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Did you know that seniors sold life insurance policies with a face value of \$11.8 billion last year to viatical settlement companies? A viatical or life settlement occurs when a life insurance policy owner assigns for value the ownership of the policy to a broker who then sells it to an investor. The investor pays the premiums on the policy until the insured dies and then the investor collects. The investor expects to collect more upon death than he paid to purchase the policy and maintain it. The insured seller needs money during life and is offered more than the insurance company will pay upon surrender. Sounds like a win-win situation?

Not always. I had clients many years ago, an older couple in a small town in North Georgia, who were approached by a door-to-door salesman. He was selling viatical contracts and convinced them to liquidate their investments and put all of their money in a life settlement. Not all investments in viaticals pay off, it seems. In their case, the insurance policy that they purchased was on an individual with the HIV virus. He was not truthful about his condition in applying for the coverage and did not live two years following the purchase of his policy. Therefore, his contract was still contestable by the insurance provider. The insured got the viatical settlement from the broker but my clients got nothing upon his death! They lost their entire life savings!

I have other clients in South Georgia who wanted to sell a policy during the insured's lifetime to avoid unaffordable premiums. The policy had a death benefit of \$200,000. The insured was in a nursing home following a stroke, head injury, pulmonary embolism and internal bleeding. All that the broker offered the insured was \$20,000.

So the buyer needs to beware as does the seller.

As you can see from my letterhead, I have moved my office after 16 years in Century Center. I am now in the Emory/Toco Hills area. Please drop in if you are in the neighborhood.

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