

**The 2007 AIM Life Settlement survey was conducted to better understand the opinions of Financial Advisors towards the industry, their approach to the business, and to gather data for a more effective life settlement training system.**

Perhaps the study's most significant finding is the wide disparity between the perceived responsibility to discuss life settlements and the actual level of participation.

As the life insurance settlement industry continues to evolve, it has reached a point where the majority of Advisors have a positive view of the industry and overwhelmingly consider the appropriate discussion of life settlements to be a part of their fiduciary responsibility. Yet, given these points, *only* 18% rate their life settlement knowledge level as strong, with 46% indicating that they have clients who have lapsed a life insurance policy without seeking a life settlement quote.

**Training approaches:** Based on the survey rankings, Advisors who are active in the life settlement market-place gained their knowledge from industry publications, life settlement companies, websites, and eventual hands on experience. Going forward, the most desired methods for training are from printed materials, then from websites, email/newsletters and webinars.

**New business acquisition:** By far, Advisors who are closing life settlement cases credit their success to their current book of business and their ability to solicit referrals. Eighty percent view referrals as highly important. Other key sources for finding prospects are trade shows, seminars and direct mail.

**Commissions:** A better understanding of life settlement commission programs is needed, with 66% stating that their knowledge level was poor.

**Factors for selecting a life settlement company:** When it comes to choosing a life settlement company several factors are ranked important to

the selection process, with the most important being regulatory and license compliance. Other results vary by the level of experience. Advisors new to life settlements initially seek companies who deliver training and support. Experience advisors seek maximum funding exposure.

**Methodology:** Responses were solicited from over 8400 professionals and provide a cross-section of insurance, financial and legal viewpoints. Over 300 responses were received.

**The next step:** Future training materials will be created to reflect this surveys findings. As with any evolving product offering, like life settlements, it takes time for producers to gain the practical knowledge and experience to become effective. Those who desire initial training or further education only need to reach out to find assistance by contacting our office.

**Senior Life Settlement Background:** A Life Insurance policy, once considered a future benefit, is now a living asset just like real estate, stocks and other valuable investments. As with all assets, understanding a Life Insurance policy's fair market value is essential to making accurate financial decisions. We recommend obtaining a *simple, free, and non-binding* Life Settlement quote before deciding to: 1) retain a policy, 2) cash-out of a policy, 3) lapse a policy, or 4) seek other financial / insurance options.

A Life Insurance Settlement allows a policy owner, business or charity to sell an undesired or unwanted life insurance policy for an amount greater than the cash surrender value and less than the net death benefit, often at 2-4 times the cash surrender value. The policy is purchased by a licensed and institutionally backed funding source in an auction-like environment referred to as the secondary life insurance market. The most favorable conditions for receiving a life settlement offer are on policies with face values over \$250,000 (minimum \$100,000), an insured age of 65 or

## KEY FINDINGS

- The majority of Advisors have a positive view of the senior life settlement marketplace.
- Over the past 3 years the view of senior life settlements has improved.
- 73% of Advisors feel that informing appropriate clientele about life settlements is part of their fiduciary responsibility.
- 46% of senior policies are lapsing without seeking a life settlements quote.
- Only 18% of Advisors rate their life settlement knowledge as strong.
- Only 19% state they have ever closed a life settlement case.
- Advisors are targeting a staggering 3x more life settlement activity in 2007 over 2006.
- Current knowledge base has been obtained primarily from industry publications, life settlement companies and the Internet.
- Advisors prefer more training in the form of printed materials, webinars, email/newsletters and more.
- Overwhelmingly life settlement prospecting comes from current client base and referrals.

more, with a life expectancy between 2 and 15 years. Most policy types qualify - even some term life insurance policies provided they have a conversion option to permanent coverage

**For more information: 1-888-441-8881 or [info@aimsettlements.com](mailto:info@aimsettlements.com)**

## 2007 AIM LIFE SETTLEMENT SURVEY RESULTS

### 1) Which title best describes you?

|                            |     |
|----------------------------|-----|
| Insurance Producer         | 25% |
| Insurance Broker           | 20% |
| Financial / Estate Planner | 17% |
| Senior Advisor             | 11% |
| CPA                        | 10% |
| LTC Professional           | 9%  |
| Trust Officer              | 4%  |
| Attorney                   | 3%  |
| Banker                     | 1%  |

### 2) What is your general view of the senior life settlement marketplace?

|             |     |
|-------------|-----|
| Positive    | 52% |
| Indifferent | 39% |
| Negative    | 8%  |

### 3) How has your view of the senior life settlement marketplace changed over the past 3 years?

|           |     |
|-----------|-----|
| Improved  | 44% |
| No change | 49% |
| Declined  | 7%  |

### 4) Have you ever participated in the closing of a life settlement case?

|     |     |
|-----|-----|
| Yes | 19% |
| No  | 81% |

### 5) If yes, how many life settlement cases did you close in 2006?

|                       |     |
|-----------------------|-----|
| Average # by Producer | 2.6 |
|-----------------------|-----|

### 6) How many life settlement cases do you expect to close in 2007?

|                       |     |
|-----------------------|-----|
| Average # by Producer | 8.4 |
|-----------------------|-----|



