



MEG Financial on Key Man Insurance: It May be More Valuable than You Think

MEG Financial, a nationwide specialty life and disability insurance agency announces an overlooked opportunity for unwanted or needed keyman life insurance with the emerging “secondary market” for life insurance.

Pensacola, FL (Vocus) July 13, 2010 -- MEG Financial, a leading provider of [key man insurance online](#) explains the potential hidden value of unneeded key man life insurance policies.

[Key man insurance](#), commonly referred to as key person insurance, is essentially life and/or disability insurance purchased by a business on the life of a key employee or business owner to offset financial losses that would arise from his or her death or extended illness. With many companies, this protection is essential to its continuation in the event that a key person is lost.

What happens when a key man insurance policy is no longer necessary?

While key man insurance is extremely valuable, circumstances constantly change and there are situations when key man insurance is no longer important. Common reasons why key man insurance policies are no longer required include changing company objectives, the key person retires or leaves the company for greener pastures, the business is sold, a loan is paid off or simply the original intent of the coverage has been fulfilled.

[MEG Financial](#) founder and CEO Michael E. Gray, Jr. states, “in the past, cases where key person coverage was acquired but was no longer needed, the only options for the business were to let the key man policy lapse or surrender the policy for its remaining cash value. If the company chose to lapse the policy, it became null and void with no value. If the policy was surrendered for its cash value, only a fraction of the policy’s face value is returned and in many cases the value received is far less than actual premiums paid into the policy.”

Life Settlements: The Secondary Market for Life Insurance

Over the last few years, a new opportunity has evolved, called a life settlement and has created a multi-billion dollar industry known as the life insurance “secondary market”. Similar to the secondary market for mortgages, the life settlement market provides an efficient system for evaluating unwanted life insurance policies so that they can be valued for the purpose of selling them to an investor at a fair market value. These investors are typically very large and recognized institutional funders and prominent investment banks. Consequently, billions of dollars are now being poured into the life settlement industry to purchase unwanted life insurance policies.

According to Gray, “for companies owning key man insurance policies that are no longer needed, a life settlement may present a unique opportunity to receive maximum policy value for a potentially unrecognized asset. Instead of lapsing for no value or surrendering the policy for its available cash, it can be appraised to determine its potential fair market value and may then be sold in the secondary market subject to certain conditions.” Bottom line, find out more about the potential for a life settlement before any key man insurance policy is lapsed or surrendered. “You may be very surprised to learn that your key man policy is more valuable



than you think!”

What’s the Catch?

Obviously, not all life insurance policies have value in the secondary market. Life settlement providers, those that purchase unwanted life policies for the purposes of reselling them to institutional investors, will competitively bid on life insurance policies based on the age of the insured, their health status and the specifics of the actual life policy being sold. Since the policies are being purchased as investments and will be kept active until the death of the insured, age requirements are at minimum individuals over 65 with some degree of health history. Additionally, if the policy is term, it must be convertible to whole life or universal life.

About MEG Financial

MEG Financial, Inc. is a Florida based corporation that provides life insurance and financial services consulting to individuals and businesses in all 50 states and the District of Columbia and representing over 80 of the nation’s highest rated and most respected life and disability insurance companies. MEG’s primary areas of expertise include life insurance, life insurance settlements, insuring tough health issues, business insurance including business succession and key man life and disability insurance, as well as estate planning.

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