

1/27/2010

Office of Community Development
ATTN: Kristy Palumbo, Special Assistant
Office of Community Development
1340 Poydras St., Ste 1000
New Orleans, LA 70112

Dear Ms. Palumbo:

This letter is confirming that **SENIORLINK L.L.C.** has submitted a formal application to the UDAG Loan Fund Program.

The Mayor's Office of Community Development (Department of Economic Development) has declared it its' mission and vision to **create innovative, progressive industries in the city that promote strong economic stimulus which directly and profoundly enhances the wealth of the public and private sector of the New Orleans.**

The city has also clearly declared that its' goal is to improve the entrepreneurial climate of the city by **strengthening the economic viability of personal wealth in its communities and directly to the economic base of the city.** It's suggested that this is to be accomplished through creating exciting new employment/partnership opportunities, and by significantly increasing the citywide tax base for vigorous growth and rejuvenation.

Because this declaration is **directly in line** with SENIORLINK LLC's mission and vision, **it is this firm's intent is to directly align its plans, expertise, skills, and resources with the city's plan, to simultaneously achieve robust economic stimulus for this community, this city, and its people.**

SENIORLINK LLC is requesting your favorable consideration of \$375,000, up to ideally \$500,000 in UDAG funds, to expand its effort to empower the people of New Orleans and the State of Louisiana by utilizing a highly valuable, often misunderstood, **cutting-edge, profit-generating solution to realize the short and long-term wealth-building fiscal goals** of the city and a unique niche of its people.

Warm Regards,

George Barnes
President, Seniorlink LLC

*By responding to this RFP, respondent agrees to the City's Required Contract Provisions as provided in Attachment "B" and therefore waives any future right to contest the required provisions. *

*The Bidder agrees to fully comply with the DBE Program, including all reporting requirements and any specific contract goals fr DBE participation.

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• seniorlinkllc@yahoo.com

SENIORLINK LLC

SENIORLINK BUSINESS PLAN

January, 2010

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CONFIDENTIAL

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I. Executive Summary

Statement of Problem

Let's face it...

In these perilous times, nationwide and locally, people are scrambling to look for ways to save their homes, their businesses, their money, and their dreams for their futures.

Many have reluctantly delayed retirement, put their homes up for sale, and oftentimes, tragically, some have found themselves seeking ways to pay for medical expenses or long-term care for themselves, their parents, or their spouses.

Between Hurricane Katrina & this "Great Recession", hard working people all over the city of New Orleans have suffered devastating fiscal losses. Not to mention, this brutal economy has left some of these same people losing 30, 40, 50% or more of their hard-earned retirement savings.

Now more than ever, consumers are simply looking for ways to stop feeling the pain and the frustration of losing their money. Simply seeking **real, commonsense, empowering information and rock-solid wealth-building solutions** makes it hard to sift through the non-sense.

The Project and Its Resulting Economic Impact

SENIORLINK LLC specializes in working with this very same niche of our community and state, who may be facing these very same dilemmas. We also work along with Professionals and Trusted Advisors (Insurance Agents, CPA's, Estate Attorneys, Financial Planners, Senior Living facilities, etc) who currently work with this same segment of people.

This firm represents the gateway that helps them discover and utilize the little known, practice of Life Settlements. This extraordinary process *has formerly only been used by roughly 1% of the extremely affluent of this country!*

The funds granted will effectively enhance this firm's ability to:

- Effectively and aggressively deliver the much needed solution and service of Life Settlements.
- **Life Settlements is wealth-building vehicle in and of itself!**

This message is the financial information consumers need to know about in order to make intelligent , informed decisions about their assets and how to monetize that.

Seniorlink believes that it's time this secret is revealed to people. It's simply their legal *right to know* this information, and we want to aggressively drive the message to the public to empower lives!

- **Sufficiently and adequately acquire new employees for short and long-term growth.** The number of our employees will directly depend on our growth rate and will occur incrementally as a direct result of our sales. However, it is almost certain that by year two Seniorlink will have at *least* 8 skilled positions filled (Admin Asst, Bookkeeper, Webmaster, Graphic Designer(s), Copywriter, A Sales Manager and 2 Salespeople.)

Anticipate utilizing the City's service, **JOB ONE, to secure some of the firm's most immediate hires.**

Seniorlink also will **heavily rely on partnership with the DBE Program** to secure other immediate necessary services (i.e. Accountant, Lawyer, Insurance)

- Since Seniorlink LLC is currently operating as a home-based business. It will be necessary to **secure an office** to accommodate employee/logistic growth, and to be consistent with the image of the High-Net Worth Clientele and Professionals the firm will be servicing and hosting.
- Although the desired location will be an office space on visitor friendly **Canal St. (Designated Target Area Recovery Zone)**, the space has yet to be secured.

With easy access from the interstate, its Streetcar Line, and access to many of the city's prime amenities, Canal St is the ideal place to attract in and out-of-area/state clients and Professional.

We will look to the **DBE Program** to locate a contractor for **Office Remodeling/construction project(s)**

- **Costly Industry technology, software, and equipment** will be required to remain industry compliant and be consistent with this cutting edge industry. This includes Video and Production equipment and software for producing videos, and professional quality content.
- Seniorlink has completely revamped and developed an **aggressive and highly targeted Marketing Plan**. Under this new model Seniorlink will market under name ***The Maven Settlement Group*** which is more in line with this brokerage's Branding strategy.

Although other methods will be used, this system relies primarily upon its **strong online presence**, and a **reliable, HIPPA compliant, secure** website with a powerful **CRM** will be integral to support this project. This will require sophisticated **software** that is easy to understand in order to easily train employees to use the system.

- We've also developed a **sophisticated lead generation system** where only qualified/interested-only prospects "raise their hands". This system relies on 6 key components:
 1. **Heavy and Frequent Direct Mail:** Weekly; zip code targeted mail outs in a predesigned, preplanned system (least 6 touches per person per zipcode). Designed to drive traffic to website (FREE VIDEO & DVD/Digital Download), OR, to drive traffic to 24 hr.toll-free message(s).
 2. **Website Opt-In Capture:** The prospect will be led to website to view our free video. This creative part will be driven by repetitive, non-spammed digital video content delivery once they opt-in. This is where our organic relationships will be built, and this is where our in-house list will be generated.
 3. **Phone Capture :** Toll-free 24hr Free recorded message. List will be built here as well.
 4. **SEO & PPC & YouTube-Paid Traffic Online**
 5. **Viral Marketing:** Specialized software which will act as one big in-house referral system. Organic traffic; friends send website/content through Twitter, Facebook, MySpace, AOL, Yahoo, Gmail, etc. up to 6000 contacts at time. Organically grow this list.
 6. **Joint Venture Partnerships/ Affiliates:** Partnering and reciprocally networking with Professionals who will utilize this service to enhance their businesses and ours.

- ****We will look strongly to the DBE Program to forge many of these mentioned relationships.**

- **Generate substantial revenues to contribute to the city's tax base through significant growth and profits.**

While Seniorlink LLC’s specialized expertise, marketing, research & development, current operational infrastructure, and Product Line have already been developed, this project currently requires this funding to further execute competent, trainable staffing, results-based marketing, attractive logistics, and comprehensive operational and technological plans. This funding will reinforce Seniorlink LLC’s efforts to operate on a strong local, regional, statewide, and future national basis over the next 24-36 months.

This is exactly the kind of project sure to play a vital role in triggering healthy, vibrant economic activity and wealth attraction to city of New Orleans.

These are the exciting topline projections over the next three years are as follows:

Figure 1: Annual Financial Summary

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenue	\$1,282,800	\$2,633,500	\$5,406,400	\$11,098,800	\$22,785,300
Direct Expenses	\$570,400	\$1,002,500	\$1,761,900	\$3,096,700	\$5,442,500
Gross Profit	\$712,400	\$1,631,000	\$3,644,500	\$8,002,100	\$17,342,800
Gross Profit (%)	55.5%	61.9%	67.4%	72.1%	76.1%
Other Expenses	\$496,000	\$641,600	\$750,100	\$795,800	\$889,500
EBITDA	\$216,400	\$989,400	\$2,894,400	\$7,206,300	\$16,453,300
Depreciation	\$19,600	\$39,200	\$55,200	\$69,500	\$84,800
Amortization	\$41,000	\$44,900	\$52,200	\$62,500	\$77,200
Preliminary Exp Written off	\$5,200	\$5,200	\$4,600	\$0	\$0
Interest Expense	\$35,200	\$35,200	\$35,200	\$35,000	\$35,000
Income Tax Expense	\$40,300	\$302,700	\$961,400	\$2,463,800	\$5,689,700
Net Income	\$75,100	\$562,200	\$1,785,800	\$4,575,500	\$10,566,600

These proven, rock-solid techniques are now being used to create, protect, and preserve the wealth of the “average saving investor”---*But no one is telling them about it!*

II. Company Overview & Description

Who Is Seniorlink?

