LIFE SETTLEMENTS
FAQ FOR AGENTS
2024

WWW.LCXLIFE.COM

Four solutions are available to meet the needs of senior clients and their families.

Q: What types of policies qualify for LCX Life?

A: Here are some general guidelines:

Types of Policies:

- Universal Life, including Joint Survivorship
- Term convertible to UL
- Policies in danger of lapsing or surrendering because the client no longer wants, needs, or can afford them

Face Value:

- $100,000 - $10,000,000

Age/Health of Insured:

• Age 70 and older with medical impairments, especially those who would be uninsurable today

• People in immediate need of long-term care that would be a decline or on claim.

Q: What types of solutions are available with an LCX Life?

A: There are four types of solutions to meet the needs of senior clients and their families.

- Protection: Maintain a portion of the policy for beneficiaries with a Retained Death Benefit
- Income: Supplement retirement funds for life with an Annuity
- LTC Benefit: Pay senior living and long-term care expenses with a tax-free Long-Term Care Benefit Plan
- Lump Sum: Generate immediate funds with a Lump Sum

Q: I want to offer LCX Life to my clients. How do I gain access?

A: LCX Life is available agents. If you want to learn more, visit www.lcx.com, email info@lcxlife.com, or call us at 888.388.0988.

Q: Could you tell me how cases are submitted?

A: Agents refer a client directly using a simple policy submission form and an in-force illustration of their current policy. LCX Life contacts the policy owner directly by phone and email to begin the health and policy review process

Q: What are the underwriting requirements?

A: LCX Life works with agents to confirm the in-force status of policies, obtain illustrations, and then contact the policy owner from the agent's introduction to conduct a phone interview to be able to get the needed health information (phone HIPAA and interview for policies under $1M). From there, LCX Life works with agents to confirm the in-force status of policies, obtain illustrations, and then contact the policy owner from the agent's introduction to conduct a phone interview to get the needed health information (phone HIPAA and interview is all we need for policies under $1M). From there, LCX Life determines the potential value of the policy and may present the offer.

For policies over $1M of face value or for more in-depth underwriting, LCX Life will obtain medical records. The agent is not required to obtain records and does not present offers or negotiate with the policy owner.

Q: How long does it take to generate an offer and complete the process?

A: Once a case is open and a phone interview with the policy owner is complete, generating the offers takes about ten days. Depending on health conditions and policy size, additional underwriting may be done to finalize the value before an offer is made. The typical time from case opening to close is about 60 days or less.

Q: Is the value based on the cash surrender value (CSV) remaining in the policy?

A: No, the value is based on the face value of the policy and the outcome of the medical underwriting. The value is determined by calculating the insured's projected life expectancy relative to the cost of keeping the policy in force over that timeframe.

Q: How does the protection (Retained Death Benefit) solution work?

A: LCX Life offers the policy owner a reduced benefit amount paid to the beneficiaries upon the insured's passing. LCX Life takes over making the premium payments, so the family can still receive a death benefit when the insured passes.

For policies over $1M of face or for more in-depth underwriting, LCX Life will obtain medical records. The agent is not required to obtain records and does not present offers or negotiate with the policy owner.

Q: How does the income (Annuity) solution work?

A: Annuities are often funded by the 1035 exchange of cash surrender value (CSV) into an annuity. However, policy owners also have the option to explore if they could receive a higher secondary market change value for their policy. As an industry average, the secondary market value for life insurance can be 5x-10x greater than CSV, which could result in a much higher amount to fund an annuity to guarantee an income stream for a period certain or the lifetime of the annuity owner.

Q: How does the LTC (Long-Term Care) Benefit Account solution work?

A: A Long-Term Care Benefit Plan is an irrevocable, FDIC-insured bank-trust account that functions like an LTC-HSA exclusively funded by the proceeds of the policy transaction. The account is personally administered, with monthly payments on behalf of the individual receiving care directly to the care provider. Proceeds from the policy transaction are placed into the Benefit account, and the family directs monthly payments to the care provider of their choice, extending the time a person would remain in private pay. It is a unique financial option to pay for care because there are no wait periods, no care limitations, no costs to apply or administrative fees, and no more policy premium payments. The Benefit Account is a Medicaid-qualified spend-down, and for policy owners diagnosed as chronic (2+ AD) or terminal, the proceeds are exempt from Federal taxation.

