

## 15-Hour Life Settlement Broker Outline Definition of Terms

This attachment is a glossary of terms relative to the life settlement industry that shall be included as part of the 15-hour life settlement broker license training courses designed to meet the requirements in California Insurance Code section 10113.2(b)(1)(A) (Senate Bill (SB) 98, Calderon, Chapter 343, statutes of 2009, Life insurances: contracts and viatical settlements).

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Beneficiary	The person designated by the policy owner to be paid a death benefit when the insured dies. A policy may have one or more beneficiaries.
Buyer	For life settlements, buyers are most often referred to as funders, purchasers, financing entities, or investors. Typically, institutional buyers are ultimately the entities that assume ownership of a policy after it has been settled.
Cash Value	The net cash amount available in exchange for the full surrender of an in force life insurance policy.
Death Benefit	The money that an insurer on a life insurance policy promises to pay the beneficiary when the insured dies.
Face Amount	The sum an insurer on a policy promises to pay when the insured dies, or at the maturity of the contract.
Financing Entity	A company or other business or legal entity that provides capital to a life settlement provider for the purpose of purchasing life insurance policies through life settlement transactions. Also known as a buyer, investor, or funder.
Fraud	The intentional lying or concealing of facts by applicants for life insurance or on a claim, or in a life settlement transaction.
Funder	The life settlement investor that provides the capital for the secondary market transaction and ultimately assumes ownership of a policy. May also be referred to as a financing entity, buyer, purchaser, or investor.

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Insurable Interest	The existence of some family or business relationship between the insured and the owner/beneficiary of a life insurance policy as defined by California law.
Insured	The person whose life is covered by an insurance policy.
Investor	The life settlement financing entity, or in some instances, an individual, providing the capital or financing for a life settlement transaction which becomes the ultimate owner of the policy.
Life Expectancy	The average number of years of life remaining for a group of persons of a given age according to a particular mortality table.
Life Expectancy Report	<p>A report that is unique to a specific individual and is used in determining a life settlement offer. These are typically paid for by the provider. However, in reviewing the websites for a number of brokers, these reports are not mentioned. There are qualified firms who conduct life expectancy evaluations, and may use physicians to analyze medical files. Unscrupulous actors may use illegitimate life expectancy evaluations to commit investor fraud.</p> <p><u>Underwriting Evaluations:</u> Combining a medical assessment, actuarial statistics, and results from an actuarial risk calculator with information on daily living habits and demographics, to create a comprehensive life expectancy evaluation in an easy-to-read report format.</p>
Life Settlement	A transfer of an ownership interest in a life insurance policy to a third party for compensation less than the expected death benefit under the policy.

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Life Settlement Broker	An individual who represents the Owner of the policy. A life settlement broker is expected to offer the Owner's policy to several life settlement providers and present all offers to the Owner.
Life Settlement Provider	The individual or entity that enters into a life settlement contract to buy the policy from the Owner.
Mortality Table	A statistical table showing the death rate at each age usually expressed as so many per thousand.
Owner	The individual or entity that holds all rights to a life insurance policy. May also be called a "policy owner."
Provider	A party entering into a life settlement contract with a policy owner and paying the policy owner when the life settlement transaction closes.
Purchase Agreement	A contract entered into by a provider with a buyer to purchase a policy or an interest in a life insurance policy, or acquire a beneficial interest, or a certificate issued pursuant to a group life insurance policy
Life Settlement Contract	The written agreement between a provider and a policy owner establishing the terms of a life settlement transaction.
Terminally Ill	An individual with an illness or sickness that can reasonably be expected to result in death in twenty-four (24) months or less.
Viatical Settlement	The purchase of a life insurance policy from a viator for a reduction of the face value of the policy.
Viator	A catastrophically ill person who wishes to sell his or her life insurance using a viatical life settlement.