SeniorLink LLC (marketing its services under *The Maven Settlements Group*) helps people Find, Keep, and Grow their money with valuable financial information and services to make informed decisions about their fiscal future.

Seniorlink LLC is a niche specific, **boutique-style firm specializing in brokering Life Settlements** currently operating as a home-based business.

Founder and President, George Barnes, formed the company in LaPlace, LA. Its capacity at that time, operated as an Independent Consultant/Contractor for Health Plans and Wealth-Building financial vehicles in 3 states. In 2003, Life Settlements became a part of its product solutions.

In 2006, Nikki Coleman joined the Seniorlink team provided additional Sales and Marketing Support. Ms. Coleman continues to remain extremely valuable in that capacity.

After working with **Life Settlements**, and recognizing the **almost exponential, incredible financial power it possesses**, and the life changing results its produced, it became quite clear that this message needed to be conveyed more effectively in a broader capacity.

This observation is, in part, due to the skepticism that exists in today's Madoff/Ponzi scheme environment. This very fear that makes most people *do nothing*-----and quite understandably so.

Although successful, this firm has watched far too many qualified people sit on the fence this economy, while they painfully watch their hard earned money slip away!

While successful on a small, independent scale, Seniorlink and its immediate constituents have been diligently researching and developing more effective, more powerful marketing strategies and tactics to successfully convey this important concept and

information, to begin helping people make their financial lives solid, and keep and grow their dreams.

This undoubtedly will help the city of New Orleans and everyone in it!!!!

SeniorLinks's Unique Qualifications

Seniorlink LLC is uniquely prepared and poised to be one of THE eminent leaders of wealth creation for the people of New Orleans, this region, this State, and the Southeast Region of the U.S.-----all through "one of the fastest growing industries in the financial sector"---Life Settlements.

The life settlements market picked up steam last year, posting its strongest growth since 2005, according to a new study by Conning Research and Consulting. The company estimates that \$12 billion of U.S. life insurance face values settled in 2007.

"A combination of factors caused strong growth in the U.S. life settlements market in 2007 and is fueling our expectations for market growth through 2010," said Scott Hawkins, analyst at Conning. "First was the continued influx of capital as institutional investors sought non-correlated investment opportunities.

At the same time, we noted growing participation of smaller investors in life settlements mutual funds. Finally, demand increased among some consumers to access their life insurance equity to meet financial needs caused by the combination of a credit crunch and poor economy." (most updated Conning Research & Consulting Report)

SENIORLINK LLC is especially qualified to succeed due to the following reasons:

1. The forementioned unmet customer needs *alone* support this business opportunity. There is *only one other known firm in the entire state of Louisiana* (with the next known closest firms exist in Texas to our West and Georgia to the East) offering this service.

New Orleans is the perfect place to Headquarter this soon-to-be thriving industry in this soon to be thriving city. New Orleans is a favorable location to support the future Multi-State Service option.

2. The sheer market trends of Life Settlements support this exciting business opportunity!

According to *Conning Research & Consulting*, by 2012 it is forecasted that the Life Settlements industry will have grown from \$2 million to roughly \$12 Billion dollar industry since 2002---that's 10 SHORT YEARS!!!

10 years in a virtually *untouched market, dynamic growth*---BILLIONS!

3. This Life Settlement industry model has already been established by THE “Fastest Growing, Small Publically Traded Companies in the United States---even in this economy”, according to *Forbes Small Business Magazine*.
 - **Life Partners, Inc.** established in 1991, is the oldest Life Settlement Provider in the U.S. and the ONLY one that is publically traded. The company is debt-free and has enjoyed a 63% growth rate since going public in March 2009.

➤ **Seniorlink LLC has been a licensee of this corporation since 2007.**

4. **SeniorLink LLC** has developed an aggressive, exciting Internet marketing plan/system designed to absolutely meet the current needs and demands of today's consumer, and addressing each niche within this niche with its own website and mini-sites. (See Marketing Plan Section)

III. Industry Analysis

Life Settlements Are Specifically For.....

1. **People (age 65+)** and **Business Owners** who (for whatever reason) can no longer afford, or no longer have the same need they once had for their Life Insurance policy.

Statistically, approximately *90 percent of life insurance policies never pay the death benefit because they are allowed to lapse.* When they lapse, the insured loses all the money they have invested into premiums and their beneficiaries receive nothing.

In times past, the only other alternative for the insured was to take a very small cash surrender value amounting to only pennies on the dollar of their original investment.

NOW, policyowners have a far more lucrative option!

Recent Life Settlement Cases

68 Year Old Male
\$10,000,000 UL
Premiums \$341,000/annual
Cash Surrender \$48,617
Settlement \$653,000

76 Year Old Female
\$400,000 (Conversion)
Premiums \$3600/annual
Cash Surrender \$0
Settlement \$38,500

83 Year Old Female
\$2,000,000 UL
Premiums \$68,000/annual
Cash Surrender \$13,000
Settlement \$800,000

80 Year Old Female
\$3,000,000 UL
Premiums \$96,000
Cash Surrender \$403,617
Settlement \$700,000

81 Year Old Female
\$1,000,000 UL
Premiums \$12,000
Cash Surrender \$6,000
Settlement \$270,000

78 Male/ 79 Female
\$3,000,000 Joint
Premiums \$25,500
Cash Surrender \$15,424
Settlement \$285,000

74 Year Old Male
\$15,000,000 UL
Premiums \$672,000
Cash Surrender \$620,000
Settlement \$2,100,000

66 Year Old Female
\$10,000,000 (Conversion)
Premiums \$190,000
Cash Surrender \$0
Settlement \$2,300,000

Seniorlink LLC uses its expertise and established relationships with over 40 well known reputable provider resources nationwide to ensure that once someone has submitted a request and the proper documentation, we immediately shop their policy. From the many offers returned by institutional funders, we choose the three highest offers and present them to the owner.

Once presented, the owner then decides if they would like to accept an offer. If so, we submit the acceptance offer to said offer. The value is determined by the policy's estimated present value and the cost of maintaining the policy in force until maturity. The provider then places the **money in an independent escrow** until all proper documentation clears (usually within a couple of days).

The owner then **receives a lump sum check to do whatever they'd like!**
They then **have 15 days to rescind their offer.**

The owner no longer has to pay premiums and they receive a nice chunk of cash to boot----*No one probably told them that before!*

2. People who are seeking a reliable, asset-based investment that does not lose their money!!

For many years now, **financial institutions** including **Warren Buffet's** investment arm Berkshire Hathaway, AIG, Merrill Lynch, Credit Suisse First Boston, and Deutsche Bank have invested **HUNDREDS of MILLIONS** in life settlement companies for one simple reason: Life Settlements are not subject to any stock market or economic conditions...**NONE!**

“Rule No. 1---Don’t Lose Your Money! Rule No. 2-----Never Forget No. 1!”
-----Warren Buffet

Here are the highlights:

- No investor has lost a penny of deposited funds
- Average payout time is 37.7 months
- A reliable and absolute return
- Average annual payout of 15.82%
- NO MARKET RISK
- Safety
- Diversification
- No Management Fees
- Security
- Mainstream
- Performance
- Beneficial to Society
- A Clear Exit Strategy

The investor purchases a fractional interest in the policy. This allows investors to buy smaller portions of multiple policies, thereby spreading out their risk.

In addition, with larger policies, the ability of many investors to buy fractional interests creates a larger market for the policy, and

thus a more competitive purchase price for the seller. The sale of a fractional interest in a policy does not involve securitization or a derivative. The investor actually directly OWNS (thus controls) a piece of the policy outright!

THIS BEARS REPEATING!!!!!!!!!!!!!! (Wealth Building Nugget!)

Life Settlement transactions are NOT derivatives. The investor actually obtains ownership of the policy, or a fraction of the policy!!! (It is merely an assignment for value of a contract right.)

The investor then collects the full amount paid out under the policy at maturity.

Life Settlements are similar in nature to a zero-coupon bond.

It would also be noteworthy to add that these contracts are based on short periods of time, with the average contract range typically varying anywhere from 2-5 years! (*now read the "Highlights" again!*)

3. Professional Trusted Advisors (**Insurance Agents, CPA's, Estate/Tax Attorneys, Financial Planner, and Senior Living facilities**) who are looking for new income streams and fresh product offerings, and ways to produce more revenue by referrals can utilize our turnkey broker services to add to their business solutions.

