



Life Settlements: Buerger Eager to See Next Act

BY ARTHUR D. POSTAL

WASHINGTON BUREAU - A top life settlement industry official this week said that despite current opposition from some underwriters, he believes the life settlement business will soon become an integral part of the life insurance industry.

Calling integration of the life settlement business into the life industry "Act III," Alan Buerger, co-founder and chief executive officer of Coventry First L.L.C., Fort Washington, Pa., said, "We are about there; that is self-evident.

"Carriers will invest in the business," Buerger said. "Carriers will learn about our industry; we are already working with carriers who are investing in one way or another or participating in the industry."

Buerger said the life insurance industry will see longevity insurance "where people in our industry will participate in, along with the carriers, and help the carriers design the new products."

The shift is being generated, he said, by the fact that people are living longer. "There is a real concern about people living too long and outliving their ability to maintain their needs in their retirement," he said. "So Act III will be very vibrant; we will see the industry coming alive. We have a great, great future."

Buerger made his comments at a life settlement conference sponsored by Fasanio Associates, Washington.

He said he believes life settlements will become an integral part of the life insurance industry even though some carriers engage in "numerous tactics to delay, interfere, and suppress the competition created by life settlement transactions."

He said this interference "includes, but is not limited to," delaying or failing to provide illustrations, policy validations, verifications in coverage, and changes of ownership documents involved in life settlement transactions.

Buerger also talked about what he says

are cases of some carriers delaying paying claims for life settlement transactions, refusing to reinstate or reissue policies, "engaging in scare tactics by sending alarming letters to policyholders loaded with warnings about life settlements in general," and suing matured policy owners and agents.

Buerger said some carriers have added language to their agreements with agents and brokers to try to keep producers from discussing life settlements with policyowners or helping policyowners with life settlements.

But "I do not want to fight the life insurance industry," Buerger said. "I don't believe anyone in this [industry] wants to have such a fight."

Calling the current battles with certain carriers "Act II" of the effort by the life settlement industry to become accepted by carriers, Buerger said, "We want Act II to end. We want to get on to Act III. As I said before, the purpose is not to fight for the sake of fighting but to protect consumers, investors and our right to compete."

Buerger added, "I believe without any hesitation or reservation that by fighting back we will accelerate the beginning of Act III, and we are already seeing signs of that."

Buerger said a truce between carriers and the life settlement industry will generate new products that will benefit carriers, and that the current situation is similar to the battle over borrowing from life policies that took place 100 years ago.

In the future, Buerger said, "[we] will increasingly see programs where instead of a cash benefit, there will be a sharing of the death benefit, with the investor taking over premiums."