

BRNC

— INSURANCE SERVICES —

Transparent Life Settlements

Direct
Settlements

Other
Brokers

BRNC
Settlements

- Transparent Upfront Fee Schedules
- Access to Major Life Insurance Purchasers
- Bids Out to Multiple Auction Houses
- Requires Upfront Signed Contract
- Dedicated Point of Contact
- Fee Range

Sometimes

Yes

No

No

Yes

Unknown

No

Yes

Yes

Yes

Sometimes

25% and
Higher

Yes

Yes

Yes

No

Yes

6%-9%

RECENT CASE EXAMPLES WITH REAL CLIENTS

Example 1:

- Second to Die Universal Life
- Male 91, Female 87 (Both Living)
- Current Death Benefit: \$5,806,667
- Cash Surrender Value: \$1,489,000
- Annual Planned Premium: \$72,500
- Actual Required Premium: \$350,428

Reason for selling: Increased premium, not needed for the size of the estate, trustees wanted liquidation, and insured did not want to be reminded of mortality each year when the premium was due.

Original Offers from another Broker:

Gross \$2,740,000

Net of fees: \$2,192,000

Broker fee 20%: \$548,000

BRNC was brought in to take over and negotiate with several auction houses and investment funds.

Our gross offer after negotiating with several potential buyers:

\$3,150,000

Net of fees: \$2,992,500

Broker fee 5%: \$157,500

A net payout difference to the client of **+\$800,500**

RECENT CASE EXAMPLES WITH REAL CLIENTS

Example 2:

- Second to Die Universal Life
- Male 86, Female deceased
- Current Death Benefit: \$2,000,000
- Cash Surrender Value: \$303,000
- Annual Planned Premium: \$35,000
- Actual Required Premium: \$35,000

Reason for selling: Owner/Insured did not want to pay the premium anymore, owner/insured was looking to cash out the surrender value, trustee would rather have the liquidated funds than wait for a death benefit payout.

Initial payout offered: \$550,000

BRNC was brought in to help find a higher payout, although the \$550,000 direct offer was higher than the surrender amount of \$303,000 that the client was going to originally take, the BRNC Team knew they could get an even higher payout.

**Our gross offer after negotiating with several potential buyers:
\$850,000**

Front Funded, meaning the payment was made prior to waiting for the insurance carrier make the ownership changes which can take up to 30 days.

Net of fees: \$799,000

Broker fee 5%: \$51,000

A net payout difference of +**\$249,000** over the direct to auction house offer and a net payout difference of +**\$496,000** if the owner/insured were to take the surrender value.

Most common reasons our clients have sold their policies:

- The policy is no longer needed
- The client is considering letting the policy lapse
- The premiums have increased
- The policy is no longer affordable
- The client is looking for liquidation
- The client wants to cash out for the cash surrender value
- The trustees are looking for proceeds prior to death



Interesting Facts:

- Many policies are owned by a trust and have several trustees.
- Term policies may be converted to permanent policies prior to sale which will increase the buyout amount.
- We are often brought in to take over after the process of selling a policy has begun.
- Different investment funds have niches. Some focus on smaller policies and others focus on larger ones. We can sell policies as small as 100,000.
- Many UL policies will have an adjustment in premium as an insured gets older which can make the policies unaffordable.
- Most settlements will produce 2-4x the cash surrender value inside of the policy.
- Policies without cash surrender values can be sold, even term policies.
- Insurance carriers are not fans of settlements. Their business model assumes a percentage of policies will lapse due to increased costs and policy no longer being needed.
- Investment funds that are purchasing the policies have to follow HIPAA rules.

Trusted
Life Settlements
Experts

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