Once properly educated and knows how and when to use them, the agent will determine if their clients would benefit from a Life Settlement. Then they would simply submit the case to Seniorlink LLC, and the company takes care of the rest.

******If you've read this far, you would have to agree that this could possibly undoubtedly be some of the most compelling information that you've never have heard of.******

This is where the exciting part begins.....

How A Life Settlement Company Will Benefit New Orleans

Unfortunately, far too many people have *no idea* that there are powerful, legal, age-old strategies that can help them create, grow, and safeguard their money regardless of what the vicious stock market is doing, interest rates, or who's in office, or any other external economic factors.

Nor do they have any idea that Billionaires like Warren Buffet and the "Fat Cats" use these same techniques to preserve, grow, and secure *their* money. They have a right to know this in order to live the lives they've planned for and deserve!

Conveying this dynamic message, and the even more compelling solution, out to the right market, in the right way, at the right time to directly and positively change lives is imperative to help people begin using this underutilized, commonsense solution.

Life Settlements Effectively Create Wealth By:

- Providing people with unfettered access to the REAL, fair market value of their Life Insurance policy, while they're *living*, to meet their current lifestyle needs.

Once the fair market value is realized, the policyowner can choose to sell their ownership rights to a third party for a lump sum of cash. Often, this lump sum is **3-4 times the cash surrender value offered by their insurer!**

- Providing investors who may have previously (and currently for that matter) suffered losses to their savings and retirement plans through the unpredictable activities affecting in the stock market, their IRA's, and their 401k's, and the economy as a whole.

For people seeking a rock-solid, productive safe harbor for their funds--- Life Settlements is virtually *UNMATCHED* in its ability to provide unprecedented safety, and abundant, more predictable returns.

- (Within the company) Providing a partnership and joint venture opportunity to other Professionals who may have clients with a need for this kind of service. This firm, in its broker capacity, will exist as a **portal to help** these Professional **revitalize their businesses, their income, and their client relationships** by adding Life Settlements to their service offerings. These partnerships will thrive under a set commission based compensation structure.

Investing in Life Settlements is also an UNMATCHED OPTION
To Begin Helping People and Business Entities Save and Repair
Their Broken Pension Plans, Crushed 401k's, and Dwindling IRA's!!!

If this isn't wealth creation----
What IS?

VI. Marketing Plan

We live in an information age where people are starving for relevant, instant solutions, yet they are the absolute most skeptical about their money. Especially when introduced to new concepts---and understandably so.

But we've found no one wants take the time to read anymore!

Seniorlink (The Maven Settlements Group) wanted to provide a trust-based, non-invasive environment to connect with people in their own comfortable environment and on their own terms.

Now, consumers can receive this information if they wish, in the comfort in their own home or office, in little, non-threatening chunks at a time.

Through a series of prepackaged digital videos sent by Direct E-mail marketing, an individual can either act on this advice, or pass the information on to someone else who may need it and didn't know it existed.

*At least now—one of our biggest goals will be accomplished--- the word will be out, and **people can begin to make intelligent, informed, empowered decisions about their money and their lives.***

Therefore, Seniorlink has developed a proven online digital video/content based system where prospects are driven to the website and opt-in to receive more FREE content. It will be here that relationships are forged, and an organic, in-house list will be built to market to.

Within this same model, Seniorlink will create its own **membership site** (free and paid subscriptions) which will encourage followers to interact and continue to receive valuable information from "The Mavens".

This same model has been overwhelmingly successful for several millionaire internet marketers in various other less impactful niches, and there's no reason for it not to work now!

This unique plan also includes a new, powerful **viral internet tool** in which a prospect can invite multiple friends to visit the site en masse (up to 6000 at a time), and will be one of the engines that drives organic traffic through this machine. Very few businesses are marketing this way, let alone anyone in the Financial Services Industry.

This ONE marketing method alone will place SeniorLink as a standout in the industry.

PR, organic and paid, will be employed, in addition to other more conventional methods like **Flyers, Newspaper and Magazine Ads, Frequent Targeted Direct Mail, Buzzworthy Referrals, Attending and Sponsoring Community Events.**

Seniorlink (The Maven Settlements Group) will also join **LISA** (Life Insurance Settlement Association) to establish further credibility locally and nationally.

This will officially make New Orleans a pioneer in the Life Settlement Industry!

WHAT ELSE WILL SENIORLINK LLC OFFER?

However, the firm's online presence is anticipated to grow to be broad and far-reaching. There will be individuals who will want to forego the drip information process and will want instant information in their hands NOW!

For those individuals, **we've developed an informational DVD/CD product line and a digital download product for sale.**

There will also be a **fixed-term membership site (free and paid) with monthly fees and an upgrade option.**

Seniorlink will also have a **Blogsite**, where feedback is encouraged, valuable content is readily available, and a sense of **community will be developed.**

Professional/Trusted Advisors will particularly be encouraged to join the membership site. This membership will allow them exclusive access to **special marketing materials and special offers.** Incentive trips (primarily in New Orleans) and contests (based largely on New Orleans area factoids) will also be promoted in this membership site to **increase individual and company production goals.**

This site will produce yet **another revenue stream** to help the company reach its goals----***Wealth Creation at its finest!***

VII. Operational Milestones

We've found that in this internet age it would only make sense to streamline our process to interface with our online presence. This part of the project will require integrating tools and software to expedite this task in a secure, compliant environment to communicate securely on the over the internet.

The company will incorporate seamless tools like LiveChat, LiveVoiceChat, Chat-To-Phone, Skype, Interactive Video, Teleconferencing, Video Conferencing, and Podcasts.

All of these systems will be implemented to ensure that our prospects/clients are connected and have their answers or needs met right when they need them----when they've reached out to us on the Internet

That's opposed to the invasive experience typically displayed by the industry. We're committed to helping people know their choices and help them implement them if they choose us to solve them.

Seniorlink has already begun mapping out content, drafting video production, and harnessing technology growth plans for small scale development. We look forward to further development and achieving these goals upon financing.

FEB '10: Small Scale Video Production Begins

Production of Content

Website Consultations-Small Scale Construction Begins

Continue to Look for right Canal St. Location

March '10: Website : Receive Funding

Secure Office Space

Begin choosing Vendors for Office remodel

Utilities

Begin Ordering Printing Equipment & Furniture & Software

Have Videos Uploaded to Site Content

A/V Reproduction and Replication

Have physical Products ready for Site Launch

April '10: DM/Buzz Campaign

Ads placed in targeted publications

Have a landing page to capture "early birds"

Continue Video Production

Office Move

Bid Requests submitted for all desired DBE vendors

May '10: Full-out Website Launch—The "Machine" is turned on!

Begin qualifying new hires (Admin Asst., Webmaster, Mailroom, Bookkeeper—JOB ONE)

First sales should begin

DM systems in place
“Professional Rollout” begins
Officially IN office

Jun-Aug '10: All automated systems should be in place

- Hire & Begin training
- Full on DM by zip in place—ready
- Agent relationships Implemented
- Begin seeing at least 2-3 case submissions per week
- Developed JV Partnerships
- Membership Site should begin to be fueled

Aug-November'10: Begin scouting Sales (1) & Project Manager Status(1) jobs
“Video Café” established—Production Lab

Recognize Top Trusted Professional Advisors—Establish relationships and permission to interview the giving most helpful tip for members (use for future content-product development)

New Hires coming off of probation periods

Aug-Nov '10 cont'd: Holiday campaign developed and implemented—on and offline

JV Program Introduced to Profs

Customer Lists, Professional Lists compiled and utilized for 1st Client Appreciation Events

Dec'-Feb '11: Produce and Pkg Info product Series

Reached consistent MINIMUM of 5-6 clients a month

Revenue Milestone \$800,000 end of FEB 2011

If near goals—will have already scout hire process for 2 Sales people, Sales Assistant (1)—Before planned!

Tax credits & incentives

The company will apply for qualifying tax credit & incentive programs to defray costs and increase chances of long-term success.

Enterprise Zone

Overview

The Enterprise Zone (EZ) program is a jobs incentive program that provides Louisiana income and franchise tax credits to a business hiring at least 35% of net new jobs from one of four targeted groups.

EZs are areas with high unemployment, low income or a high percentage of residents receiving some form of public assistance. A business must create permanent net new jobs at the EZ site. A business is not required to be located in an EZ. A business does not have to invest money, only create additional jobs

New Market Tax Credit

Overview

The New Market Tax Credit program encourages investment in urban and rural low-income areas to help finance community development projects, stimulate economic growth and create jobs.

