

LIFE SETTLEMENTS

A better option for unneeded life insurance policies.

What is a life settlement?

In short, a life settlement is the sale of an existing life insurance policy for more than the policy's cash value but less than the death benefit.

Life insurance provides financial solutions to meet various needs of businesses and families. Over time, however, needs change. Policies may fail to meet the needs of changing circumstances or may no longer be needed.

A life settlement offers policyowners an opportunity to sell their policy for significantly more than the cash value offered by the insurance carrier.

The purchaser assumes ongoing premium payments and receives the death benefit upon the death of the insured. In most cases, Coventry can tailor a bespoke solution for the policyowner, where they can choose to retain a portion of the policy's death benefit in lieu of, or in addition to, a cash payment.

More powerful. More flexible.

It is estimated that more than \$700 billion of life insurance is surrendered or permitted to lapse each year – over \$100 billion of which is by seniors. Further, nearly 90% of all Universal Life policies never result in a death claim.

A surrender essentially is a sale of the policy back to the insurance company for the cash value. Life settlements benefit policyowners by offering an alternative option.

On average, life settlements provide more than four times the policy's cash surrender value in addition to decreased monthly expenditures for policy premiums.

Why would I sell my life insurance policy?

There are many reasons policyowners pursue life settlements. Some of the more common reasons include:

- The original purpose for the policy no longer exists.
- Estate, business, or financial needs have changed.
- Liquidity is needed.
- Premium payments have become unaffordable.

Who qualifies?

- Insureds 65 years or older living in the United States. Younger insureds with health impairments or terminal conditions may also qualify.
- Any policy type with a death benefit of \$100k or greater and issued by a U.S. carrier may qualify.
- There is no minimum or maximum life expectancy.

How can I use the proceeds?

There are no restrictions on how the proceeds of a life settlement can be used. Some common uses are:

- Investments and financial planning
- Cover medical or long-term care costs.
- Fund a better retirement.
- Generate liquidity for large purchases or travel.
- Cover tuition or provide immediate financial support for their family.

Coventry Overview

- In 1998, Coventry created the secondary market for life insurance. The company coined the term “life settlement” to describe the transaction that enables policyowners to sell unneeded policies; deployed the rigorous due diligence standards required to protect the privacy of insureds; and spearheaded efforts with regulatory bodies to promote strict industry regulations to guide the market’s growth.
- Coventry is the largest company in the secondary market for life insurance. We operate across multiple business lines and have been the industry’s largest buyer since the market’s inception. Coventry and its affiliates currently purchase more than 40% of all policies⁽¹⁾ transacted in the secondary market.
- As the only licensed provider with origins in the life insurance industry, Coventry fully appreciates the intricacies of the life insurance industry. Understanding and accurately appraising life insurance policies is no simple matter. It is critical to the success of many secondary market transactions that the provider be well-versed in the complexities and nuances of life insurance. Our knowledge and proprietary data allow us to purchase policies that others would decline.
- Coventry is a fierce advocate for the policyowner. We led the market in promoting comprehensive regulation, including laws to protect consumer property and privacy rights and encourage best practices among life settlement providers. Our proactive efforts continue to define the market’s regulatory landscape.

By the Numbers

No. 1

Buyer of life insurance policies.⁽¹⁾

38+ Year

Operating history.

\$360B+

Death benefit reviewed.

14,000+

Life insurance policies purchased.

40%

Market share.⁽¹⁾

80,000+

Policies serviced.

About Coventry.

Coventry created the secondary market for life insurance, coining the term “life settlement” to describe the transaction that enables policyowners to sell their unneeded life insurance policies. For more than 20 years, Coventry has been the life settlement market leader, driving the industry forward and expanding opportunities for policyowners. Since its founding, Coventry has completed more than \$40 billion in longevity-linked transactions.

(1) Source: “The Life Settlements Report” by The Deal.

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ADVANTAGES OF SELLING YOUR LIFE INSURANCE POLICY FOR CHARITABLE GIVING

Before you sell or donate stocks or other investments, there's another valuable asset that you can leverage as a source of funds for charitable giving: selling your life insurance policy as a life settlement.

The immediate proceeds from a life settlement are a source of liquidity that can be directed anywhere — including towards charitable giving.

Advantages of selling your life insurance policy.

After selling your policy, donating the proceeds from a life settlement to charity can be a beneficial option. Here's how:

Maximize your tax benefits. Receive the tax benefits of a charitable deduction by selling your policy through a life settlement and donating the proceeds. By removing the policy from your estate, you're also reducing the size of your total estate and the amount that could be subject to estate taxes or probate.

Double liquidity strategy. By selling your existing life insurance policy, you unlock a dual benefit because you will receive a cash payout and remove the burden of paying ongoing premiums. This allows you to tap into more cash that you can use to support the organizations you care about.

Maintain your investment strategy. With the proceeds from a life settlement funding your charitable giving, you can maintain your current investment portfolio. This lets your other assets continue to grow.

Advantages of gifting the proceeds of a life settlement instead of naming a charity as your beneficiary.

Transferring ownership of your life insurance policy to a charity or naming that charity as your beneficiary has drawbacks which can be avoided by choosing a life settlement. Opting for a life settlement to support your philanthropic giving can help:

Eliminate future premiums and policy management. The cost of maintaining a policy could reduce the impact of your contribution. A life settlement allows you to remove the financial obligation and administration required to keep the policy active.

Provide the charity with immediate cash flow. For charities and nonprofits alike, meeting immediate cash flow needs is a constant challenge. With a direct lump-sum donation via a life settlement, the organization benefits from instant liquidity, allowing the charity to make an immediate difference in the lives of many.

Why would I sell my life insurance?

- Deliver cash directly to your charity of choice without tapping into your savings or portfolio.
- Eliminate ongoing premium obligations, freeing up additional resources for future donations.
- Maintain existing investment strategies while reaping the tax benefits of charitable contributions.

Who qualifies for a life settlement?

- Insureds 65 years or older. Younger insureds with health impairments or terminal conditions may also qualify.
- Any policy type with a death benefit of \$100,000 or greater and issued by a U.S. carrier.
- There is no minimum or maximum life expectancy.

MORE POWERFUL.

More than \$700 billion of life insurance is surrendered or permitted to lapse each year – over \$100 billion of which is by seniors. Further, nearly 90% of all Universal Life policies never result in a payment to beneficiaries.

Rather than surrendering or lapsing your policy, you can use a life settlement to make an immediate difference. On average, life settlements provide more than four times the policy's cash surrender value. That plus the savings from not paying your life insurance premiums anymore, provides you with more ways to support the organizations you care about.

MORE FLEXIBLE.

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To learn more about charitable giving in the form of life settlements, speak with your advisor today.