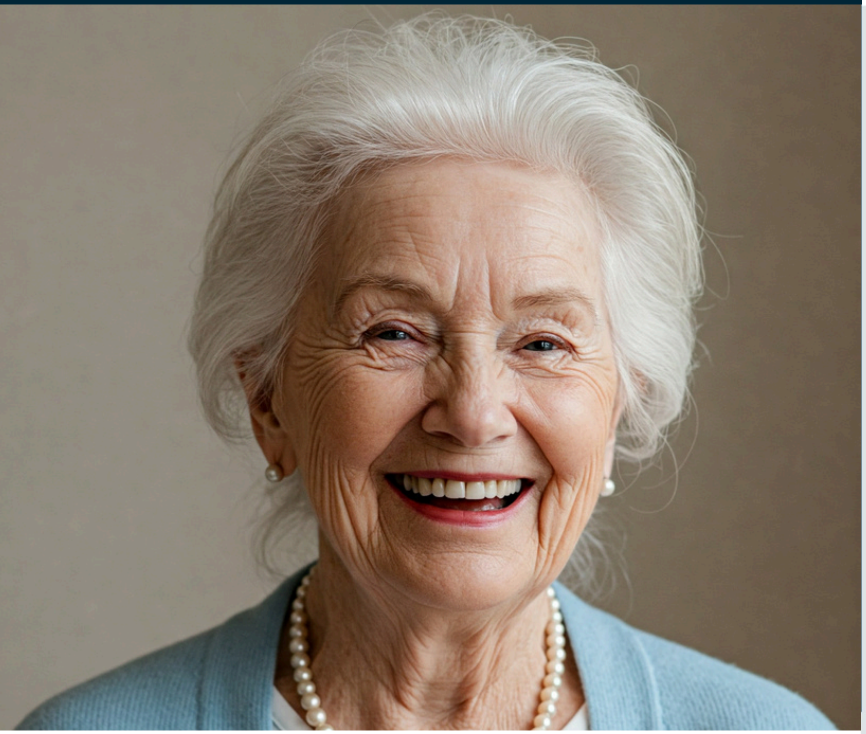
CASE STUDY

Term Policy Converted & Sold Before Deadline



SARA'S[1] STORY, AGE 80

Sara owned a $2.7 million Guaranteed Universal Life policy that she no longer needed and did not wish to continue funding. To prevent the policy from lapsing with no value, her insurance advisor recommended exploring a low-risk life settlement auction to see how much the policy might bring in the open market.

Policy Type

- $2,700,000 Guaranteed Universal Life Policy
- Premium: $54,000 / yr.
- Cash Surrender Value: $0
- Client Health: Good, not great

Client Outcome

- A competitive 18-round auction involving 17 potential buyers resulted in a net offer of $453,000[2], far exceeding the client's expectations.
- **Through this transaction, the advisor was able to help Sara generate meaningful value from a policy that otherwise would have lapsed without any return, turning an unwanted obligation into a significant financial benefit.**

[1] Client name has been changed to protect confidentiality.

[2] The net offer is the amount paid to the client after any commission or expenses related to the sale.

SARA'S LIFE SETTLEMENT BID PROCESS (ROUNDS 1-9)

Life Settlement Bids									
Bidder	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Abacus Settlements				$390,000	$390,000	$390,000	$420,000	$420,000	
Apex Settlement Group									
Berkshire Settlements									
Corry Capital									
Coventry First		$345,000	$345,000				$447,600	$447,600	$487,600
Fair Market Life Settlements Corp.									
Habersham Funding LLC									
Institutional Life Services									
Life Capital Group									
Life Equity, LLC									
Life Policy Traders									
LifeRoc Capital, LLC									
LifeTrust, LLC	$310,000								
Magna Life Settlements Inc.									
Maple Life Financial (Stonestreet)	$330,000	$330,000	$375,000	$375,000	$405,000	$405,000		$465,000	$465,000
Montage Financial Group, Inc.									
Q Capital Strategies									

