices for contracting and subsequent business.
  - Follow up and tracking of your cases including: Procuring Medical Records; Submission of cases to numerous potential purchasers, including those directly associated with WIN.
- WIN is not involved with the two main issues raised by recent negative press:
  - WIN does not deal with "Wet Ink" or "Wet Paper" transactions - insurable interest issue.
  - WIN does not need or solicit "investors" including "private investors" - securities issue.

### **Goal**

WIN's goal is to enhance and add value to the relationship between the Professional Advisor and the client with the result of increased referrals to the Professional Advisor and economic benefit to all parties in the transaction. Professional Advisors include: Agents, Brokers, Attorneys, CPA, Trust Officer, CFP, RIA etc

## **Purchaser of Policies**

- The goal is to use institutional money to purchase policies for the benefit or to the account of the purchaser.
- Funder versus Provider - the purchaser of Policies can be a Funder and/or a Provider:
  - Funder - the source of the funds e.g. Insurance Company, Bank.
  - Provider - a corporate entity who accesses institutional and/or non-institutional money from Banks, Insurance Companies, Mutual Funds, Investors etc.
- Offers may include both institutional and non-institutional money.
- There is no guarantee that a submitted policy will have an offer.

## **Contestables Policies**

- Contestable Policies must be accompanied by a written statement as to the reason for the sale.
- **WIN has no interest in “Wet Ink” or “Wet Paper” Policies.**

## **LifeCash® Policy of Full Disclosure of the Gross Offer and Compensation**

- WIN has a policy of full disclosure in respect to Offers and Compensation to the Agent/Broker.
- WIN will disclose:- the Gross Offer from the Purchaser, Provider or Funder as WIN receives the Offer Bid sheets; total compensation; and the Net Offer to the Seller.
- You prosper more by getting paid the **right compensation**, and, we in turn prosper through your continued business with us.

## **LifeCash® Service – Education Tools for Prosperity**

- **Web Site** - [www.winlp.com](http://www.winlp.com) - a wealth of information including free downloads from Power Point Presentations to Forms to Sales & Marketing Materials, and, top insurance links - all to help you be successful in this Program!
- **Mail or Fedex** - make your request and we will be happy to forward to you a complete Sales & Marketing package with diskettes to load up your computer and print!

## **LifeCash® Negotiation - Maximizing the Settlement Offer**

The following systems can be implemented to ensure that the highest offer is procured, these include:

- Independent Life Expectancy Studies that are used in negotiating offers.
- Product Design - Policy illustrations may not meet the expectation of the Purchaser/Funder, we have access to Product Design experts to help in this regard, e.g. Whole Life Policies where we want to see the Policy at zero cash value at a certain year but the carrier can not illustrate as per our requirements.
- Settlement Offer Model which is used to check the logic of an offer – does the offer make sense?

## **LifeCash® Registered Mark**

- Fernhill, LLC, the General Partner of WIN, has obtained a Registered Mark for the term “LifeCash” (the “Mark”).
- As per the terms of the Non Circumvention Agreement, Agents are able to use this Mark as long as they agree not to do business in any regard which would violate WIN’s proprietary interest in the Mark. Further, WIN may cease or withdraw the use of the Mark at any time.
- The use of the Mark, LifeCash, takes away any confusion that presently exists in our industry that what we do is in the area of Viatical Settlements – it is a generic term that we have found has an advantage in the market place - use it to promote your business.

## **REACTIVE VERSUS PROACTIVE MARKETING**

- LifeCash® should **not** be marketed as a proactive tool where pressure is placed on clients to sell their policies.
- LifeCash® should be marketed as a **reactive** tool in reaction to the client’s wishes without pressure to sell their policies.
- Some examples of Reactive Marketing where the client deems the policy as unnecessary and/or unwanted in any event are:
  - Making mention that LifeCash® is a viable option for the client to consider, and, without pressure, exploring with the client as to how this concept would work in respect to the client’s specific situation with the purpose of getting a reaction from the client.
  - Updating the Financial Plan of the client.
  - The client may have already decided to lapse or cancel their life program prior to any updating of Financial Plans.
- Questions to the client, which can be a part of a Fact Finding Questionnaire:
  - “Has the original intent as to why you got your insurance policy changed since the policy was issued?”
  - “Are you happy with your present policy portfolio?”
  - “Would you like to look at some alternative options in respect to your policy portfolio?”
  - “It seems that you feel that your policy is no longer necessary or wanted, perhaps due to circumstances changing or as a result of updating your Financial Plan, how do you feel about receiving more money from selling your policy as compared to cashing in, lapsing or canceling your policy?”

## **TARGET MARKET**

- Financial Planning Opportunities - Changes as a result of Personal, Business and Estate Planning.
- Individual and Group Changes - possible lapses and cancellations.
- Business Changes - possible lapses and cancellations.
- Centers of influence - other professionals e.g. Attorneys, CPA’s, Financial Planners. This is an **excellent referral source** especially when an Agent and/or Broker does not have potential prospects in their own client database.
- Non Profit Entities - Universities, Charities, Foundations etc.
- Financial Sector - Trust Departments, Private Banking, Stockbrokers, Registered Investment Advisors.
- The key word is CHANGE –
  - where the original intent for getting the policy has **changed** and/or
  - where the policy is no longer necessary nor wanted due to **change** in circumstances and/or
  - where there is **change** due to updating of a Financial Plan.

## **HOW TO SUBMIT A CASE AND THE TRANSACTION PROCESS?**

### **How to Submit a Case?**

- If you are not sure as to whether you have a Case or not, complete the **Case Qualification Form** (Sample at the end of this document) and we will get back to you with feedback
- If you are sure that you have a Case that fits the parameters of LifeCash® then complete the **Case Submission Forms** (Sample at the end of this document) and have them signed by the Insured and Policy Owner, and, submitted with the other requirements as per the Checklist on the cover page of the Forms:
  - Confidential Personal Insurance Information – The Application.
  - Notice of Disclosure – Reviewed by top insurance specialist Legal Firm ‘Akin Gump’.
  - Broker of Record Form.
  - Authorization for Release of Medical and/or Insurance Information.
  - Medical Information Summary.
  - Physician’s Letter of Competency.
  - Medical Records.

- Copy of Policy.
- Copy of Trust Documents.
- Inforce ledgers.

### **Life Settlement Offer?**

- On submission of a Case the underwriting process takes over.
- A Life Settlement Offer is made if the Offer is greater than Cash Value, noting that with Term Policies the Cash Value is zero.
- The Life Settlement Offer is dependent on underwriting in respect to life expectancy and the structure of the policy and can therefore range from, say, 1% to 60% of the face value.
- It is difficult to determine a precise estimate of the Life Settlement Offer prior to submission and the application of underwriting, but a case can be investigated as to whether it matches the required parameters without obligation and a very rough estimate as to the possible range of a Settlement Offer can be made, again, without obligation or guarantee.
- How a Life Settlement Offer is determined is given in an illustrative example at the end of this document.

### **Closing and Payment?**

- Life Settlement Offer accepted.
- Closing papers signed.
- Funds deposited into an escrow account.
- Transfer of Ownership and Beneficiary changes completed.
- Funds wired to seller.
- Compensation paid to Agents after rescission period.

### **Policy Continuation?**

- Policy acquired from previous Policyowner therefore Purchaser becomes: Owner, Beneficiary, and Premium Payer.
- Policy stays in force until death.
- Policy commissions to agent:
  - Renewal commission on old policies.
  - Term Conversion - first year and renewal commission.