Private-sector investors receive credit against federal income taxes. The program allows individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities, or CDEs. Credits can be obtained every year the investment is held, for up to seven years of the credit period.

VIII. Management Team

George Barnes- President/CFO

MARITAL STATUS: SINGLE

HEIGHT 6'1 WEIGHT : 200

1971-Present: Independent Consultant working in the Insurance Industry

1999 Incorporated Seniorlink, LLC offering Annuities, Long Term Care, HMO coverage for seniors with Smart Plan 65, Advantage 65, The Oath, Currently contracted with Wellcare Health Plans.

2005-Present Contract with Life Partner through Brokers NuInvest offering Alternative Investments for accredited investors, pension fund managers seeking a safe alternative investment, not correlated to the stock market highs and lows.

Nikki Coleman-VP/COO

Ms. Coleman is Licensed as a Viatical/Life Settlement Producer in the State of Louisiana, and has been a Licensed LH&A/P&C Insurance Producer for 5 years.

Most of her Life Insurance career has revolved around working with the Senior population—and both sides of Life Settlements. And her interpersonal skills have made her effective and successful in this particular niche of the Insurance industry.

Ms. Coleman has an effective, results based Offline and Online Marketing, with magnetic copywriting skills, which prove invaluable in this Direct Response environment.

Her previous successes have also lied in her Sales and Sales Managerial Skills. Here, she's successfully managed various projects to hwlp strengthen Branding and Marketing. These skills helped make it a natural transition for success in an Insurance career path.

She brings critical expertise to the infrastructure and operations of Seniorlink, enhanced by her network of industry relationships.

Ms. Coleman has acquired many specialized, certified hours with a emphasis on Life Settlements and Retirement Planning. She is also a licensee of Life Partners, Inc.

She also attended Southern University in Baton Rouge.

Management Team Gaps

Although in the past this two-man team has proven successful, upon anticipated growth Seniorlink will required at least 1 new Office Manager rather quickly.

IX. Financial Plan

With an ultra-conservative approach to this financial model, it's clear to see why this opportunity is such an exciting, worthwhile, low risk endeavor!

(all speculative projected costs associated with building expenses and operational costs are included in all of the models)

Summary of SeniorLink's Economic Impact

The economic impact of this project will be far-reaching and pivotal in a number of ways:

1. **The mere nature of Life Settlements intrinsically qualifies them as wealth creators.**
2. **By partnering with other professionals with their own clientele, the reciprocal and referral.....gives the agent opportunity to obtain another, very profitable income stream.**

**This opportunity financially empowers both the professionals and their clients alike.
Good Business!**

3. **New Jobs Created over the course of the project:** This firm is committed to utilizing the city's **JOB ONE** services to fulfill some of these key positions in this organization. Most of these positions will definitely create higher income levels for valuable employees/talent to help the company achieve its vision and forecasted growth.

- ** Accountant
- ** Bookkeeper
- ** Administrative Assistant(2)
- ** Webmaster (outsourced initially—then in-house)1-possibly 2
- ** Graphic Designer(s)
- ** Sales Manager and Sales Staff(3)
- ** Mailroom/Fulfillment(2)
- ** Copywriter(1)
- ** Videographer/Production
- ** Customer Service Support
- ** Event Planner
- ** Telemarketing
- *****And all other DBE companies/services who will work with us to help us achieve our goals of growth and prosper.

4. **Projected Taxable Income base of over \$6 million dollars by year 4 with conservative numbers!!!!.** The tax- based revenue created by this firm should prove quite attractive.

Figure 2: Financial Highlights

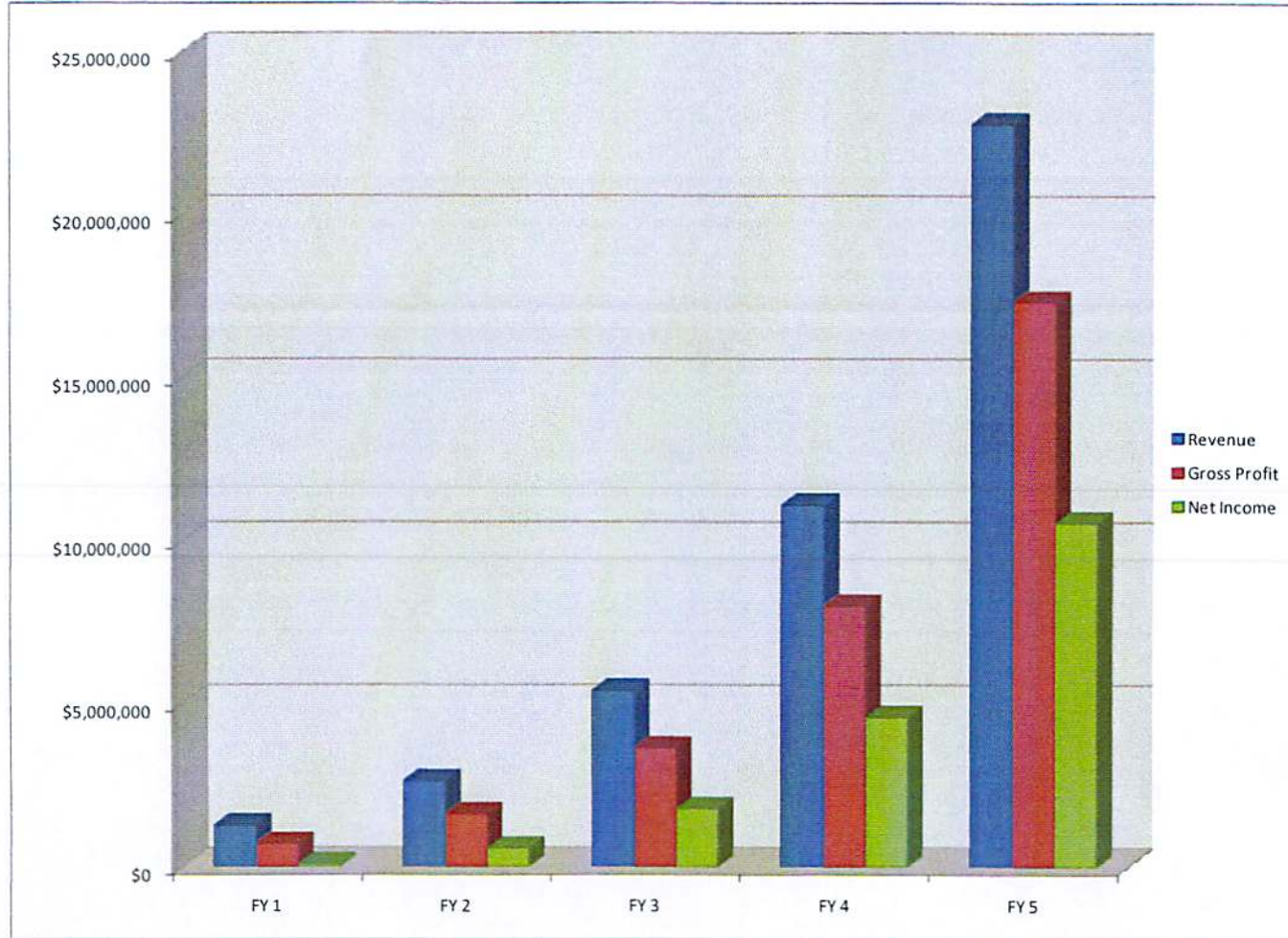
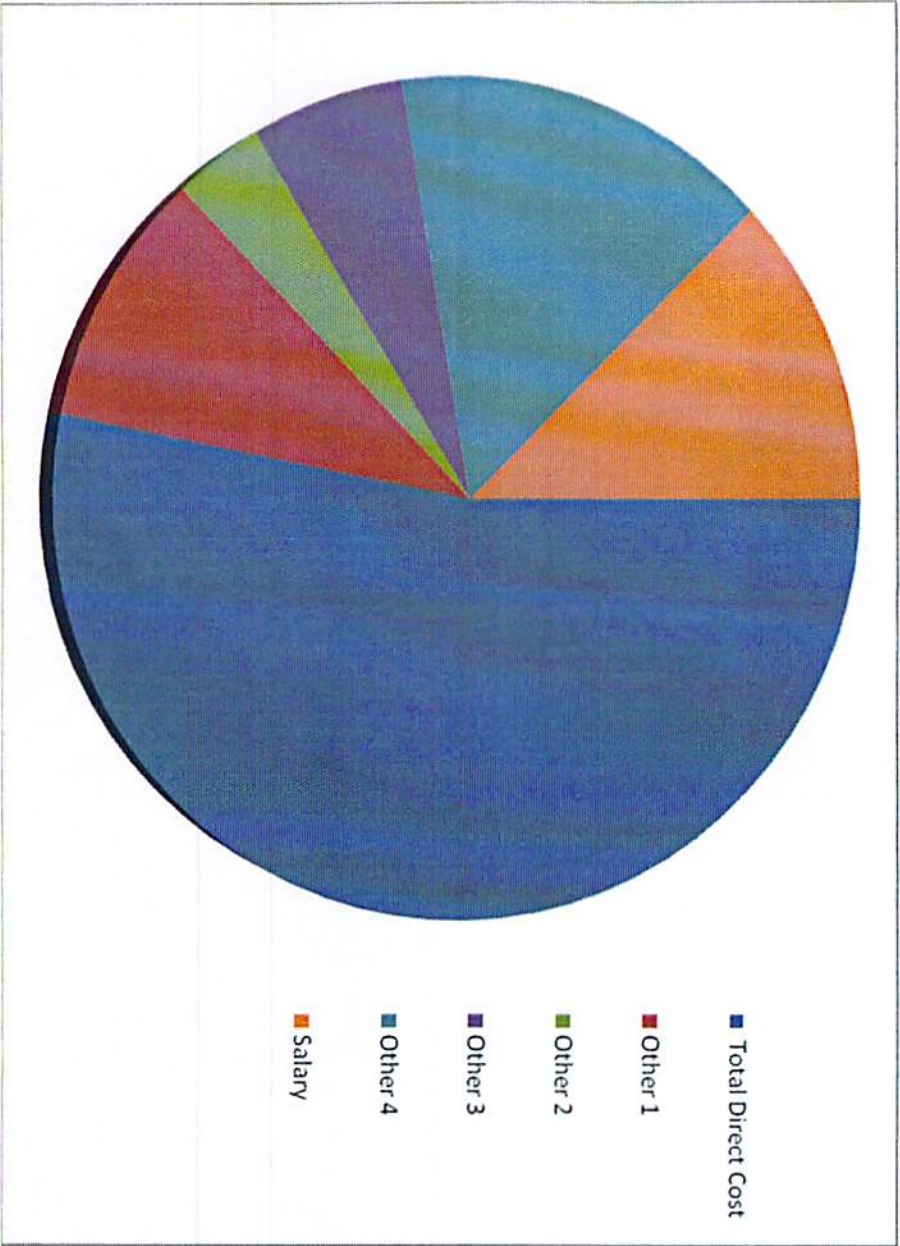


