



## Consumer Alert

- ◆ If you are in good health and someone asks you to sell your life insurance policy, proceed with caution. You may be a target for fraud. Contact the Kansas Insurance Department for more information.
- ◆ If you have been contacted by someone who wants you to buy a policy and then sell it immediately, you should contact the Kansas Insurance Department. You may be a target for fraud.
- ◆ If you are asked to invest in a viatical settlement, we recommend you contact either the Kansas Insurance Department or the Kansas Securities Commission (785-296-3307) to learn more about the issues and risks that might be involved in such an investment.

Consumer Assistance  
1-800-432-2484

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Kansas Insurance Department  
Commissioner

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# Selling Your Life Policy

What to  
Know About  
Viatical Settlements  
Before you sell  
Your Policy



Kansas Insurance Department  
Commissioner

1-800-432-2484

# Selling Your Life Insurance

*Today it is possible for you to sell your life insurance policy to someone else and receive an immediate cash benefit to use for whatever reason you choose. This financial arrangement, known as a viatical settlement, is best suited for people who are living with immediate life-threatening illness and facing difficult financial choices.*

*It may not always be in your best interest to sell your policy. Before you take action, you want to be sure you understand*

- ◆ *What future benefits you may lose*
- ◆ *What other options may be available*

*This brochure is designed to provide some of that information. However, it only provides a starting point. If you have additional questions, please call us.*

*The Kansas Insurance Department  
Consumer Assistance Division  
1-800-432-2484*

## Make an informed decision

### *Have your needs changed?*

- ◆ Before you sell your policy for cash you should carefully consider the loss of valuable insurance protection which you may not be able to get again. Remember that the costs for coverage increase significantly as you age and that you also must be in good health to qualify for coverage.

### *Check all of your options*

- ◆ Find out if you have any cash value in your policy. You may be able to (1) borrow from the cash value, (2) cancel the policy for its current cash value, (3) use the cash value as collateral to secure a loan from a financial institution.
- ◆ Find out if you have an “accelerated benefit” rider on your policy. If available, it could pay you a substantial portion of your policy’s death benefit without requiring you to sell your policy. It may be your best option.

### *Other considerations*

- ◆ Check out the tax implications. Not all proceeds from a viatical settlement are tax free.
- ◆ Find out if the proceeds would be subject to the claims of any creditors.
- ◆ Find out if you will lose any public assistance benefits such as food stamps, unemployment, or Medicaid if you accept a cash settlement for your life policy.



## Consumer protections in Kansas

- ◆ Any agent or company arranging viatical settlements must be licensed with the Kansas Insurance Department.
- ◆ The company buying your policy must keep your identity and medical history confidential unless you give them written consent.
- ◆ To protect your proceeds, the company buying your policy must put your money into an escrow account with an independent party during the transfer process.
- ◆ You have the right to change your mind about the settlement AFTER you receive the money, provided you return all the money. You have 15 days to review your settlement arrangement.
- ◆ The new owner of your policy is limited to the number of times they may contact you about your current health status.
- ◆ This is a summary of Kansas law. For more detailed information refer to Kansas Statute 1999 Supp.40-2, 140 et seq. or consult with your personal advisor.



A viatical settlement is a complex financial arrangement which may require professional guidance. We suggest you find your own personal advisor such as an accountant or tax attorney who will represent your interests.