### **Notification of Death?**

- Firstly, fifteen days after the seller receives the sale proceeds, notices are sent to three people known to the seller who complete notification documents on the insured's death.
- Secondly, every six months, a letter is sent to the insured, and, on special arrangement, to other nominated parties. If no return letter is received, follow up phone calls are made.
- Thirdly, a sweep of Social Security records is made every quarter, death records are public information.
- The death certificate is ordered from the County where the insured resided or a copy of the death certificate is procured from the family.

## **Profit to the Purchaser?**

- The actuarial model includes the following general factors: cash surrender value, face value, type of policy, gender, age, health condition.
- The actuarial model includes the following cost factors: premium, interest on loans, commissions, the required return on investment for the purchaser, and, tax on death proceeds.
- The Settlement Offer is then determined taking into account all factors.
- The purchaser presently looks to hold paper for anywhere up to 12 years maximum.
- The purchaser receives their return on investment on the death of the insured.

## **Complete Confidentiality?**

- The purchaser respects and protects the confidentiality of each client.

## **CASE HISTORIES**

### **Leveraging a Key Man Policy**

Steve Neeser, a partner with insurance firm Cassady, Neeser & Brasseur, explains how that LifeCash<sup>®</sup> enabled his client, a \$50 million Midwest manufacturing company, to capitalize on the sale of a \$3 million key man policy.

*The Need* - “The Company owned a key man policy on one of its majority shareholders. The purpose of the policy was to buy back the shares from the insured’s estate after her death. However, over several years, the insured had gifted away the majority of her shares to her children and grandchildren. With the original intent of the policy no longer viable, the company’s management team wanted to eliminate the expense of the policy’s \$325,000 annual premiums. After borrowing against the full cash value of the policy, the company was prepared to let it lapse.”

*The Solution* - “Rather than have the company receive nothing more from the policy, which it had paid premiums into for three years, I explored the option of selling the Policy to a Purchaser. After reviewing the policy and the medical records of the insured, the Purchaser agreed to purchase the policy from the company for a significant percentage of the face value - underwriting the policy in only 48 hours.”

*The Benefits* - “When I first told the management team about the offer, they simply didn’t believe me. Then, when they saw the actual offer on paper, they began calling the officers at home to come in and sign the necessary documents. They had the notary come in after hours, and the President of the company drove the completed documents to the overnight mail office himself. A few days later, the company had a wire transfer into their business account, which ultimately helped bolster the company’s bottom line at year end.”

*The Result* - “The Company ended up with over \$1 million in funds from a policy it was simply going to let lapse.”

### **Retiring Partner**

The remaining partner was left owning a policy for \$1,750,000 on a retired partner, who he recently bought out. The insured had no interest in acquiring the policy, which had a Table D rating. At first contact, the policy was two weeks into the grace period. The case was submitted for review. The conversion premiums were just under \$100,000 annually. The policy was a five-year-old 15-year term product. The client received within two weeks a check for the amount of \$35,000 for a policy that had no surrender value. There was no tax as basis was \$250,000.

## **Business Owner Selling Out**

In this case, the owner of the business had \$10 million in total coverage with 40% term. The total cash value was \$800,000. The insured had a prospective buyer for the company and did not need the coverage personally. The buyer's offer was \$1.2 million short of the desired purchase price. The insured had a quintuple bypass a year ago and was doing well. The case was submitted and the owner received \$3.5 million for the policies which covered the shortfall in respect to the purchase price for the company. The amount received above \$800,000 was treated as capital gains.

## **Split Dollar to Survivorship**

An irrevocable life trust owned \$600,000 individual universal life that was originally established under a split dollar agreement with the insured's company, with total premiums of \$40,000. While the coverage was \$400,000 short of what was needed to offset estate taxes, it was as much as the insured was willing to pay. The company has since been sold to a new owner who did not feel obligated to pay its \$20,000 share. The insured was only willing to fund gifts of \$20,000 into the trust. Under present assumptions, the policy would lapse for lack of funding in 12 years at age 86.

At the inception of the policy, the insured's wife was uninsurable. She passed away and the insured remarried. His existing wife is 63 and in excellent health. The case was submitted. The offer was over \$90,000 - this combined with the ongoing gifts of \$20,000 was sufficient to purchase a \$1,000,000 survivorship policy without risk of policy lapse. Testamentary planning was revised to reflect the new strategy.

## **Cash to Purchase Stock**

A 74 year old businessman had a \$1.5 million policy on his life. He has three children - his son owns 40% of the business and his two daughters each own 20%, and, another 20% is held in trust. The business continues to increase in value by \$1 million per year. When the insured dies, the estate taxes on the percentage of the business that the son does not own is going to be excessive. The son takes the policy and sells it. He uses the proceeds to buy the remaining minority share in the business from his two sisters today, so, if his father dies, he will receive favorable tax treatment. He is also able to purchase the shares at a time when the cost is more manageable.

## **Estate Planning**

The husband is aged 74 (stroke survivor and uninsurable) and the wife aged 70 (heart valve problem). The couple has a \$1 million term policy on the wife, a \$4 million estate and two daughters. The term policy is not enough to cover their estate needs and has prohibitive escalating premiums. The term policy is included in the value of the estate. The term policy was sold and the proceeds used for the purchase of a \$2 million second to die policy with additional money in their pockets.

## **CONCLUSION**

LifeCash® creates business opportunities for Brokers, Financial Planners, Insurance Agents, StockBrokers, Registered Investment Advisors, Trust Officers, Personal Bankers, Attorneys, CPA's and all other Professions who are involved in the finances of individuals and businesses.

LifeCash® is a very lucrative transaction especially as the population ages. Aside from the tremendous potential that currently exists in the market place, there are 75 million baby boomers who will start to retire in approximately 12 years time - a colossal future market for LifeCash®.

## LIFE SETTLEMENT OFFER CALCULATION

### Actuarial Model Input - Insured Factors - To Determine Life Expectancy

1. Gender
2. Age
3. Medical Conditions

### Actuarial Model Input - Policy Factors

1. Policy Size
2. Policy Type
3. Policy Ownership
4. Policy Structure
5. Policy Cash Value
6. Policy Loans

### Actuarial Model Input - Cost Factors

1. Cash paid to the Seller
2. Premium Cost
3. Interest on Loans
4. Funder/Provider Costs – Escrow; Life Expectancy Studies; Medical Records; Legal & Accounting; Compensation; Lloyds Reinsurance etc..
5. Rate of Return required by Purchaser – For the Life Settlement market, this averages about **10%** compound.

### Determination of the Settlement Offer

1. Life Expectancy (L/E)
2. After taking into account insured and policy factors, the cost factors (See Actuarial Model Input – Cost Factors above) are calculated at Future Values, the total of which, should be less than the Face Value at death (life expectancy).
3. If the cash to the seller exceeds Cash Value (For Term Policies Cash Value = \$0) then an offer is made.