Figure 3: Projected Expenses

These results are not atypical



X. Appendix

1. Financial References
Statements & Returns
Disclosure

2. Business References

3. COA Compliance Statement

It is SeniorLink and its officers full intent to comply with City's Open Access Plan

4. Life Settlement WIKI Glossary

5. Industry Articles

Figure 4: 5 Year Annual Income Statement

Annual	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Revenue 1	\$1,282,800	\$2,633,500	\$5,406,400	\$11,098,800	\$22,785,300
Total Revenue	\$1,282,800	\$2,633,500	\$5,406,400	\$11,098,800	\$22,785,300
Direct Cost					
Direct Cost 1	\$570,400	\$1,002,500	\$1,761,900	\$3,096,700	\$5,442,500
Total Direct Cost	\$570,400	\$1,002,500	\$1,761,900	\$3,096,700	\$5,442,500
GROSS PROFIT	\$712,400	\$1,631,000	\$3,644,500	\$8,002,100	\$17,342,800
GROSS PROFIT(%)	56%	62%	67%	72%	76%
Other Expenses					
Other 1	\$96,200	\$108,400	\$121,800	\$121,900	\$121,900
Other 2	\$37,200	\$40,000	\$43,500	\$43,500	\$43,500
Other 3	\$65,200	\$70,400	\$76,000	\$81,900	\$88,400
Other 4	\$165,200	\$178,400	\$192,400	\$207,900	\$224,500
Salary	\$132,200	\$244,400	\$316,400	\$340,600	\$411,200
Total Other Expenses	\$496,000	\$641,600	\$750,100	\$795,800	\$889,500
EBITDA	\$216,400	\$989,400	\$2,894,400	\$7,206,300	\$16,453,300
Depreciation	\$19,600	\$39,200	\$55,200	\$69,500	\$84,800
Amortization	\$41,000	\$44,900	\$52,200	\$62,500	\$77,200
Preliminary Exp Written off	\$5,200	\$5,200	\$4,600	-	-
EBIT	\$150,600	\$900,100	\$2,782,400	\$7,074,300	\$16,291,300
Interest Expense	\$35,200	\$35,200	\$35,200	\$35,000	\$35,000
PRETAX INCOME	\$115,400	\$864,900	\$2,747,200	\$7,039,300	\$16,256,300
Net Operating Loss	-	-	-	-	-
Use of Net Operating Loss	-	-	-	-	-
Taxable Income	\$115,400	\$864,900	\$2,747,200	\$7,039,300	\$16,256,300
Income Tax Expense	\$40,300	\$302,700	\$961,400	\$2,463,800	\$5,689,700
NET INCOME	\$75,100	\$562,200	\$1,785,800	\$4,575,500	\$10,566,600
Net Profit Margin (%)	6%	21%	33%	41%	46%

Figure 5: 5 Year Annual Balance Sheet

	FY 1	FY 2	FY 3	FY 4	FY 5
ASSETS					
Cash	\$420,600	\$830,500	\$2,294,500	\$6,482,000	\$15,448,500
Other Current Assets	\$182,900	\$375,600	\$771,000	\$1,233,200	\$2,531,700
Total Current Assets	\$603,500	\$1,206,100	\$3,065,500	\$7,715,200	\$17,980,200
Intangible Assets	\$206,400	\$231,400	\$271,400	\$331,400	\$411,400
Acc Amortization	\$41,000	\$85,900	\$138,100	\$200,600	\$277,800
Net Intangibles	\$165,400	\$145,500	\$133,300	\$130,800	\$133,600
Fixed Assets	\$146,725	\$226,725	\$306,725	\$386,725	\$466,725
Accum Depreciation	\$22,900	\$62,100	\$117,300	\$186,800	\$271,600
Net fixed assets	\$123,825	\$164,625	\$189,425	\$199,925	\$195,125
Preliminary Exp	\$9,800	\$4,600	\$0	\$0	\$0
TOTAL ASSETS	\$902,525	\$1,520,825	\$3,388,225	\$8,045,925	\$18,308,925
LIABILITIES & EQUITY					
Current Liabilities	\$104,500	\$160,600	\$242,200	\$324,400	\$528,700
Debt outstanding	\$500,000	\$500,000	\$500,000	\$500,000	\$0
Total Liabilities	\$604,500	\$660,600	\$742,200	\$824,400	\$528,700
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	\$75,100	\$637,300	\$2,423,100	\$6,998,600	\$17,557,300
Total Equity	\$75,100	\$637,300	\$2,423,100	\$6,998,600	\$17,557,300
TOTAL LIABILITIES & EQUITY	\$679,600	\$1,297,900	\$3,165,300	\$7,823,000	\$18,086,000
check	\$222,925	\$222,925	\$222,925	\$222,925	\$222,925

Figure 6: 5 Year Annual Cash Flow

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Revenue 1	\$1,282,800	\$2,633,500	\$5,406,400	\$11,098,800	\$22,785,300
Total Revenue	\$1,282,800	\$2,633,500	\$5,406,400	\$11,098,800	\$22,785,300
Direct Cost					
Direct Cost 1	\$570,400	\$1,002,500	\$1,761,900	\$3,096,700	\$5,442,500
Total Direct Cost	\$570,400	\$1,002,500	\$1,761,900	\$3,096,700	\$5,442,500
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Other 3	\$65,200	\$70,400	\$76,000	\$81,900	\$88,400
Other 4	\$165,200	\$178,400	\$192,400	\$207,900	\$224,500
Salary	\$132,200	\$244,400	\$316,400	\$340,600	\$423,300
Total Other Expenses	\$496,000	\$641,600	\$750,100	\$795,800	\$901,600
EBITDA	\$216,400	\$989,400	\$2,894,400	\$7,206,300	\$16,441,200
Depreciation	\$19,600	\$39,200	\$55,200	\$69,500	\$84,800
Amortization	\$41,000	\$44,900	\$52,200	\$62,500	\$77,200
Preliminary Exp Written off	\$5,200	\$5,200	\$4,600	-	-
EBIT	\$150,600	\$900,100	\$2,782,400	\$7,074,300	\$16,279,200
Interest Expense	\$35,200	\$35,200	\$35,200	\$35,000	\$35,000
PRETAX INCOME	\$115,400	\$864,900	\$2,747,200	\$7,039,300	\$16,244,200
Net Operating Loss	-	-	-	-	-
Use of Net Operating Loss	-	-	-	-	-
Taxable Income	\$115,400	\$864,900	\$2,747,200	\$7,039,300	\$16,244,200
Income Tax Expense	\$40,300	\$302,700	\$961,400	\$2,463,800	\$5,685,500
NET INCOME	\$75,100	\$562,200	\$1,785,800	\$4,575,500	\$10,558,700
Net Profit Margin (%)	6%	21%	33%	41%	46%

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www.nuinvest.com

No officers, principals, or key personnel of Seniorlink, LLC have been convicted within the last five years.