SARA'S LIFE SETTLEMENT BID PROCESS (ROUNDS 10-18)

Life Settlement Bids									
Bidder	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
Abacus Settlements									
Apex Settlement Group									
Berkshire Settlements									
Corry Capital									
Coventry First	$487,600	$520,600	$520,600	$555,000	$555,000	$585,000	$585,000	$615,000	$615,000
Fair Market Life Settlements Corp.									
Habersham Funding LLC									
Institutional Life Services									
Life Capital Group									
Life Equity, LLC									
Life Policy Traders									
LifeRoc Capital, LLC									
LifeTrust, LLC									
Magna Life Settlements Inc.									
Maple Life Financial (Stonestreet)	$502,600	$502,600	$540,000	$540,000	$570,000	$570,000	$600,000	$600,000	
Montage Financial Group, Inc.									
Q Capital Strategies									

All-Inclusive Fee Schedule - brokerage fees are the lesser of:

- 6% of Face Amount
- 30% of Gross Offer
- 1/3 of Value Created

ARE YOU A CANDIDATE FOR A LIFE SETTLEMENT?

- You have an insurance policy you no longer need or want
- Age 60 or older
- Experienced a decline in health since policy was issued
- Minimum death benefit of $250,000
- Any Policy Type: Universal, Variable, Survivorship, Term, and sometimes Whole Life
- Any Owner Type: Individual, Trust, or Corporation

- **Valmark Securities, Inc. (Valmark):** Valmark and its registered representatives act as brokers on the transaction and will receive a fee from the purchaser. Valmark supervises all life settlements like a security transaction.
- **Life Settlement Providers:** Valmark markets policies only to Life Settlement Providers. Life Settlement Providers are generally responsible for maintaining the policy after sale and receive their funding from institutional buyers. Valmark reviews Life Settlement Providers periodically to affirm that their funding sources are institutional buyers, carry errors and omissions insurance, and are licensed in the state of sale.
- **Institutional Buyers:** Institutional buyers include qualified institutions, accredited investors, hedge funds, pension funds, and other qualifying investors. Investors bundle policies to ease any concerns with strangers having access to view millions of death benefit on an individual.

- In a life settlement agreement, the current life insurance policy owner transfers the ownership and beneficiary designations to a third party, who receives the death proceeds at the passing of the insured. As a result, this buyer has a financial interest in the seller's death.
- A policy owner should consider the continued need for coverage, and, if the policy owner plans to replace the existing policy with another policy, the policy owner should consider the availability, adequacy, and cost of comparable coverage.
- Policy owners considering the need for cash should consider other less costly alternatives to a life settlement.
- When an individual decides to sell their policy, they must provide complete access to their medical history, and other personal information, that may affect their life expectancy. This information is requested during the initial application for a life settlement.
- After the completion of the sale, there may be an ongoing obligation to disclose similar and additional information to the buyer or servicing agent at a later date.
- A life settlement may affect the insured's ability to obtain insurance in the future and the seller's eligibility for certain public assistance programs, such as Medicaid, and there may be tax consequences.
- Individuals should discuss the taxation of the proceeds received from a life settlement with their tax advisor.
- A life settlement transaction may require an extended period of time to complete. Due to complexity of the transaction, fees and costs incurred with the life settlement transaction may be substantially higher than other securities.
- Once the policy is transferred, the policy owner has no control over subsequent transfers.
- Each client's experience varies, and there is no guarantee that a life settlement will generate an offer greater than the current cash surrender value. In such cases, the client can always surrender their policy to the carrier if the coverage is no longer needed.
- Securities offered through Valmark Securities, Inc. Member FINRA/SIPC. Investment advisory services offered through Valmark Advisers, Inc., a SEC Registered Investment Advisor. 130 Springside Dr., Akron, Ohio 44333. (800) 765-5201. FinSec Life is a separate entity from Valmark Securities, Inc. and Valmark Advisers, Inc.