### Case History (For illustrative purposes only)

Face Value		\$5,000,000
Cash Surrender Value		\$0
Loan Value		\$0
Interest Rate		0%
<b>Cash Paid to Seller</b>		<b>\$1,262,000</b>
Premium - Annual		\$250,000
Funder/Provider Costs – 10% of Face Value		\$500,000
Settlement Broker & Agent Costs – 6% of Face Value		\$300,000
Purchaser ROR		10% Compound
<b>Life Expectancy – Actual L/E (say, 5 years)</b>		<b>5 Years</b>
New Money Factor	NMF - \$1 annual deposit in advance	6.7156(5 years @ 10% Compound)
Old Money Factor	OMF - \$1 lump sum deposit	1.6105(5 years @ 10% Compound)
Cash Paid to Seller	x OMF	\$2,032,700
Premium - Annual	x NMF	\$1,678,900
Interest on Loan	x NMF	\$ 0
Funder/Provider + Settlement Broker & Agent Costs	x OMF	\$1,288,400
Total < Death Benefit (\$5,000,000) –	<b>\$1,262,000 OFFER MADE</b>	<b>\$5,000,000</b>

# Wealth Increase Network, L.P.

516 Russett Lane (P O Box 220190), El Paso, TX 79912 (79913) Tel: 1-888-883 4946 Fax: 1-877-794 6946 email: lifecash@winlp.com

## CASE QUALIFICATION FORM

**N.B. Complete only to verify whether a Case qualifies for submission otherwise please complete "Case Submission Forms".**

### 1. PERSONAL DATA

Insured Name(s) \_\_\_\_\_  
First Insured Date of Birth \_\_\_\_\_ Sex \_\_\_\_\_  
Second Insured Date of Birth \_\_\_\_\_ Sex \_\_\_\_\_

### 2. LIFE INSURANCE POLICY INFORMATION

#### POLICY # 1

Policy Issue Date \_\_\_\_\_ Contestability Period \_\_\_\_\_ Yrs Face Amount \$ \_\_\_\_\_  
Cash/Account Surrender Value \$ \_\_\_\_\_ Policy Loan \$ \_\_\_\_\_ Interest Rate \_\_\_\_\_ %  
Premium Payment: \$ \_\_\_\_\_ Mode?: Annual ( ) Semi Annual ( ) Quarterly ( ) Monthly ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Type of Insurance? Individual ( ) Second to Die ( ) Key Man ( ) Other \_\_\_\_\_  
Insured? First Insured ( ) Second Insured ( ) Both ( )

#### POLICY # 2

Policy Issue Date \_\_\_\_\_ Contestability Period \_\_\_\_\_ Yrs Face Amount \$ \_\_\_\_\_  
Cash/Account Surrender Value \$ \_\_\_\_\_ Policy Loan \$ \_\_\_\_\_ Interest Rate \_\_\_\_\_ %  
Premium Payment: \$ \_\_\_\_\_ Mode?: Annual ( ) Semi Annual ( ) Quarterly ( ) Monthly ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Type of Insurance? Individual ( ) Second to Die ( ) Key Man ( ) Other \_\_\_\_\_  
Insured? First Insured ( ) Second Insured ( ) Both ( )

#### POLICY # 3

Policy Issue Date \_\_\_\_\_ Contestability Period \_\_\_\_\_ Yrs Face Amount \$ \_\_\_\_\_  
Cash/Account Surrender Value \$ \_\_\_\_\_ Policy Loan \$ \_\_\_\_\_ Interest Rate \_\_\_\_\_ %  
Premium Payment: \$ \_\_\_\_\_ Mode?: Annual ( ) Semi Annual ( ) Quarterly ( ) Monthly ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Type of Insurance? Individual ( ) Second to Die ( ) Key Man ( ) Other \_\_\_\_\_  
Insured? First Insured ( ) Second Insured ( ) Both ( )

### 3. MEDICAL INFORMATION SUMMARY

**FIRST INSURED:** Present Table Rating \_\_\_\_\_ Medical Condition \_\_\_\_\_

**SECOND INSURED:** Present Table Rating \_\_\_\_\_ Medical Condition \_\_\_\_\_

**PRODUCER:** Name: \_\_\_\_\_ Company: \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email: \_\_\_\_\_

Remarks \_\_\_\_\_

**PLEASE FAX TO: 1 - 877 - 794 6946**

**CASE SUBMISSION FORMS**  
**CASE GUIDELINES**

- 1. Life Expectancy or Age of the Insured?**
  - Life expectancy must **NOT** exceed 12 years at any age.
  - Target minimum age – Male: 75+ , and, Female: 78+
  - Health conditions **must** exist at **and** below target minimums ages.
- 2. Face Value?**
  - **Aggregate of \$500,000 per insured preferred, or,**
  - **Minimum of \$250,000 and upwards.**
- 3. Premium Payments?**
  - **Premiums must continue to be paid.**
  - **Policy(s) MUST still be in force at all times.**
- 4. Medical Records and the Agent?**
  - Insured or Agent can order Medical Records directly themselves, and, with local follow-up, time will be saved. Often if the Insured places the order, no cost is involved.
  - Please still enclose the Authorization with the Case Submission package and forward to the Contact.
- 5. Medical Records and Inforce Ledgers?**
  - Do not wait for the Medical Records or Inforce Ledgers to arrive in order to send all the documentation together.
  - If you have the Authorization for the Release of Medical, and, Authorization for the Release of Insurance Information, and, the Viatical Settlement and Life Settlement Application completed, please forward them immediately. The rest of the documentation may be forwarded when available
- 6. New Issues or Wet Ink Policies, and, Contestable Policies?**
  - New Issues or Wet Ink Policies are not acceptable for submission.
  - Policies in force for one year, although contestable, will be accepted on a case by case basis.
  - Genuine circumstances and reasons as to the purpose of the submission must accompany contestable Policies.
  - Term Conversions – Policy is in force from the original Policy Issue date of the Term Product.
- 7. Broker of Record Form**
  - To be completed by the Policy Owner.
  - Oaktree Group is a private non-advertised entity for use in this generic Case Submission Form.
- 8. Physician's Letter of Competency (LOC)**
  - Insured – To be forwarded to Primary or Family Physician by Fax or Mail
- 9. Required Notice for Client – LEAVE WITH CLIENT**
- 10. Acknowledgment by Agent or Agent's Representative**
  - To be completed by Agent or Agent's Representative
  - This form replaces direct witnessing of insured and policy owner signatures, as often this may not be practical as a witness may not be available.

**LIFE SETTLEMENT APPLICATION**  
**CHECKLIST FOR SUBMITTING THE APPLICATION**

**CHECK**      **PLEASE COMPLETE AND FORWARD ALL FORMS**

- \_\_\_\_\_ **Life Settlement Application**
- \_\_\_\_\_ **Broker of Record Form**
- \_\_\_\_\_ **Authorization for the Release of Medical Information**
- \_\_\_\_\_ **Authorization for the Release of Insurance Information**
- \_\_\_\_\_ **Physician’s Letter of Competency for EACH insured – Forward to Physician**
- \_\_\_\_\_ **Acknowledgement by Agent or Agent’s Representative**
- \_\_\_\_\_ **Medical Records on file in order to show health history – Last 2 years**
- \_\_\_\_\_ **Copy of Policy – Policy Specification pages and Standard Provisions of the contract**
- \_\_\_\_\_ **Copy of Trust Documents – *if applicable*.**
- \_\_\_\_\_ **Required Notice – This document must be left with the Client.**
- \_\_\_\_\_ **COPY OF ALL FORMS FORWARDED TO POLICY OWNER/INSURED**

**INFORCE LEDGERS – PLEASE FORWARD WITH LIFE SETTLEMENT APPLICATION**

**\*\*If not available, do not wait for the Inforce Ledgers – they can be faxed on receipt.\*\***

**1. *Universal Life***

Illustrations run, with Death Benefit and Premiums LEVEL, to solve for \$1 cash value at Current Assumptions:

- \_\_\_\_\_ To Maturity – The Policy should state what the Maturity Age is.
- \_\_\_\_\_ Life Expectancy – 21<sup>st</sup> Services Median LE, if available, AND,
- \_\_\_\_\_ Life Expectancy – 21<sup>st</sup> Services Median LE, PLUS ONE (1) years, AND,
- \_\_\_\_\_ Life Expectancy – 21<sup>st</sup> Services Median LE, PLUS TWO (2) years.

Main goals are to have minimum premiums paid, reduce loans, and, minimize cash value

**2. *Term Life***

- \_\_\_\_\_ Illustration run to the end of the term showing current premium schedule.
- \_\_\_\_\_ Term Conversion illustration to Universal Life (see section 1).

