

# Life Insurance Lapses Expected to Increase in 2024, Creating Opportunities for Investments

By William J. Clark  
**ASHAR GROUP**

**Imagine your client wakes up** one morning and finds several stacks of \$100 bills piled up on the kitchen table. If you think your client could find good use for that money, we'll tell you how to find it.

**Historically, uncertainty in financial markets increases life insurance lapse activity.** Think about your parents and the large number of baby boomers that are retiring every day or already retired. What are they worried about?

According to the 2023 Transamerica Center for Retirement Studies Report, the most often cited retirement fears are declining health that requires long-term care (36%), Social Security will be reduced or cease to exist in the future (36%), outliving their savings and investments (35%), possible long-term care costs (30%), not being able to meet the financial needs of their family (30%), and cognitive decline, dementia, Alzheimer's Disease (29%).

In many cases, these boomers are still paying life insurance premiums on insurance that has already served its purpose and is no longer needed. In turbulent times they begin to question why they should continue to allocate resources to paying premiums on a life insurance policy they no longer need. In such situations, they usually consider letting their policy lapse or surrender it to receive any remaining cash value.

**What if there was a way to recover all or part of their premiums paid? What if they could extract stacks of \$100 bills from their unneeded life insurance policies that had little or no cash surrender value and recover sunk costs?** If they were your parents or the parents of your 50-60 something clients, would it take some pressure off you and other adult children helping to provide for their aging parents at the very time they have kids in college and trying to invest for their own retirement? You bet it would! So, where does that money come from and how do you find it without wasting your time?

Life insurance is an asset that under the right circumstances contains significant fair market value (FMV) just like other ordinary property such as art, collectibles, antiques, jewelry, real estate, or automobiles. All these assets have active secondary markets where buyers are willing to bid for the privilege of acquiring that asset for themselves. The



secondary market for life insurance (life settlements) is well capitalized and legal in all 50 states. These institutional buyers are seeking to purchase policies on senior clients with life expectancies +/- 15 years who own policies that are low in cash, particularly universal life and convertible term policies.

**Ask the right questions to quickly uncover opportunities.** The first question helps determine if there is any opportunity for you. Ask your client, "Are you considering lapsing or surrendering any life insurance?" If the answer is "no," document the file and review again in the future. If the answer is "yes," ask them "When was the last time you had your life insurance appraised?" Seek an appraisal from a [qualified appraiser](#).

**You've uncovered an opportunity, now what? What does FINRA recommend?** In July 2023, [FINRA posted a Life Settlement Guide for Consumers](#) aimed at older investors. It recommends using a life settlement broker who represents the policy owner/seller and facilitates an auction to get multiple bids. Don't be pressured to make an immediate decision.

**Don't leave money on the table, invest it! ■**

---

*William J. Clark is Senior Director of Ashar Group - Independent Life Settlement Seller's Representative.*

*Learn more at [ashargroup.com](http://ashargroup.com), [LinkedIn](#), [Facebook](#) and [X](#).*



LIFE SETTLEMENT SELLER'S REPRESENTATIVE