Life settlement

From Wikipedia, the free encyclopedia

A **life settlement** is a financial transaction in which a policy owner possessing an unneeded or unwanted life insurance policy sells the policy to a third party for more than the cash surrender value (cash value offered by the life insurance company). The purchaser becomes the new beneficiary of the policy at maturation and is responsible for all subsequent premium payments.

Life settlements are an important development in that they have opened a secondary market for life insurance in which policy owners can access fair market value for their policies, rather than accepting the lower cash surrender value from the issuing life insurance company.

Generally speaking, life settlements are an option for high-net-worth policy owners age 65 or older. Independent estimates report that among this group, 20% of policies have a market value that exceeds the cash value offered by the carrier. And while many policyowners are unfamiliar with life settlements until a financial professional mentions the option to them, the concept has gained attention from high-profile proponents such as Warren Buffett, former U.S. Representative Bill Gradison, and numerous media sources including The Wall Street Journal, Time Magazine, Business Week and The Economist. A growing number of experts now believe that informing clients about offering life settlements should fall under the fiduciary duty of a financial adviser.

How it works

In a life settlement transaction, there is a chain leading from the seller of the policy to the end buyer of the policy (known as a *life settlement provider*). Each link in the chain has a different responsibility in facilitating the transaction and ensuring that it runs smoothly, while outside vendors typically assist the provider with specialized functions.

Financial advisers

Life settlements are complex financial transactions that are generally conducted on behalf of clients by experienced professional advisers. Some examples of advisers that are becoming increasingly involved in the life settlement arena are:

Accountants/CPAs

Attorneys

Financial Planners/CFPs/ChFCs/CFCs

Wealth Managers

Insurance Advisors

Estate Planners/CEPs

Certified Senior Advisors/CSAs

Charitable Trust Officers

Providers

Life settlement providers serve as the purchaser in a life settlement transaction and are responsible for paying the client a cash sum greater than the policy's cash surrender value. The top providers in the industry fund many transactions each year and hold the seller's policy as a confidential portfolio asset. They are experienced in the analysis and valuation of large-face-amount policies and work directly with advisors to develop transactions that are customized to a client's particular situation. They have in-house compliance departments to carefully review transactions and, most importantly, they are backed by institutional funds.

Life Settlement providers must be licensed in the state where the policy owner resides. Approximately 41 states have regulations in place regarding the sale of life insurance policies to third parties.

Brokers

Financial advisors who choose not to submit cases directly to a settlement provider may opt to work through a life settlement broker. Life settlement brokers are intermediaries who bring together policyowners who wish to sell a policy and providers seeking to purchase them. Brokers, in exchange for a fee, will shop a policy to multiple providers, much as a real estate broker solicits multiple offers for one's home. Not all buyers are alike and a life settlement broker will help ensure that cases are sold to reputable buyers who are likely to close without significant difficulties. It is unlikely a financial advisor will achieve the highest possible price without going through an experienced life settlement broker.

While it is the broker's duty to collect bids, it is still incumbent on the advisor to help the client evaluate the offers against a number of criteria including offer price, stability of funding, privacy provisions, net yield after commissions, and more.

Compensation arrangements vary significantly and should be fully disclosed and understood to determine if engaging a broker will benefit the client. In many states, brokers must be licensed to do business in that state. Industry experts state: "It is imperative that the client works with a licensed broker who has the experience to deal with sophisticated institutional buyers to yield the highest price."

In regulated states there are material regulations as to procedure, privacy, licensing, disclosure and reporting which must be met and which in some cases carry criminal penalties. A licensed life settlement broker can help you meet all relevant requirements.

Investors / risk takers

Life settlement investors are known as financing entities because they are providing the capital or financing for life settlement transactions (the purchase of a life insurance policy). Life settlement investors may use their own capital to purchase the policies or may raise the capital from a wide range of investors through a variety of structures. The life settlement

provider is the entity that enters into the transaction with the policyowner and pays the policyowner when the life settlement transaction closes. In most cases, the life settlement provider has a written agreement with the life settlement investor to provide the life settlement provider with the funds needed to acquire the policy. In this scenario, the life settlement investor is effectively the ultimate funder of the secondary market transaction. However, in some life settlement transactions, the life settlement provider is also the investor; the provider uses its own capital to purchase the policy for its own portfolio.

Other involved parties

Underwriters/Life Expectancy Providers - Provide life expectancy estimates on the insured for pricing purposes. There are four major life expectancy providers, namely AVS, Fasano Associates, 21st Services, and EMSI.

Some underwriters provide unreasonably short life expectancies by using base tables that are 5 years out of date, ignoring future mortality improvements & current treatments Eg Statins and basing life expectancies on life manuals which are conservative for mortality and not longevity risk. Others apply actuarial analysis to the most recent available data as well as their own experience to develop their base tables and underwriting manuals.

Providers who do not provide short life expectancies are shunned by originators whom are primarily remunerated for volume. Providing more reasonable life expectancies does not inflate the apparent value in these insurance policies. This results in fewer cases being written and less support from originators.

Fasano Associates has published two experience studies showing 96% Actual to Expected accuracy. One was performed by Milliman and the second by the Institute for Actuarial Studies. No other experience studies have been made publicly available.

Tracking Agents - Tracking agents provide information to investors

regarding the whereabouts and mortality status of each insured. Tracking agents use a variety of methods to collect this type of information such as phone, email, mail, and the social security database. Most tracking agents also provide premium management, death claim processing (collecting the death benefit from the insurance company once the insured has expired) and reporting services.

Steps in a transaction

Policyowner consults with an advisor, decides to sell his or her policy.

Policy owner and advisor decide whether to work with broker or to go directly to providers.

Client & advisor submit policy for valuation. Client releases medical information.

If policy meets criteria for a life settlement, providers send offers directly or through a broker.

Client and advisor review offers and client accepts his preferred offer.

Client and advisor complete the provider's closing package, and return essential documents.

Provider places cash payment in escrow and submits change of ownership forms to the insurance carrier.

Paperwork is verified and funds are transferred to the policy seller.

Life Settlement History

Although the secondary market for life insurance is relatively new, the market was more than 100 years in the making. The life settlement market would not have originated without a number of events, judicial rulings, and key individuals:

The Policy as Transferable Property

The Supreme Court case of *Grigsby v. Russell* (1911) established the policyowner's right to transfer an insurance policy. Justice Oliver Wendell Holmes noted in his opinion that life insurance possessed all the ordinary characteristics of property, and therefore represented an asset that a

policyowner could transfer without limitation. Wrote Holmes, "Life insurance has become in our days one of the best recognized forms of investment and self-compelled saving." This opinion placed the ownership rights in a life insurance policy on the same legal footing as more traditional investment property such as stocks and bonds. As with these other types of property, a life insurance policy could be transferred to another person at the discretion of the policyowner.

This decision established a life insurance policy as transferable property that contains specific legal rights, including the right to:

- Name the policy beneficiary

- Change the beneficiary designation (unless subject to restrictions)

- Assign the policy as collateral for a loan

- Borrow against the policy

- Sell the policy to another party

A second milestone occurred in 2001 when The National Association of Insurance Commissioners (NAIC) took a crucial step by releasing the Viatical Settlements Model Act defining guidelines for avoiding fraud and ensuring sound business practices. Around this time, many of the life settlement providers that are prominent today began purchasing policies for their investment portfolio using institutional capital. The arrival of well-funded corporate entities transformed the settlement concept into a regulated wealth management tool for high-net-worth policyowners who no longer needed a given policy. Strong demand for life settlements policies is driving a rapid market expansion that continues today.