**3. *Whole Life***

Illustrations run with Death Benefit and Premiums LEVEL, AND,

- \_\_\_\_\_ Run at natural vanish premium, AND,
- \_\_\_\_\_ Dividends reducing premium and excess to loans and/or cash value, AND/OR,
- \_\_\_\_\_ Surrender of paid up additions to reduce cash value, premium and/or loan.

Main goals are to have minimum premiums paid, reduce loans, and, minimize cash value

**4. *Variable Universal Life***

Illustrations run, with Death Benefit and Premiums LEVEL , to solve for \$1 cash value at maturity AND,

- \_\_\_\_\_ Run at a Fixed Account Rate, and/or,
- \_\_\_\_\_ Money Market Rate
- \_\_\_\_\_ To Maturity – The Policy should state what the Maturity Age is.
- \_\_\_\_\_ Life Expectancy – 21<sup>st</sup> Services Median LE, if available, AND,
- \_\_\_\_\_ Life Expectancy – 21<sup>st</sup> Services Median LE, PLUS ONE (1) years, AND,
- \_\_\_\_\_ Life Expectancy – 21<sup>st</sup> Services Median LE, PLUS TWO (2) years.

Main goals are to have minimum premiums paid, reduce loans, and, minimize cash value

**LIFE SETTLEMENT APPLICATION**  
**COMPRISING OF SECTIONS 1 THROUGH 5**

**SECTION 1 OF 5 – PERSONAL INFORMATION**

First Insured Name \_\_\_\_\_ Sex: Male ( ) Female ( )  
First Insured Date of Birth \_\_\_\_\_ Social Security Number \_\_\_\_\_  
Second Insured Name \_\_\_\_\_ Sex: Male ( ) Female ( )  
Second Insured Date of Birth \_\_\_\_\_ Social Security Number \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
Marital Status: Single ( ) Married ( ) Divorced ( ) Widowed ( ) Currently Employed: Yes ( ) No ( )  
Have you been or are you a party to: Civil Suit? ( ) Bankruptcy? ( ) Judgements? ( ) Credit Liens? ( ) Tax Liens? ( )

**SECTION 2 OF 5 - LIFE INSURANCE POLICY INFORMATION**

**POLICY #1**            **INSURED:**    **FIRST ( )    SECOND ( )    BOTH ( ) – SECOND TO DIE**

Insurance Company: \_\_\_\_\_  
Policy #: \_\_\_\_\_ Policy Issue Date: \_\_\_\_\_ Contestability Period: \_\_\_\_\_ Yrs  
Face Value: \$ \_\_\_\_\_ + Paid Up Additions: \$ \_\_\_\_\_ = Death Benefit: \$ \_\_\_\_\_  
Cash/Account Surrender Value: \$ \_\_\_\_\_ Policy Loan: \$ \_\_\_\_\_ Maturity Date: \_\_\_\_\_  
Annual Premium Payment: \$ \_\_\_\_\_ Premium?:    To Maturity ( ) For \_\_\_\_\_ years ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Policy Owner?: Insured ( ) Other ( ) If other, please complete following:-  
Trust/Corp/Individual Name: \_\_\_\_\_ State: \_\_\_\_\_  
SS#/TIN# \_\_\_\_\_ Trustee/Contact Name: \_\_\_\_\_  
Beneficiary?: Policy Owner - Yes ( ) No ( ) If No, who is the Beneficiary? \_\_\_\_\_

**POLICY #2**            **INSURED:**    **FIRST ( )    SECOND ( )    BOTH ( ) – SECOND TO DIE**

Insurance Company: \_\_\_\_\_  
Policy #: \_\_\_\_\_ Policy Issue Date: \_\_\_\_\_ Contestability Period: \_\_\_\_\_ Yrs  
Face Value: \$ \_\_\_\_\_ + Paid Up Additions: \$ \_\_\_\_\_ = Death Benefit: \$ \_\_\_\_\_  
Cash/Account Surrender Value: \$ \_\_\_\_\_ Policy Loan: \$ \_\_\_\_\_ Maturity Date: \_\_\_\_\_  
Annual Premium Payment: \$ \_\_\_\_\_ Premium?:    To Maturity ( ) For \_\_\_\_\_ years ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Policy Owner?: Insured ( ) Other ( ) If other, please complete following:-  
Trust/Corp/Individual Name: \_\_\_\_\_ State: \_\_\_\_\_  
SS#/TIN# \_\_\_\_\_ Trustee/Contact Name: \_\_\_\_\_  
Beneficiary?: Policy Owner - Yes ( ) No ( ) If No, who is the Beneficiary? \_\_\_\_\_

**POLICY # 3**                    **INSURED:**      **FIRST ( )**      **SECOND ( )**      **BOTH ( ) – SECOND TO DIE**

Insurance Company: \_\_\_\_\_  
Policy #: \_\_\_\_\_ Policy Issue Date: \_\_\_\_\_ Contestability Period: \_\_\_\_\_ Yrs  
Face Value: \$ \_\_\_\_\_ + Paid Up Additions: \$ \_\_\_\_\_ = Death Benefit: \$ \_\_\_\_\_  
Cash/Account Surrender Value: \$ \_\_\_\_\_ Policy Loan: \$ \_\_\_\_\_ Maturity Date: \_\_\_\_\_  
Annual Premium Payment: \$ \_\_\_\_\_ Premium?:      To Maturity ( ) For \_\_\_\_\_ years ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Policy Owner?: Insured ( ) Other ( ) If other, please complete following:-  
Trust/Corp/Individual Name: \_\_\_\_\_ State: \_\_\_\_\_  
SS#/TIN# \_\_\_\_\_ Trustee/Contact Name: \_\_\_\_\_  
Beneficiary?: Policy Owner - Yes ( ) No ( ) If No, who is the Beneficiary? \_\_\_\_\_

---

**POLICY # 4**                    **INSURED:**      **FIRST ( )**      **SECOND ( )**      **BOTH ( ) – SECOND TO DIE**

Insurance Company: \_\_\_\_\_  
Policy #: \_\_\_\_\_ Policy Issue Date: \_\_\_\_\_ Contestability Period: \_\_\_\_\_ Yrs  
Face Value: \$ \_\_\_\_\_ + Paid Up Additions: \$ \_\_\_\_\_ = Death Benefit: \$ \_\_\_\_\_  
Cash/Account Surrender Value: \$ \_\_\_\_\_ Policy Loan: \$ \_\_\_\_\_ Maturity Date: \_\_\_\_\_  
Annual Premium Payment: \$ \_\_\_\_\_ Premium?:      To Maturity ( ) For \_\_\_\_\_ years ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Policy Owner?: Insured ( ) Other ( ) If other, please complete following:-  
Trust/Corp/Individual Name: \_\_\_\_\_ State: \_\_\_\_\_  
SS#/TIN# \_\_\_\_\_ Trustee/Contact Name: \_\_\_\_\_  
Beneficiary?: Policy Owner - Yes ( ) No ( ) If No, who is the Beneficiary? \_\_\_\_\_

