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Chesapeake Brokerage Carrier Spotlight

Every Tuesday, Chesapeake Brokerage will be sharing a Carrier Spotlight to highlight the carrier's that we work with and their products! Our goal is to show you a different perspective on the product and hopefully help you find new ways to help you clients reach their financial goals.

If you have any questions or have a carrier or product request, please don't hesitate to reach out to Erin Dunseith at erin@chesapeakebrokerage.com.

Carrier Name: Abacus Life Settlements

- Website: www.abaculuslivesettlements.com

Carrier Background information:

Abacus was first formed in New York's financial district in 2004, and is now headquartered in Orlando, Florida. We have been a leading buyer of life insurance policies in the U.S. for the last 17+ years. With over \$10 billion in policy face value purchased, we have helped thousands of clients maximize the value of their life insurance. With over 55 team members strong, we provide white-glove service to financial advisors and policy owners who need to value life insurance and explore this lucrative financial option. We consistently rank top of the industry in funds deployed to purchase policies and percent paid to clients. Our shareholders and officers have been leaders in the industry since its inception in the mid-'90s.

Abacus Life is a proud member of the LISA and strictly adheres to HIPAA and privacy laws to maintain and protect the confidentiality of financial, health, and medical information. Abacus Life is also proud to be a BBB Accredited Business with an A+ rating. We pride ourselves in being able to understand the finer details of all cases that we manage, finding solutions to the needs of every client

Tell us a little bit about *Life Settlements*.

In terms of definition, a **life settlement** is the financial transaction of an existing life insurance policy to a licensed life settlements buyer for more than its cash surrender value, but less than its death benefit. The policy owner transfers ownership and beneficiary rights to an institutional investment fund. The insured receives a lump-sum cash payment that can often be 4 to 6 times greater than the cash surrender value in exchange for transferring ownership. The money belongs entirely to the policy seller and can be spent at their discretion. Life settlements can also be in the form of a paid-up death benefit.



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What makes this product unique?

At Abacus Life, we uniquely cater each settlement based on the particular needs of each client. We offer traditional, retained benefit, and hybrid options. The **traditional** option is to sell the insured's entire life insurance policy for a cash amount above the policy's surrender value—the insured has no further obligations or claims to the policy, with all future premiums paid by the buyer. The **retained benefit** option means the insured would no longer pay any premiums and retain a portion of their benefit—when the policy ends, beneficiaries will receive a guaranteed percentage, but the insured has no further obligations or payments to make. The **hybrid option** is a combination of two, where the insured would sell a portion of their life insurance policy. With this option, the insured receives a cash payment now, the beneficiary gets a guaranteed percentage of the benefit when the policy ends, and the insured has no further obligation to pay future premiums.

What are the key benefits of this product?

When a senior receives their life settlement, they can spend it completely at their discretion--with no strings attached. It is common for seniors to utilize their payouts to cover medical bills, assisted living expenses, accumulated debt, or simply to supplement their retirement lifestyle. However, there are **never** any guidelines in how one can spend their settlement payouts.

Who is this product best for?

Life settlements are targeted to those who meet the following criteria:

- Own a policy with a **\$100,000 or more** in death benefit – anything less than that typically does not qualify, unless there are considerable health impairments
- Life insurance policies generally qualify if you are over **age 70**
- A decline in health from the time when the policy was issued **may** help better an insured's chances to qualify, but it is not necessary

It is important to note that because each life settlement case is distinctive, these factors should only be seen as **general guidelines**. Each case is unique, so it is always best to reach out to an Abacus representative to see if an insured qualifies.

Do you have talking/selling points we can share with our producers?

- The value of a policy is determined based on the following factors: **policy type, policy face value, insured's age, and health status**. Our unique **Abacus Life Settlement Calculator** can provide insureds a quote in a matter of seconds—this quote can be used to begin the conversation with one of our Account Executives.
- At Abacus, we aim for the life settlement process to take 30 days or less. Generally, the length of time selling a policy takes varies on a case-by-case basis.
- Abacus offers viatical settlements specifically catered to insureds who are terminally or chronically ill. The proceeds usually vary from 50% to 80% of the death benefit. The IRS



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allows funds to be received as a tax-free gain if the insured meets specific criteria stated by a medical professional.

- Abacus Life is licensed to purchase life insurance policies now in 49 states.

Do you have a case study we can share?

Male & Female, Ages 81

Product: Metlife Joint Survivor Universal Life

Competitor Offer: \$320,000 in cash

Abacus Offer: \$540,000 in cash; \$85,000 paid to the agent

An agent originally brought this case to our competitors' attention and they gave them a \$320,000 offer, which wasn't enough for the client to surrender the policy. The illustrated premiums were \$146,000 with a \$32,600 net surrender value.

The insureds had already paid in \$200,540 into the policy. After underwriting their medical records, Abacus was able to generate an offer of \$540,000, approximately double what our competitor offered

Please include any other information that you think would be useful.

- Abacus Life ranks **#1 for fast sales** in the life settlement industry by Investopedia.
- In the annual report by The Deal, Abacus Life paid out 22.5% per policy on average—**37% higher** than our closest competitor who paid an average 16.5% of policy value to sellers.
- The Balance has deemed Abacus Life the “**Best Overall**” **Life Settlement Company** in the industry. Their review was as follows: “Abacus Life Settlements is our best overall life settlement company because of its straightforward and easy process combined with its great customer reviews. If you need a quick estimate, on your policy's value they can get you one in 24 hours. Additionally, they'll get you a formal offer in 14-21 days of receiving your application. This is quite speedy for the industry. The company's easy-to-use process and speed makes for a great offering.”