



ABS Focused on Educating Agents on the Potential of the Life Settlement Market

It remains increasingly evident that for today's insurance professional to fully develop this new "profit center" they need a resource that provides cutting-edge education, superior infrastructure, and full disclosure of the negotiating process...enter ABS!

It is clear that the Life Insurance industry has been "re-invented" with the advent of the Life Settlement marketplace. This secondary market has grown exponentially over the last few years, and has transformed into a reputable institutionally driven "forum" to sell in force life insurance policies. Although the growth of this marketplace is staggering as reported in the latest **Bernstein Research Study**, we are still in the infancy of this cycle. The Bernstein Study also reports that the Life Settlement business will grow more than ten-fold to \$160 billion over the next several years. At present, there is roughly \$13 billion of total in force settlement business. Yet, as settlements become part of our business "culture", it is estimated that this market will surpass earlier forecasts and exceed \$300 billion in face amount settled over the next several years. With this in mind, it is important to take note that the target market for life settlements (i.e., individuals above age 65) should grow by 90% over the next 25 years, more than 3x the 23% growth rate of the total U.S. population.

It remains increasingly evident that for today's insurance professional to fully develop this new "profit center" they need a resource that provides cutting-edge education, superior infrastructure, and full disclosure of the negotiating process...enter ABS!

At its most basic level, the Life Settlement transaction is quite simple – selling a life policy for an amount greater than the surrendered value or for a price that is material to the consumer's needs. Yet, this "basic" transaction can be arduous or underdeveloped if an agent does not know the following:

- Who is a legitimate candidate?
- What is an average purchase price?
- How many institutional money sources will be asked to bid on their file?
- How does the client and agent get paid?
- What is the gross offer?

Far too many agents are not commanding the highest purchase prices on the market because they are dealing directly with a funder or they are working with a brokerage whose infrastructure is limited – only accessing a small number of funding institutions. How do these limitations impact pricing? The answer is very simple. It is impossible to have the most successful auction without inviting all of the leading bidders. In this respect, ABS' infrastructure is unparalleled in the industry.



Page 2 - ABS Focused on Educating Agents on the Potential of the Life Settlement Market

We have relationships with every institutional money source in the market, both nationally and internationally. This depth of auction gives us the ability to create the greatest demand for policies being sold. As a result, our agents are providing their clients the highest possible settlement purchase prices, and at the same time maximizing their commissions.

The most illusive component of the Life Settlement process is the “Gross Purchase Price”. Obviously, the gross purchase price determines the consumer’s payout and the agent’s commission. Yet, in many instances, this gross number is not fully conveyed. Depending on the source that has handled a settlement transaction, fees might be deducted before the purchase price is divulged to the agent. This is another significant reason why agents throughout the country subscribe to ABS transparent (full disclosure) negotiation model – we deal in the gross offer!

At ABS, we are consistently successful at producing top settlement offers, because we also maintain a strict discipline of presenting our cases to every possible funder on every case. Since millions of dollars can be infused into the marketplace at any given time by any given funding source, it is essential for ABS to remain impartial. In essence, there are no favorite funding sources. It is our focus to create the best offer for our clients that exists at that moment in time. Thus, ABS has positioned itself for successful negotiations by always accessing all money sources available to purchase policies.

In conclusion, industry studies such as the **Agent Media Study**, have shown that insurance professionals are becoming more aware every day of the potential of the settlement market. In this regard, agents see the tremendous value this “tool” provides their clients, in lieu of surrendering or lapsing policies. Still, most agents are quick to point out that they have not completed a life settlement transaction, because they do not feel that they have the knowledge to do so.

Today, ABS invites you to “partner” with us in an effort to access the industry’s leading educational resources, infrastructure, and negotiations model. We are actively training hundreds of agents throughout the country today, and look forward to helping hundreds more harness the economic benefits of this transaction – for the consumer and the agent.