---

**POLICY # 5**                    **INSURED:**      **FIRST ( )**      **SECOND ( )**      **BOTH ( ) – SECOND TO DIE**

Insurance Company: \_\_\_\_\_  
Policy #: \_\_\_\_\_ Policy Issue Date: \_\_\_\_\_ Contestability Period: \_\_\_\_\_ Yrs  
Face Value: \$ \_\_\_\_\_ + Paid Up Additions: \$ \_\_\_\_\_ = Death Benefit: \$ \_\_\_\_\_  
Cash/Account Surrender Value: \$ \_\_\_\_\_ Policy Loan: \$ \_\_\_\_\_ Maturity Date: \_\_\_\_\_  
Annual Premium Payment: \$ \_\_\_\_\_ Premium?:      To Maturity ( ) For \_\_\_\_\_ years ( )  
Type of Policy? Term ( ) Whole Life ( ) Universal Life ( ) Other? \_\_\_\_\_  
Policy Owner?: Insured ( ) Other ( ) If other, please complete following:-  
Trust/Corp/Individual Name: \_\_\_\_\_ State: \_\_\_\_\_  
SS#/TIN# \_\_\_\_\_ Trustee/Contact Name: \_\_\_\_\_  
Beneficiary?: Policy Owner - Yes ( ) No ( ) If No, who is the Beneficiary? \_\_\_\_\_

---

**SECTION 3 OF 5 – MEDICAL INFORMATION – FIRST INSURED**

*This summary is used for cross checking with the medical records to ensure that we have all necessary information.*

**FIRST INSURED NAME:** \_\_\_\_\_ **SS#** \_\_\_\_\_

Has insured smoked: Cigarettes \_\_\_\_\_ Cigars \_\_\_\_\_ Cigarillos \_\_\_\_\_ Pipe \_\_\_\_\_ in the past 12 months No \_\_\_\_\_

Does insured use or has ever used alcoholic beverages? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, please answer the following:

Frequency of use? Daily \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly \_\_\_\_\_ Occasionally \_\_\_\_\_

Amount consumed on each occasion: \_\_\_\_\_

Any treatment for alcohol use (including AA treatment)? \_\_\_\_\_

<b>FAMILY HISTORY</b>	<b>Current Age</b>	<b>Deceased?</b>	<b>If deceased, cause and age at time of death?</b>
Father	_____	Yes _____ No _____	_____
Mother	_____	Yes _____ No _____	_____
Brother/Sister	_____	Yes _____ No _____	_____
Brother/Sister	_____	Yes _____ No _____	_____

Present Table Rating \_\_\_\_\_ Medical Condition \_\_\_\_\_

**Name of Primary Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**Name of Specialist Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**Name of Specialist Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**Name of Specialist Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**SECTION 4 OF 5 - MEDICAL INFORMATION - SECOND INSURED**

*This summary is used for cross checking with the medical records to ensure that we have all necessary information.*

**SECOND INSURED NAME:** \_\_\_\_\_ **SS#** \_\_\_\_\_

Has insured smoked: Cigarettes \_\_\_\_\_ Cigars \_\_\_\_\_ Cigarillos \_\_\_\_\_ Pipe \_\_\_\_\_ in the past 12 months No \_\_\_\_\_

Does insured use or has ever used alcoholic beverages? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, please answer the following:

Frequency of use? Daily \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly \_\_\_\_\_ Occasionally \_\_\_\_\_

Amount consumed on each occasion: \_\_\_\_\_

Any treatment for alcohol use (including AA treatment)? \_\_\_\_\_

<b>FAMILY HISTORY</b>	<b>Current Age</b>	<b>Deceased?</b>	<b>If deceased, cause and age at time of death?</b>
Father	_____	Yes _____ No _____	_____
Mother	_____	Yes _____ No _____	_____
Brother/Sister	_____	Yes _____ No _____	_____
Brother/Sister	_____	Yes _____ No _____	_____

Present Table Rating \_\_\_\_\_ Medical Condition \_\_\_\_\_

**Name of Primary Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**Name of Specialist Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**Name of Specialist Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

**Name of Specialist Physician** \_\_\_\_\_ **Medicals \$** \_\_\_\_\_

Medical Facility: \_\_\_\_\_

Address \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email \_\_\_\_\_

## **SECTION 5 OF 5 – PERSONAL ACKNOWLEDGEMENT**

### **You understand, consent to, and represent the following:**

- 5.1 The policy or policies are being submitted with this Application because you are (i) purchasing a new policy, (ii) obtaining additional cash proceeds to use as you deem necessary for your personal use, (iii) no longer in need of or desire, life insurance, (iv) effectuating changes in your estate, family, business, investment or financial planning matters, or (v) Other:
- 

and the policy or policies are therefore considered to be unwanted and/or unnecessary.

- 5.2 Acceptance of this Application does not in any way constitute or guarantee the purchase of life insurance policies as detailed in this Application. This Application is not a contract for the sale of your policy. The information contained within may be used for evaluation purposes only to determine whether you may be able to sell your policy. The information contained within may be used for evaluation purposes only. Any information obtained may be used or disclosed to other parties for qualification purposes in order to effect or facilitate the settlement transaction. Confidential information will not otherwise be disclosed to any person without your prior written consent.
- 5.3 The purpose of this Application is to procure a settlement offer on a policy or policies referred to in this Application.
- 5.4 The source of funds for any settlement offer may include institutional, commercial, corporate, private and/or individual investors, purchasers, funders and/or providers that conduct business on a local, state or national level.
- 5.5 Other rights and benefits, such as disability benefits, conversions or particular riders on the policy(s) detailed in this Application, may exist under the policy(s) and may be forfeited by the life settlement. The insurance carrier should be contacted for additional information.
- 5.6 You may incur tax consequences by entering into a life settlement. Assistance should be sought from a professional tax advisor. The tax information relayed to you is not meant to be tax advice, and, consultation with your professional tax advisor is necessary.
- 5.7 Proceeds of the life settlement could be subject to the claims of creditors, personal representatives, trustees in bankruptcy, and receivers in state or federal court.
- 5.8 Receipt of the proceeds of a life settlement may adversely affect eligibility for supplemental social security income, Medicaid or other Government benefits or entitlements. The appropriate Government agencies should be consulted for advice.
- 5.9 Seniors and individuals with a catastrophic or life-threatening illness or condition may qualify for a Viatical Settlement should the life expectancy of the insured named in the policy(s) be 24 months or less. Professional advisors should be contacted and consulted for further advice.
- 5.10 You may have alternatives to a life settlement that are provided in relation to the policy, such as accelerated benefits, policy loans and surrender of the policy's cash value. You should review the terms of your policy to determine which options are available to you.
- 5.11 If the subject policy is a joint policy or insures the life of another person, a life settlement may result in a loss of coverage.
- 5.12 The purchaser of the subject policy, whether an institution or a private party, has the right to assign or otherwise transfer its interest in the policy to a third party at any time. **YOU ACKNOWLEDGE THAT, THE PURCHASER, OR, IN THE EVENT THAT THE PURCHASER SUBSEQUENTLY ASSIGNS THE SUBJECT POLICY TO A THIRD PARTY, THE THIRD PARTY, MAY, WHETHER KNOWINGLY OR UNKNOWNLY, OBTAIN YOUR IDENTITY AND YOUR CONTACT INFORMATION, INCLUDING, BUT NOT LIMITED TO, YOUR ADDRESS, PHONE NUMBER AND/OR SOCIAL SECURITY NUMBER, ALTHOUGH LEGAL SAFEGUARDS MAY HAVE BEEN IMPLEMENTED BY STATE LAW TO PREVENT SUCH DISCLOSURE.**