## 2007 AIM LIFE SETTLEMENT SURVEY

7) In the past 2 years, have any of your clients - over the age of 60 - canceled or lapsed a life insurance policy, without seeking a life settlement appraisal?

|     |     |
|-----|-----|
| Yes | 46% |
| No  | 54% |

8) In your opinion, is it part of an advisor's fiduciary responsibility - where appropriate - to inform clients about a life settlement?

|           |     |
|-----------|-----|
| Yes       | 73% |
| Uncertain | 24% |
| No        | 4%  |

9) How do you rate your knowledge of the life settlement process?

|        |     |
|--------|-----|
| Strong | 18% |
| Fair   | 51% |
| Poor   | 31% |

10) How did you acquire your knowledge of life settlements? Respondants were asked to check all that apply

|                           |     |
|---------------------------|-----|
| Industry publications     | 50% |
| Life Settlement companies | 41% |
| Internet                  | 23% |
| Hands on experience       | 19% |
| Word of mouth             | 19% |
| Training sessions         | 19% |

11) Were you to receive training and/or marketing support in life settlements, which medium would you prefer? Respondants were asked to check all that apply

|                           |     |
|---------------------------|-----|
| Print marketing materials | 44% |
| Webinars                  | 33% |
| Training seminars         | 33% |
| Email / newsletters       | 33% |
| Websites                  | 31% |
| Video presentations       | 27% |
| Customizable materials    | 17% |
| Audio presentations       | 15% |
| Telephone training        | 10% |

12) Besides a periodic review of your current

clientele, what are the most important means for identifying and prospecting to life settlement candidates?

### ■ Referrals

|                    |     |
|--------------------|-----|
| Highly Important   | 80% |
| Somewhat Important | 15% |
| Not Important      | 5%  |

### ■ Trade shows

|                    |     |
|--------------------|-----|
| Highly Important   | 18% |
| Somewhat Important | 52% |
| Not Important      | 29% |

### ■ Seminars

|                    |     |
|--------------------|-----|
| Highly Important   | 12% |
| Somewhat Important | 45% |
| Not Important      | 43% |

### ■ Direct Mail

|                    |     |
|--------------------|-----|
| Highly Important   | 12% |
| Somewhat Important | 43% |
| Not Important      | 45% |

### ■ Website

|                    |     |
|--------------------|-----|
| Highly Important   | 9%  |
| Somewhat Important | 34% |
| Not Important      | 56% |

### ■ Print advertising

|                    |     |
|--------------------|-----|
| Highly Important   | 8%  |
| Somewhat Important | 40% |
| Not Important      | 52% |

### ■ Telemarketing

|                    |     |
|--------------------|-----|
| Highly Important   | 5%  |
| Somewhat Important | 25% |
| Not Important      | 70% |

### ■ Radio

|                    |     |
|--------------------|-----|
| Highly Important   | 2%  |
| Somewhat Important | 31% |
| Not Important      | 68% |

13) Commissions are available from a number of areas related to the life settlement process. How do you rate your knowledge of life settlement commission opportunities?

|        |     |
|--------|-----|
| Strong | 13% |
| Fair   | 30% |
| Poor   | 57% |

14) Rate these factors as they pertain to the selection process of a life settlement company

### ■ Regulatory and state licensure compliance.

|                    |     |
|--------------------|-----|
| Highly Important   | 91% |
| Somewhat Important | 8%  |
| Not Important      | 1%  |

### ■ Ease of application. Thorough and expeditious case processing.

|                    |     |
|--------------------|-----|
| Highly Important   | 80% |
| Somewhat Important | 19% |
| Not Important      | 1%  |

### ■ Personalized service level of individual representative.

|                    |     |
|--------------------|-----|
| Highly Important   | 76% |
| Somewhat Important | 23% |
| Not Important      | 1%  |

### ■ Ability to expose cases to the widest body of qualified funders. (This item is #1 among

Advisors active in life settlements)

|                    |     |
|--------------------|-----|
| Highly Important   | 59% |
| Somewhat Important | 39% |
| Not Important      | 1%  |

### ■ Company's marketing support and training.

|                    |     |
|--------------------|-----|
| Highly Important   | 54% |
| Somewhat Important | 42% |
| Not Important      | 4%  |

### ■ Years of service in the life settlement industry.

|                    |     |
|--------------------|-----|
| Highly Important   | 51% |
| Somewhat Important | 47% |
| Not Important      | 3%  |

### ■ Resources to deliver highest settlement amount

|                    |     |
|--------------------|-----|
| Highly Important   | 47% |
| Somewhat Important | 46% |
| Not Important      | 7%  |

### ■ Commission / fee structure.

|                    |     |
|--------------------|-----|
| Highly Important   | 47% |
| Somewhat Important | 46% |
| Not Important      | 7%  |

We wish to thank all participants in the 2007 Life Settlement Survey. Responses will be utilized to assist us in promoting education and growth in the Life Settlement industry.



[www.aimsettlements.com](http://www.aimsettlements.com)

AIM Life Settlements is a life settlement broker located in Chicago, IL. An active member of the Life Insurance Settlement Association. AIM Life Settlements provides simple, free and non-binding life settlement offers to clients and advisors. 1-888-441-8881 [info@aimsettlements.com](mailto:info@aimsettlements.com)