Major Study Findings

One major study that showed some of the potential of the life settlement market was conducted by the University of **Pennsylvania business school, the Wharton School. The research papers, credited to Neil Doherty and Hal Singer, were released under the title "The Benefits of a Secondary Market For Life Insurance."** ([1]) This study found, among other things, that life settlement providers **paid approximately \$340 million to**

consumers for their underperforming life insurance policies, an opportunity that was not available to them just a few years before.

"We estimate that life settlements, alone, generate surplus benefits in excess of \$240 million annually for life insurance policyholders who have exercised their option to sell their policies at a competitive rate." - *Wharton Study, pg 6*

Another study, perhaps even more influential, was the Conning & Co. Research study "*Life Settlements: Additional Pressure on Life Profits.*" This study found that senior citizens owned approximately \$500 billion worth of life insurance in 2003, of which \$100 billion was owned by seniors eligible for life settlements. Since 2003, more and more of these eligible senior clients have sold their policies and helped the market increase. **Artusa**

Viatical settlement

In the case of a life expectancy of less than two years the term viatical settlement is used.

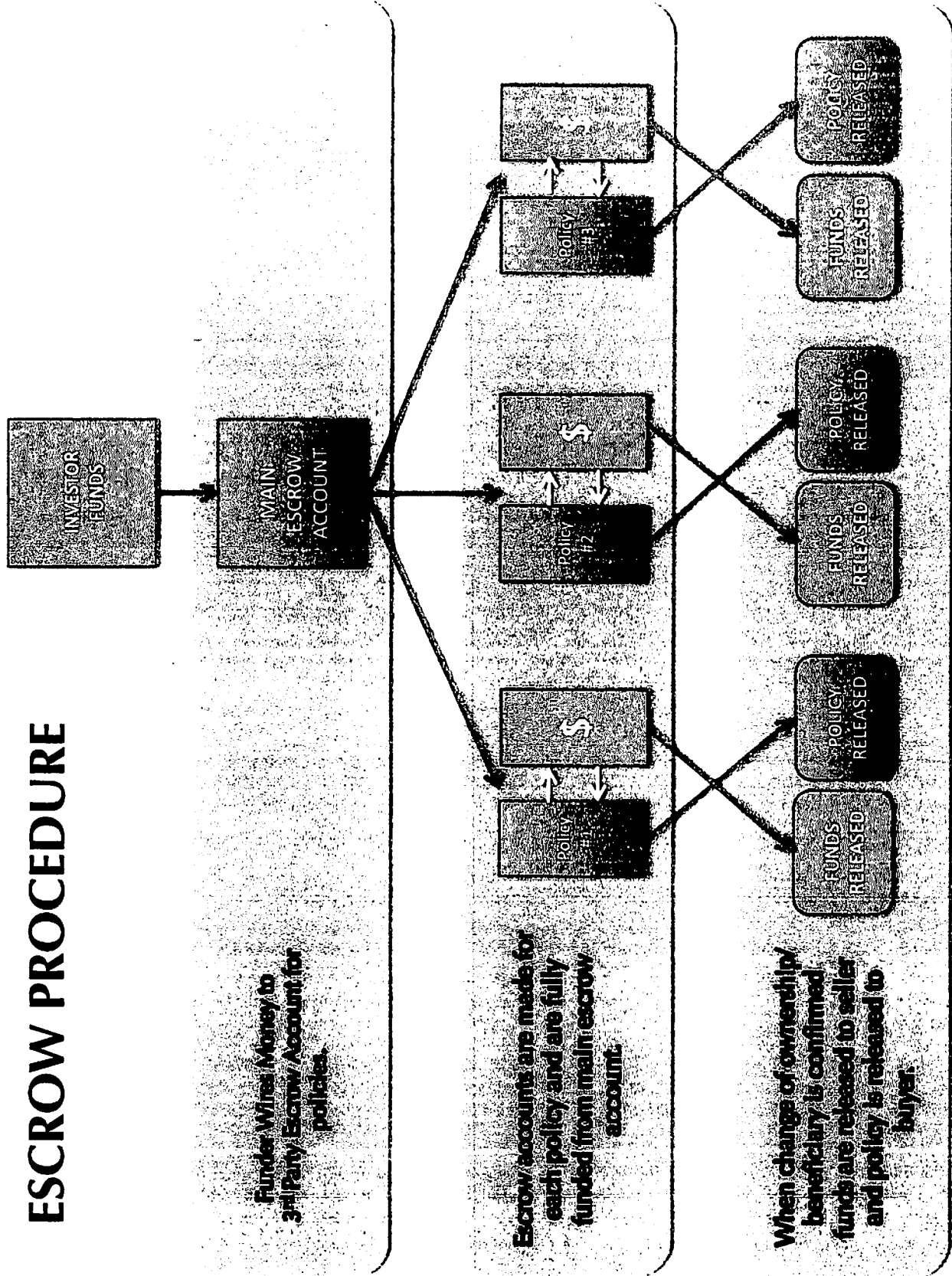
External links

Life Insurance Settlement Association (LISA)

Viatical and Senior Settlements/ Life settlement at the Open Directory Project

Categories: Insurance

ESCROW PROCEDURE



THE WALL STREET JOURNAL

Life Insurance For Sale - In a Secondary Market

**USA
TODAY**

CEO Life insurance as an investment? Big firms buying unnecessary policies

AICPA

American Institute of Certified Public Accountants

Life Settlements in Mainstream Investment Banking
"A Harbinger for the Future"

What is a Life Settlement?

A Life Settlement is the sale of an existing life insurance policy that no longer meets the needs of the insured individual. The sale of the policy may be the result of changing circumstances or perhaps the original need for the policy has diminished entirely. Before selling a life insurance policy was recognized as an option for the insured, the choices were limited to surrendering the policy for a limited cash value, letting the policy lapse, or continuing to meet increasing premium payments. Research suggests that most policies simply lapse. According to research conducted by Milliman and Robertson, an international actuarial firm, 89.5% of all Universal Life policies never result in a death claim. With Life Settlements as a new option, the insured can realize significantly more value for this asset. As such, Life Settlements are now considered a valuable financial planning tool recognized by AARP, as well as The American Cancer Society.

Life Settlements have been featured in the media by "60 Minutes," "20/20," "Dateline," CNBC Business Channel, The Wall Street Journal, USA Today and The Washington Post.

The Life Settlement industry is estimated at over \$100 billion. The industry has been dominated by institutional investors including Berkshire Hathaway, AIG and CNA. Their pursuit of this market is related to the degree of protection and the avoidance of market and economic risk. Institutional investors recognize that the return of their principal and the return on their principal are contractual obligations of highly rated insurance companies and are not subject to any market or economic considerations.





June 16, 2006

Stock Strategist

Our Take on the Secondary Market for Life Insurance

by Dafina Dunmore | 06-16-06 | 06:00 AM

Imagine a world where we had to sell our car back to the original dealer, or our house back to the developer, or even stocks to the original seller. This would be a world without secondary markets. It's the world that most life-insurance policyholders have faced historically. But the life settlement market is becoming increasingly fashionable as investors attempt to capitalize on what they deem to be a "mispriced" niche in the life insurance market.

Brief History

The viatical industry emerged in the late 1980s as the AIDS epidemic took hold and patients needed to finance expensive medical treatments. Terminally ill policyholders sold their life insurance policies to viatical firms for more than their cash surrender value but less than their death benefit. The viatical market morphed into the life settlement market in the late 1990s when AIDS/HIV patients began living longer. In the past several years, an influx of institutional sources of capital has expanded the life settlement market considerably.

Though the size of the life settlement market is unknown, best estimates illustrate a budding trend. According to A.M. Best Co., life settlement purchases have climbed from approximately \$2.5 billion in 2003 to more than \$10 billion in 2005 based on face amounts. This industry remains largely unregulated.

Life settlement firms target policyholders with impaired health but not terminal illnesses. This typically includes seniors 70 years or older with no-lapse universal life insurance policies with face values of \$250,000 or higher.

An Example

Joe, 70 years old, decides he no longer wants his \$1 million universal life insurance policy. His health may have worsened, his beneficiaries may have died, or he simply can no longer afford the premiums. Prior to the emergence of the life settlements market, Joe would have had two choices: 1) accept the insurer's contractually agreed upon surrender value, which is well below the policy's fair market value, or 2) let the policy lapse and receive nothing. That's an easy decision!

With a life settlements market, Joe could sell his policy to a life settlement company for up to 3 times its cash surrender value. The life settlement firm will pay future premiums on the policy and receive the \$1 million death benefit upon Joe's death.