- 5.13 You recognize that all direct and indirect agents and brokers of the purchaser of the subject policy or policies cannot exercise any degree of control over said purchaser. **BASED UPON THIS RECOGNITION, YOU EXPRESSLY RELEASE ALL AGENTS AND BROKERS OF THE PURCHASER FROM ANY AND ALL LIABILITIES, CLAIMS FOR DAMAGE, CAUSES OF ACTION, LOSSES, COSTS OR EXPENSES OF WHATEVER KIND OR CHARACTER, WHETHER IN TORT OR IN CONTRACT, INCLUDING BUT NOT LIMITED TO THE ACTIONS, INACTIONS, BREACHES OF FIDUCIARY DUTY, NEGLIGENCE, GROSS NEGLIGENCE AND MALFEASANCE, IF ANY, THAT YOU MAY HAVE OR MAY HAVE HAD RELATING TO THE ACTIONS OF THE PURCHASER OF THE SUBJECT POLICY OR POLICIES.**
- 5.14 That you have not filed for bankruptcy and none of your property has been the subject of any bankruptcy proceeding at any time since the date that the policy(s) detailed in this Application was issued except as disclosed in writing in section 5.21 below.
- 5.15 That there are no outstanding tax liens against any of your property.
- 5.16 That you (i) are the sole and absolute owner of the policy(s), as reflected on the books and records of the insurance company that issued the policy(s), (ii) have not previously pledged or assigned any interest in or under the policy(s) to any person, either in writing or otherwise, (iii) have not designated any irrevocable beneficiaries for the policy(s), and (iv) have no agreements or arrangements with any third parties regarding who is entitled to any portion of the death benefit of the policy(s).
- 5.17 That you, as the sole and absolute owner of the policy(s), have paid all premiums on the policy(s) and that no insurance agents or other professional advisors have paid, lent or advanced to you or the insurance company that issued the policy(s) any funds for the purpose of paying premium payments on the policy(s), save and except any state-authorized payments or rebates of insurance sales commissions which you may have received from the insurance agent as an inducement to purchase the policy(s).
- 5.18 That the policy(s) is not the subject of any lawsuit or any other legal proceeding that you are aware of.
- 5.19 That one of the purposes of acquiring the policy(s) was not to thereafter sell or otherwise transfer it to a third party for valuable consideration and that you had financial, investment or other planning purposes for acquiring the policy(s).
- 5.20 **THAT YOU SHALL NOTIFY BENEFICIARIES AND NAMED EXECUTORS OF YOUR ESTATE REGARDING YOUR INTENT TO SELL THE POLICY OR POLICIES REFERRED TO IN THIS APPLICATION. YOU ARE SOLELY RESPONSIBLE FOR NOTIFYING ANY BENEFICIARIES AND NAMED EXECUTORS OF YOUR ESTATE.**
- 5.21 Disclosure by the Policy Owner(s) and/or Insured(s) of any information that may be pertinent to this Application:
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- 5.22 You agree that a photocopy and/or facsimile of this Application shall be as valid as the original.

5.23 You acknowledge that you have read and understand the contents of this Application and the attached 'Required Notice – Important information you need to know before entering a Viatical Settlement or Life Settlement', and, you represent and warrant that all of the information provided in this Application including personal, policy and medical information is true and correct to the best of your knowledge. You acknowledge and agree that you will be liable for any errors or omissions in your responses to the Application and that all information will be relied upon in determining whether your policy is suitable for sale.

**I have read and understood the above representations.**

**INSURED**

**DATE:** \_\_\_\_\_

**X** \_\_\_\_\_  
Signature of the FIRST Insured

**X** \_\_\_\_\_  
Signature of the SECOND Insured

\_\_\_\_\_  
Name of the FIRST Insured

\_\_\_\_\_  
Name of the SECOND Insured

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Driver's License – State & Number

\_\_\_\_\_  
Driver's License – State & Number

**POLICY OWNER – If other than Insured**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
Name of Policyowner – Entity/Corp/Trust *if other than Insured* with Tax ID Number

**X** \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

**X** \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

**X** \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

**INSURED & POLICY OWNER**  
**BROKER OF RECORD FORM**

**TO WHOM IT MAY CONCERN**

I/We the undersigned appoint Oaktree Group and any of its successors and assigns and affiliate entities as the exclusive Broker of Record for the Policy(s) listed below for the purpose of negotiating the sale of the Policy(s) as a Life Settlement and the undersigned agrees not to appoint any other individual or entity as a broker of record with respect to the Policy(s) without first revoking this Broker of Record Form by written notice to Oaktree Group. All Broker of Record forms signed by me/us prior to the date of this Broker of Record form are null and void. I/We agree that a photographic copy or facsimile of this Broker of Record Form shall be valid as the original.

**INSURED**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
Signature of the FIRST Insured

\_\_\_\_\_  
Signature of the SECOND Insured

\_\_\_\_\_  
Name of the FIRST Insured

\_\_\_\_\_  
Name of the SECOND Insured

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Driver's License – State & Number

\_\_\_\_\_  
Driver's License – State & Number

**POLICY OWNER – If other than Insured**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
Name of Policyowner – Entity/Corp/Trust *if other than Insured* with Tax ID Number

\_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

\_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

\_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

**Insured Name(s):** \_\_\_\_\_

First Insured

Second Insured

**Policy Number:**

**Insurance Company:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**AUTHORIZATION FOR THE RELEASE OF MEDICAL INFORMATION**  
**(HIPAA COMPLIANT)**

I hereby authorize any physician, medical practitioner, hospice, hospital, clinic, health care provider, or other medical or medically related facility, insurance support organization, pharmacy, governmental agency, insurance company, group policyholder, employer, benefit plan administrator, or any other institution or person ("Authorized Discloser")

to provide \_\_\_\_\_ or its designee ("Authorized Recipient"), any and all information as to diagnosis, treatment and prognosis with respect to any physical or mental condition including psychiatric conditions, information relating to HIV or AIDS tests, or drug or alcohol abuse as it relates to me (hereinafter, "Protected Health Information" or "PHI").

This authorization allows for the disclosure, inspection and copying of any and all records, reports, and/or documents, including any underlying data regarding the care and treatment of the patient, and any other PHI concerning any treatment or hospitalization, including, but not limited to, all testing materials completed by or administered to the patient, along with any and all medical charts, clinical or doctor's notes, memoranda, medical reports, X-ray reports, index cards, history notes, pictures, records and medical bills in the possession and control of the Authorized Discloser.

By signing below, I understand that this Authorization shall apply to any and all PHI, whether or not personally identifiable or protected under any federal or state confidentiality or privacy laws or regulations. I further understand that PHI obtained may be used to evaluate eligibility to participate in Purchaser's life settlement program and to evaluate life expectancy now and in the future. Authorized Discloser, however, may not condition treatment, payment, enrollment or eligibility for benefits upon this Authorization.

I agree that a photographic copy or facsimile of this Authorization shall be valid as the original. I agree that this Authorization shall remain valid for the lifetime of the undersigned (or the last to survive of the undersigned if more than one signatory), absent any provision of any applicable state statute or regulation to the contrary, in which event it shall remain valid for the maximum period permitted thereunder. I further urge that this request be responded to in a timely fashion, as it has a significant bearing on personal and financial matters.

I understand that I may revoke this Authorization any time with respect to Authorized Recipient or any Authorized Discloser by notifying Authorized Recipient or any such Authorized Discloser of the revocation in writing and delivering such revocation by certified mail or personal delivery at such address designated by Authorized Recipient or any Authorized Discloser.

I understand that this Authorization is not a consent or an authorization requested by a health care provider, health care clearinghouse or health plan covered by the privacy regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (the "HIPAA Privacy Regulations"), and that PHI obtained by this Authorization, if redisclosed by authorized Designee, may no longer be protected by the HIPAA Privacy Regulations.