Q: How does the Lump-Sum (Payout) solution work?

A: A policy owner can take a lump sum payout as an option. Once the transaction is completed, the policy owner will receive a check or wire transfer and can use the money without any restrictions.

Q: How is LCX Life different than working with a life settlement broker?

A: LCX Life is a no-load transaction for the policy owner. Agents do not broker or solicit life settlements but refer the policy owner.

By working directly with LCX Life, the need for settlement brokers and their high commissions is eliminated from the transaction. With LCX Life, the senior client has a much wider range of financial solutions to choose from and receives the total amount of the offer selected. The process often moves much quicker, does not require the Appointed Agent to hold any special licenses or Errors and omissions (E&O) related to life settlements, and does not need the agent to obtain medical records or build a case.

Q: Can the insurance company stop the policy owner from selling their policy?

A: Since 1911, the U.S. Supreme Court has recognized a life insurance policy as an asset and grants the same personal property protections as someone who owns a home. An insurance company has no legal basis to interfere with transferring ownership of a life insurance policy.

Agents can use this valuable business to create a recurring revenue stream.

AGENT INFORMATION

Q: How are agents compensated for a policy transaction?

A: Agent referral compensation is based on the policy face value and is paid after the change has closed and the rescission period has ended. Agent-level compensation is 1% of the total policy death benefit and is not based on the policy owner's chosen solution. The policy owner receives the total value of the agreed-upon no-load transaction offer. In the case of convertible term life policies, licensed insurance professionals who are the agents of record on the policy may be eligible to receive the conversion compensation.

Q: What are the licensing requirements for agents?

A: There are no additional licensing or Continuing Education requirements for agents. LCX Life is licensed as a provider in most states - please visit our website to check your state.

Q What are the agent's responsibilities after a policy is referred?

A: Agents will submit a simple policy submission form and a current, in-force illustration. LCX Life works directly with the client on the referring Agent's behalf from the initial intake through the underwriting and review process. LCX Life presents the offer to the policy owner and complete the transaction. LCX Life keeps the agent informed through each step of the process.

LCX Life works with agents to respond quickly before a policy is abandoned.

BOOK OF BUSINESS REVIEW

Q: Can LCX Life review my book of business?
A: Yes, LCX can analyze and organize an agent's existing book of business to identify policies that could be changed for Living Benefits or a lump-sum payment before they are abandoned.

After our initial review, we work with the agent to verify in-force status and contact policy owners about the value they may receive from changing their policy. We then continue working directly with the agents as their back office lapse-prevention program to catch policies before they are abandoned. Book of Business Policy Review is a business process for a BGA or agent that turns old business into new leads and creates a recurring profit center.

Q: How does the book of business policy review help agents with lapse and surrender prevention?
A: This "lapse/surrender prevention" service proactively identifies policies by reviewing the book of business and the agent's monthly lapse, surrender, and conversion notices. Once eligible policies are recognized, LCX Life works with the agent to respond quickly before a policy is abandoned. Agents can leverage LCX Life's resources to analyze and organize their data and then let us assist them with marketing support and case management to rescue as many eligible policies as are available monthly.

Q: How is a book of business analyzed for policy review?

A: LCX Life provides a dataset spreadsheet to the agent to match their policies against its eligibility criteria. Among the data we require are policy size, type, annual premiums, issue date, and age and state of residence for the insured. Once we have identified eligible policies, we review current, in-force illustrations and then work with the agent to reach out to the policy owner to discuss their options and current health status. NDA protects all Policy Review information, and all policy owner contact is done with the agent.

Q: Does the book of business review cost anything?

A: No, the service is available to you at no charge.

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Use our online calculator to receive an instant estimate.

- Help clients escape the burden of premiums
- Free capital to cover their medical costs
- Get the best settlement & terms

Life Settlement Calculator

Estimate Policy Resale Value

Enter Death Benefit

Client 4-Digit Birth Year

Select Health Status

Get Instant Estimate

FOR MORE INFORMATION

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