

Policy Valuation

A Key To Growing Opportunity

A policy valuation helps you more accurately assess the performance of a life insurance policy. So you can help your clients better understand the value of their assets. And advise them on opportunities available in the secondary market for life insurance. To learn more about this important process, read on.

AN EXPANDING ROLE FOR ADVISORS.

The sale of an existing life insurance policy is no longer a new concept; it is a financial planning reality. Consumers are becoming aware of the potential in life settlement transactions. And life insurance agents, estate planning attorneys, trustees and financial planners are recognizing their responsibility to present clients with this alternative.

A policy valuation is the first step in accurately assessing the performance of any life insurance policy. All that is required are a completed questionnaire, authorization to obtain medical records, and carrier illustrations. There is no cost or commitment on the part of your client.

GOOD NEWS VS. GOOD NEWS.

The result of a policy valuation might be that the policy is performing well and should be maintained. Or you may find that the policy is worth far more than you previously thought and your client can benefit from a reallocation of those assets through a life settlement. In either case, it is a win.

When talking to your clients, point out that a policy valuation can be considered a necessary part of any annual insurance review, and that it may:

- unlock the fair market value of your client's life insurance policy.
- uncover new sources of liquidity for your clients.
- provide useful planning options for your clients.
- be a solution to poorly structured or financed policies.

When talking to your centers of influence (CPAs, Estate Planning Attorneys and Trust Officers), remember that a policy valuation is:

- prudent for anyone acting as a fiduciary.
- necessary to ensure all of your client's options have been explored.
- appropriate any time a client has a change in circumstances or is considering a change in planning.
- suitable for corporate-owned, trust-owned and individually-owned policies.

TALKING POINTS

Now that you know about the vital role of a policy valuation, you may wish to contact your clients age 65 and over with a life insurance policy of \$100,000 or more to schedule a policy review. As you do, consider sharing the following points.

- Term policies frequently expire with no claims being paid. A policy valuation will determine if your client can recoup a portion of the premiums paid prior to the policy expiring.
- For clients experiencing liquidity issues, new options exist that make it possible to maintain a portion of their coverage while eliminating future premium obligations.
- Ask your client why they purchased the policy. If those needs have changed or they no longer need the insurance, a policy valuation is a quick and easy way to ensure they are making an informed decision in light of all available options.
- A life insurance policy can now be considered on par with other assets – such as stocks or real estate – and should be reviewed annually if the policy is no longer needed or not meeting the client's expectations.
- Policies that have traditional financing and need additional collateral should be reviewed. A policy valuation can help your clients decide if they should continue financing or if they should sell their policy and repay the loan.

UNCOVER HIDDEN VALUE.

Here is an example of how a life settlement helped a policyowner realize considerable value for an unneeded policy.

The 70-year-old policyowner had experienced a significant decrease in the value of his estate and no longer needed the same level of coverage. He was considering letting his \$5 million convertible term policy lapse – and receiving nothing from the insurance company – when his advisor suggested a policy valuation.

Coventry provided the policyowner with \$150,000, making it possible for him to recoup a significant portion of his previous premium outlay with an asset that otherwise would have had no value.

ABOUT COVENTRY

Coventry created the secondary market for life insurance and established a new class of consumer-driven secondary market transactions. By uniquely bridging insurance and capital markets, we have opened a wealth of opportunities for policyowners and the financial professionals who serve them. Our efforts have delivered more than \$3 billion to policyowners.

As the market leader, Coventry continues to drive the industry forward. By expanding opportunities and setting new standards of excellence in everything we do, Coventry is making life insurance more flexible, more powerful and more valuable. And it will never be the same.

NEXT STEPS.

To learn more about policy valuation and other options available through the secondary market for life insurance, call 877-836-8300 or visit coventry.com.

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