**FIRST INSURED**

**DATE:** \_\_\_\_\_

X \_\_\_\_\_  
Signature of the FIRST Insured

\_\_\_\_\_  
Name of the FIRST Insured

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Driver's License - State

\_\_\_\_\_  
Driver's License - Number

**AUTHORIZATION FOR THE RELEASE OF MEDICAL INFORMATION**  
**(HIPAA COMPLIANT)**

I hereby authorize any physician, medical practitioner, hospice, hospital, clinic, health care provider, or other medical or medically related facility, insurance support organization, pharmacy, governmental agency, insurance company, group policyholder, employer, benefit plan administrator, or any other institution or person ("Authorized Discloser")

to provide \_\_\_\_\_ or its designee ("Authorized Recipient"), any and all information as to diagnosis, treatment and prognosis with respect to any physical or mental condition including psychiatric conditions, information relating to HIV or AIDS tests, or drug or alcohol abuse as it relates to me (hereinafter, "Protected Health Information" or "PHI").

This authorization allows for the disclosure, inspection and copying of any and all records, reports, and/or documents, including any underlying data regarding the care and treatment of the patient, and any other PHI concerning any treatment or hospitalization, including, but not limited to, all testing materials completed by or administered to the patient, along with any and all medical charts, clinical or doctor's notes, memoranda, medical reports, X-ray reports, index cards, history notes, pictures, records and medical bills in the possession and control of the Authorized Discloser.

By signing below, I understand that this Authorization shall apply to any and all PHI, whether or not personally identifiable or protected under any federal or state confidentiality or privacy laws or regulations. I further understand that PHI obtained may be used to evaluate eligibility to participate in Purchaser's life settlement program and to evaluate life expectancy now and in the future. Authorized Discloser, however, may not condition treatment, payment, enrollment or eligibility for benefits upon this Authorization.

I agree that a photographic copy or facsimile of this Authorization shall be valid as the original. I agree that this Authorization shall remain valid for the lifetime of the undersigned (or the last to survive of the undersigned if more than one signatory), absent any provision of any applicable state statute or regulation to the contrary, in which event it shall remain valid for the maximum period permitted thereunder. I further urge that this request be responded to in a timely fashion, as it has a significant bearing on personal and financial matters.

I understand that I may revoke this Authorization any time with respect to Authorized Recipient or any Authorized Discloser by notifying Authorized Recipient or any such Authorized Discloser of the revocation in writing and delivering such revocation by certified mail or personal delivery at such address designated by Authorized Recipient or any Authorized Discloser.

I understand that this Authorization is not a consent or an authorization requested by a health care provider, health care clearinghouse or health plan covered by the privacy regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (the "HIPAA Privacy Regulations"), and that PHI obtained by this Authorization, if redisclosed by authorized Designee, may no longer be protected by the HIPAA Privacy Regulations.

**SECOND INSURED**

**DATE:** \_\_\_\_\_

X \_\_\_\_\_  
Signature of the SECOND Insured

\_\_\_\_\_  
Name of the SECOND Insured

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Driver's License - State

\_\_\_\_\_  
Driver's License - Number

**AUTHORIZATION FOR RELEASE OF INSURANCE INFORMATION**

I hereby authorize \_\_\_\_\_ ,  
the issuer of Policy Number \_\_\_\_\_  
and/or Certificate Number \_\_\_\_\_  
owned by \_\_\_\_\_  
and insuring the life of \_\_\_\_\_

to release to \_\_\_\_\_  
all information about the above referenced policy including, but not limited to, the following upon its request: a copy of the policy including the application for insurance, forms, riders, amendments, policy illustrations, annual statements, premium information and verification of coverage.

This Authorization will remain in force until the earlier of: (1) one year from the date signed; (2) consideration of my application has been completed; or (3) it is withdrawn by me pursuant to applicable law. I further urge that this request be responded to in a timely fashion, as it has a significant bearing on personal and financial matters. I agree that a photographic copy or facsimile of this Authorization shall be valid as the original.

**FIRST INSURED**

**DATE:** \_\_\_\_\_

X \_\_\_\_\_  
Signature of the FIRST Insured

\_\_\_\_\_  
Name of the FIRST Insured

**POLICY OWNER – If other than Insured**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
Name of Policyowner – Entity/Corp/Trust *if other than Insured* with Tax ID Number

X \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

X \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

X \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

**AUTHORIZATION FOR RELEASE OF INSURANCE INFORMATION**

I hereby authorize \_\_\_\_\_ ,  
the issuer of Policy Number \_\_\_\_\_  
and/or Certificate Number \_\_\_\_\_  
owned by \_\_\_\_\_  
and insuring the life of \_\_\_\_\_  
to release to \_\_\_\_\_  
all information about the above referenced policy including, but not limited to, the following upon its request: a copy of the policy including the application for insurance, forms, riders, amendments, policy illustrations, annual statements, premium information and verification of coverage.

This Authorization will remain in force until the earlier of: (1) one year from the date signed; (2) consideration of my application has been completed; or (3) it is withdrawn by me pursuant to applicable law. I further urge that this request be responded to in a timely fashion, as it has a significant bearing on personal and financial matters. I agree that a photographic copy or facsimile of this Authorization shall be valid as the original.

**SECOND INSURED**

**DATE:** \_\_\_\_\_

X \_\_\_\_\_  
Signature of the SECOND Insured

\_\_\_\_\_  
Name of the SECOND Insured

**POLICY OWNER – If other than Insured**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
Name of Policyowner – Entity/Corp/Trust *if other than Insured* with Tax ID Number

X \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

X \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

X \_\_\_\_\_  
Authorized Signature of Policyowner *if other than Insured*

\_\_\_\_\_  
Title/Relationship of Signatory *if other than Insured*

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Driver's License – Number & State

# PHYSICIAN'S LETTER OF COMPETENCY

**Patient Name :** \_\_\_\_\_

**DOB:** \_\_\_\_\_

**SSN#:** \_\_\_\_\_

In your opinion, is this Patient of sound mind and under no constraint or undue influences and able to conduct their own affairs?    Yes (  )      No (  )

If No, please state your reasons why:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Physician's Signature: **X** \_\_\_\_\_ **X** Date: \_\_\_\_\_

Physician's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

PLACE                    }  
DOCTOR'S               }  
STAMP                   }  
HERE                     } \_\_\_\_\_

Thank you for completing this form.

# PHYSICIAN'S LETTER OF COMPETENCY

**Patient Name :** \_\_\_\_\_

**DOB:** \_\_\_\_\_

**SSN#:** \_\_\_\_\_

In your opinion, is this Patient of sound mind and under no constraint or undue influences and able to conduct their own affairs?    Yes (  )      No (  )

If No, please state your reasons why:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Physician's Signature: **X** \_\_\_\_\_ **X** Date: \_\_\_\_\_

Physician's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

PLACE                    }  
DOCTOR'S               }  
STAMP                   }  
HERE                     } \_\_\_\_\_

Thank you for completing this form.

# **REQUIRED NOTICE FOR CLIENT**

## **IMPORTANT INFORMATION YOU NEED TO KNOW BEFORE ENTERING A LIFE SETTLEMENT**

### **What are life settlements?**

A life settlement is the sale of a life insurance policy or certificate (hereafter referred to as policy) issued on the life of a person, who does not have a catastrophic or lifethreatening illness or condition that is likely to result in death within 24 months, for a dollar amount that is less than the policy's face value. The person who is insured under the policy is called a life settlor. This person may or may not be the owner of the policy. Only the owner of the policy has the right to sell the policy. If you do not own the policy, the owner cannot sell the policy without your consent. The entity that buys the policy is called a life settlement provider (hereafter referred to as provider). Additionally, there are persons called brokers or provider representatives, who help with the sale of the policy.

A life settlement offers you the opportunity to receive a portion of your policy's death benefit while you are still alive.

### **How do life settlements work?**

Most providers, provider representatives, or brokers will ask you to complete an application and medical release forms so that they can gather information from your life insurance company and your doctors. All information gathered must be kept confidential and cannot be given to anyone without your written approval. If you qualify, the provider will make you an offer for your policy. The amount offered for your policy will be based on facts such as how long you are expected to live, the amount you pay for premiums, the rating of your insurance company, and your policy's provisions (e.g., a waiver of premium). If you accept the offer, you will be asked to sign a life settlement contract.