Effect on Life Insurers

There are a number of actuarial-based assumptions used to price life insurance policies, one of which is expected lapse rates. Life insurers price various policies with the supposition that some policyholders will lapse (discontinue paying premiums) rather than retaining the policy until death. Life settlements make

estimating lapse assumptions more difficult because policyholders are opting to sell their policies rather than allowing them to lapse. If insurers price policies based on significantly lower lapse assumptions than are realized, insurers lose. Furthermore, the insurer cannot raise rates on guaranteed premium policies to make up the shortfall. Consequently, they could be compelled to hoard more reserves to pay claims.

We don't think this will have a materially adverse effect on insurers. Like many industry professionals, we think an active secondary market increases the value of insurance policies to policyholders. This should increase demand, which could drive higher premiums. Also, life insurers aren't sitting still.

What Insurers Are Doing About It

Most insurance companies offer accelerated death benefits for policyholders with impaired health as long as their life expectancy is one year or less. This competes well with viaticals but is not a close substitute for life settlements due to the limitation on life expectancy. This gap creates an opportunity for life settlement firms to capitalize on policyholders with impaired health and a life expectancy longer than one year. The fair market value of insurance policies exceeds its surrender value when the insured experiences health impairment because the death benefit is greatly accelerated. Life settlement firms currently offer policyholders fair market value; however, this gap would narrow considerably if insurance companies began offering surrender values adjusted for health impairments.

Insurance companies are taking several steps to thwart competition by life settlement firms. They are attempting to identify potential targets through the application process and cease offering policies in which premiums are financed. Insurers are also modifying underwriting assumptions and altering agents' commission structure to emphasize retention. We think solid management teams will continue to take the appropriate steps to preserve profitability while others will sacrifice future profits for near-term growth by continuing to sell into this market. **MetLife MET** and **Protective Life PL** are taking measures to reduce exposure to this market. Meanwhile, John Hancock (a unit of **Manulife MFC**) and **Lincoln National LNC** have experienced tremendous sales growth in universal life policies during the first quarter, a prime target for life settlements.

Our Take

Some insurers support life settlements as a tool to assist consumers whose financial protection needs have changed. However, insurers specifically oppose investor-initiated life insurance transactions that are intended to circumvent insurable interest laws--in other words, life settlement firms that contact prospective policyholders to purchase an insurance policy with the intention of subsequently selling it to the life settlement firm. As long as potential profit-making opportunities are available, investors will attempt to exploit them just as in any "arbitrage" situation, whether real or perceived.

We believe that the development of the secondary market for life insurance helps consumers by providing additional alternatives. Naturally, there are inherent risks to having a third party owner with no insurable interest in the insured's life because the investors benefit upon the insured's demise. However, some life settlement firms withhold certain personal information when policies are sold to investor groups. Conversely, all information is disclosed when policies are sold to other life settlement companies. To the extent that policyholders perform the necessary due diligence to select a reputable life settlement firm--just as they would when selecting an insurance company--we think this market is a win-win for consumers.

Dafina Dunmore is a stock analyst with Morningstar.

The Tipping Point

The Secondary Market for Life Insurance is Poised to go Mainstream—Are You Ready?

by Constance M. Buerger

Paradigm shifts don't occur overnight. Yet, somewhere along the line, there comes a convergence of factors that makes significant change inevitable. With regard to the secondary market for life insurance, this "tipping point" may already be in the rear-view mirror.

In the past few years, the secondary market for life insurance has exploded onto the financial planning scene. Clearly, the market's basic premise — the consumer's right to sell unwanted or unneeded life insurance — has been validated by the U.S. market's spectacular growth, which is expected to exceed \$45 billion in face value by 2007. More importantly, the market and its associated products, such as life settlements, are attracting significant attention from professionals outside of the life insurance industry.

Consider the estate planning community. A recent article titled "The Benefit of a Secondary Market for Life Insurance," in the *Real Property, Probate & Trust Journal* of the American Bar Association concludes that the secondary market for life insurance is both pro-competitive and pro-consumer. By allowing companies to compete for unwanted or unneeded policies, the secondary market has generated greater consumer choice, a wider range of products and favorable valuations for consumers. But the implications don't end there. The article goes on to suggest that the market will enhance the perceived value of life insurance, leading to an expansion of the industry as a whole. It concludes by suggesting that lawmakers design regulations to "encourage participation and investment in this secondary market."

Such regulation is indeed happening,



A number of states are in the process of passing provisions that protect the consumer's right to know about the opportunities available in the secondary market. It's likely that California will be moving forward with legislation in the coming year. These moves are sending a clear message to financial advisors that secondary market offerings are now within the limits of their fiduciary responsibility. "What is the liability of the trustee...who allows a thinly funded policy to lapse if the policy had a value in the after-market?" asks Jon J. Gallo, JD, co-chairman of the Life Insurance Committee of the Real Property, Probate & Trust Law Section of the American Bar Association.

driving advisors to demand to be educated about secondary market transactions.

The other factor is the sheer magnitude of the opportunity. In the U.S. alone, there is more than \$100 billion of life insurance in effect where the market value exceeds surrender value. On a more immediate level, the secondary market presents a rare opportunity to bring new and significant value to clients. Considering that life settlements invariably lead to additional transactions including annuities, new life insurance, or investments, it's a tremendous new business opportunity for producers.

Not surprisingly, the situation has attracted the attention of the capital markets.

foundation on which the industry can grow.

So, it should come as no surprise that advisors throughout the financial services industry are demanding the tools and information they need to educate their clients about the secondary market opportunities. The interest extends to other professional arenas including wire houses, tax attorneys, trust officers, accountants, financial planners, and registered investment advisors.

This raises what is perhaps the most important signal of the market's arrival: carriers are now responding to producer demands with information about life settlements, along with the tools to educate clients.

But, simple economics provide the most tangible account of the market's momentum. Does this mean that life settlements and other secondary market transactions will be popping up on every street corner? Of course not. For the majority of policyowners, maintaining their policy will continue to be the best course. But the mere presence of the market gives them the means to evaluate what the policy is worth in empirical terms. This is likely the most important implication of the secondary market. Life insurance is now more than a tool for risk-management. It has become an asset with significant value that should be appraised and considered alongside one's real estate, businesses, or equities. In cases where the policy is no longer performing up to expectations, the market provides new options. Options that are bringing long-term benefits to every sector of the life insurance industry.

Clearly, it's a time for enormous excitement. But it's also a time for action — for advisors to embrace the opportunities and responsibilities presented by the secondary market. Life insurance is now more flexible, more powerful, and more valuable for consumers and the professionals who serve them. Insurance is indeed being redefined. The tipping point has come and gone. And things will never be the same. □

Big Bang

The secondary market is here, as evidenced by its impressive growth...

\$100 Billion

Face value of the U.S. secondary market for life insurance at maturity.

\$45 Billion

Face value of the U.S. secondary market by 2007

\$3.5 Billion

Total dollars to consumers over cash value via U.S. secondary market transactions by 2007.

It's a question that Paul F. Kirsch posed in the March 2003 issue of *California Broker Magazine* in his article, "Will History Repeat Itself?" He noted that a failure to disclose the material benefits of life settlements to clients could open the door to a new wave of consumer-based litigation. The implications of these new responsibilities are a major factor

High-quality institutional capital is pouring into the secondary market — the importance of which cannot be overstated. Not only does institutional backing provide a secure funding source for secondary market transactions, it also provides the highest degree of consumer protection with regard to privacy and confidentiality, as well as a solid

Procedure Timeline

I. Verify Investor Funds

II. Funder Accepts Policy Purchase Price

III. A.S.A. Confirms Acceptance of Purchase with Brokerage Firm



24 Hours

IV. Funder Wires Money to 3rd Party Escrow Account

V. Purchase Agreement Issued From 3rd Party Escrow

VI. 3rd Party Escrow Due Diligence is Done

VII. Change of Ownership/Beneficiary Documents Signed by Investor

a. Document is Sent to Insurance Company



5 Days Depending on Time Lapsed From Funder to Wire Into Escrow

- Change of Ownership/Beneficiary Depends on Insurance Carrier. It Ranges From 7 – 60 Days.
- All Monies are Kept in 3rd Party Escrow Until Change of Ownership/Beneficiary is Completed and Confirmed.

VIII. Upon Completion of Change of Ownership/Beneficiary to Investor all Documents are Sent to Investor.

Louisiana Department of Insurance Producer Information




Mailing Address
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Laplace, LA 70069
St. John The Bapt
[Edit](#)

Resident/Domicile Address
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Business Address
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PRODUCER INFORMATION [Edit](#)

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License Type:	Individual Producer
Lines of Authority:	BAV
Resident/Domicile Status:	R
Social Security or IRS Employer #:	
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