

## **Life Settlements – A New Premium Recovery Option for Expiring Term Policies**

Most people don't realize that convertible term policies can be sold in the rapidly growing secondary market for life insurance policies. For qualifying seniors that own term policies with a conversion privilege that are nearing the end of their term, or that they simply do not want or need anymore, a life settlement can provide a valuable exit strategy that will allow them to recapture past premium costs.

Chesapeake recently completed a transaction on a \$500,000 10-year term policy insuring a 68-year old MD resident. This policy was owned by the insured's family trust and due to expire in the coming year. Transaction details were as follows:

|  |   |
|--|---|
| Term policy converted to \$500,000 universal life policy |   |
| Annual Premium:  | \$10,870  |
| Insured's Life Expectancy:                               | 10.1 years  |
| Settlement Offer to Client:                              | <b>\$64,400 + reimbursement of conversion premium</b> |

This settlement offer represented a more than a **\$30,000 gain** on aggregate premiums paid over the life of the policy.

In addition to individual and trust-owned policies, this strategy also can be particularly effective for business-owned policies. Commonly, unneeded key-man and buy-sell policies on retiring or transitioning business owners are allowed to lapse without exploring this option. Exploring a life settlement could provide business owners with a mechanism to recoup past premiums instead of simply writing them off as sunk costs.

To learn more or discuss a potential case, please call Joe Young or Patrick Duke at 240-403-1509 or visit our website, [www.chesapeakefs.com](http://www.chesapeakefs.com).