### **Do I have to sell all of my policy?**

No. You can sell all of your policy or you can sell only a part of your policy. If you sell only a part, you will be required to assign or transfer only the part being sold. If you sell the entire policy, the provider will become the new owner of the policy.

### **Is there a difference between a broker and a provider representative?**

Yes. Although both a broker and a provider representative will help you with the sale of your policy, there are important differences between them. A broker works for you. A broker will check with several providers to find the best offer for you. A provider representative works for a provider. A provider representative will only check with the provider that he or she works with to get you their offer. If you use someone to help with the sale of your policy, you may want to ask whether they are a broker or a provider representative.

### **Is the provider, provider representative, or broker required to keep my information confidential?**

Yes, any financial, medical, or personal information obtained by a provider, provider representative, or broker about you, including your family members, a spouse, or a significant other, may not be shared with anyone unless you have given written approval that the information may be shared. Any written approval for the sharing of this information must show who may get the information and why it will be released.

### **If I enter a life settlement contract, when will I get my money and who from?**

The answer to this question depends on how the provider runs its business. Some providers use an escrow agent or trustee to handle the money that will be paid to you. If an escrow agent or trustee is used, the escrow agent or trustee will send you the money within three business days of the date the insurance company confirms to the provider that the transfer of ownership has been completed. If an escrow agent or trustee is not used, the provider will send you the money within three business days from the date you signed both the contract and the papers needed to transfer or assign your policy to them.

### **What if I change my mind?**

If you change your mind about selling your policy, you can cancel the life settlement contract at any time up to the 15th day after you receive the money from the provider. To cancel the life settlement contract, you will have to return any money the provider paid to you for the purchase of your policy along with any premiums the provider paid to keep the policy in force. If you change your mind, remember to arrange with the provider to have the insurance company transfer the ownership of the policy back to you.

### **What if I die shortly after selling my policy?**

If you die at any time up to the 15th day after you receive the money from the provider, the settlement contract will automatically cancel. The provider will pay the owner of your policy or beneficiaries designated by the owner in the life settlement contract any proceeds it receives from your policy, minus any money it already paid for the purchase of your policy and any premiums it paid to the insurance company to keep your policy current. The insurance company or the provider should refund any unearned premiums paid.

### **What happens after I get my money?**

After the provider has paid the owner for the sale of the policy, they may begin calling to check on the health status of the life settlor.

### **What if I don't want to be contacted about my health status?**

If you do not want to be contacted about your health status, you may appoint an adult person or persons to be contacted on your behalf. That person must be in regular contact with you and you must give the provider their name, address and phone number. Once you give the provider this information, they may not contact you unless they have tried and have not been able to reach your contact person for more than 30 days. If you need to, you can change your contact person at any time by sending a written notice to the provider.

### **How will I know who will be calling me or my contact person about my health status and how often can they call?**

The provider must give you the name, address, and phone number of the person who will be contacting you or your contact person(s) about your health status. If your life is expected to end in one year or less, contacts to check on your health status are limited to once every 30 days. If you are expected to live for more than one year, contact is limited to once every three months.

### **Will the provider be calling my doctor to check on my health status?**

Some providers will use your signed medical release form to check with your doctor for updates on your health status. The medical release form tells your doctor that you want your doctor to give your medical information to the provider, their broker, or provider representative. If you decide you do not want the provider to contact your doctor, you have the right to withdraw your medical consent in accordance with law.

### **How will I know if my policy includes extra coverages like accidental death, future increases in the death benefit, or covers other family members? Do these affect my settlement?**

Some policies contain extra coverages. You may want to contact your insurance company or agent to see if your policy contains a provision or rider providing extra coverages.

If your policy includes a benefit for accidental death, the additional death benefit may not be included as part of your settlement. The additional death benefit will remain payable to your beneficiaries or your estate.

If your policy provides future increases in the death benefit, you may want to ask how much the provider is paying you for the purchase of this benefit.

If your policy is a joint policy, or provides coverage on the lives of other family members or anyone other than yourself, there may be a possible loss of coverage.

### **Are there other options available besides selling my policy?**

Your insurance company may offer options, such as accelerated death benefits, loans, and surrender of the policy for its cash value. Before entering into a life settlement, you should contact your insurance company or agent to see what options are available.

### **What other things should I know about a life settlement contract?**

Some things that may be affected if you enter a life settlement are:

- there may be a loss of life insurance coverage on your spouse or other family members, if the policy (or any riders attached to it) covers their lives;
- the amount of premiums you pay;
- policy cash values or dividends, if provided for in the policy;
- a loss of other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the your policy;
- you may incur tax consequences;
- your ability to receive supplemental social security income, public assistance, and public medical services including Medicaid; and
- the money you receive for your life settlement could be taken away from you by creditors, personal representatives, trustees in bankruptcy, and receivers in state or federal court.

Because of the above, you should contact an attorney, accountant, estate planner, financial planning advisor, tax advisor, social services agency, your insurance company, or agent, as applicable, to find out what effect selling your policy will have on you.

### **What is the time line from start to finish in respect to completing the sale of a policy?**

<u>Stage</u>	<u>Timeline</u>
Application	1 day
Medical Records	2 to 4 weeks
Medical review	2 to 4 weeks
Illustrations	2 to 4 weeks
Offers	2 to 4 weeks
Contracts	2 weeks
Change of Ownership	2 to 3 weeks
Funding	2 to 5 days

The above timeline is only for indicative purposes, and therefore every effort will be made to complete each stage within the minimum time limits stipulated above.

**ACKNOWLEDGMENT BY AGENT OR AGENT'S REPRESENTATIVE**

I, \_\_\_\_\_, \_\_\_\_\_ of  
Agent/Representative Name Title/Position  
\_\_\_\_\_ (the "Agent") acknowledge that  
Business Name

I have received the following documents from Oaktree Group: (1) Life Settlement Application, (2) Broker of Record Form, (3) Authorization for Release of Medical and/or Insurance Information, (4) Physician's Letter of Competency for the First and Second Insured, and (5) Required Notice – Important information you need to know before entering a Life Settlement (the "Forms") with respect to a certain life insurance policy or policies, as further described below (collectively, the "Policy"). Agent further acknowledges that he or she has delivered the Forms to the owner of, and insured under, the Policy and that the Agent has used his or her best efforts to ensure that the owner and insured have signed those Forms where a signature is required. Agent further represents that he or she has reviewed the signatures of the owner and insured on those Forms where a signature is required and that, to the best of the Agent's knowledge, the signatures are substantially similar to the signatures of the owner and insured under the Policy submitted. Finally, Agent represents that (i) he or she has not paid, lent or advanced to the owner of the Policy or the insurance company that issued the Policy any funds for the purpose of paying premium payments on the Policy, other than any state-authorized payments or rebates of all or any portion of Policy commissions which you elected to pay to the owner of the Policy and (ii) he or she has no ownership rights or interests in the Policy, regardless of whether such rights or interests are recorded with the insurance company that issued the Policy or are obtained directly through a separate agreement or arrangement with the owner of the Policy.

Insured Name(s): \_\_\_\_\_  
First Insured Second Insured

Policy Number: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Insurance Company: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

X \_\_\_\_\_, as of the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_  
Agent/Representative Signature  
\_\_\_\_\_  
Agent/Representative Name

**AGENT:** Name: \_\_\_\_\_

Company: \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_\_) \_\_\_\_\_ email: \_\_\_\_\_

Remarks \_\_\_\_\_  
\_\_\_\_\_