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Broker helps the dying cash in on better life

By Michael J. Berens
Tribune staff reporter

Recently widowed, Harrell "Hank" Maisel, 62, had nowhere to turn.

His bagel shop was on the skids. Creditors circled on mounting credit card debt. His home was in the grip of foreclosure. And just when circumstances couldn't get worse, he was diagnosed with a terminal illness.

The former California aeronautical engineer might have died in bankruptcy, leaving nothing but debt to his heirs. Instead, he turned to the viatical industry so he could take advantage of the money that eventually would be paid out from his life insurance policy.

Despite a troubled history and widespread calls for reform and tighter regulation, viaticals can be a way to help people like Maisel when the transactions are executed properly.

His case underscores why the industry should be expanded, better regulated and celebrated, said Doug Head President of the Orlando-based Viatical and Life Settlement Association of America, the industry's largest trade group.

Maisel was diagnosed in late 1997 with terminal prostate cancer. His wife had died a year and half earlier from cardiac complications. The couple had opened up a bagel shop in Sacramento, the fulfillment of their retirement dream, but an avalanche of financial problems overwhelmed Maisel.

From her home in New York, eldest daughter Arlene Maisel called viatical companies about her father's \$500,000 policy.

People trying to sell a policy can deal directly with Viatical companies, known as providers, or contract with a broker who will find the best fit for the policy. The Maisel family chose broker Carole Fiedler of San Rafael, Calif.

Fiedler, 50, is a broker who helps people sell their life insurance policy to a life settlement company for a discount of face value.

Dozens of photographs are taped and tacked to the east wall of Fiedler's office, including the small color snapshot of a broadly smiling man standing before the Eiffel Tower.

Everyone of them had sold their policies because they had been told they were dying and they wanted to find a way to use their life insurance money immediately, as a way to make the remaining months of their lives better.

Most of those on the wall are dead. Yet, a surprising number remain alive.

"These are my successes, all of them," said Fiedler, kicking her shoes off under the desk, a silver ring on her right toe, while gesturing to the wall.



California-based settlement broker Carole Fiedler looks over photos of past clients

The man who took the 12-day trip to stand before the Eiffel Tower was Tom "TJ" Jones, who scrolled in maker on his picture, "Carole, you made this possible!" He sold his insurance policy in July 1996 and died of AIDS in April 1999.

Continued....

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Relocating to California from New York City in the early 1990's, she formed *Fiedler Financial*, which has renamed this year to *Innovative Settlement Solutions* to reflect a fundamental industry shift to buy from even generally healthy policyholders.

Fiedler is licensed in California and 11 other states as a broker, but she has never taken a test and she is prohibited by law from dealing in securities. State regulations vary. Some states, including Illinois, have no regulations for brokers like Fiedler.

Nobody knows how many brokers exist beyond the roughly dozen specialized firms dedicated to finding policies and the few dozen individual brokers like Fiedler. Often, insurance agents, even estate attorneys, bring policies to the attention of settlement companies.

A person with a terminal illness can expect to receive between 60 percent and 80 percent¹ of face value of the policy. An older person with non-life threatening medical conditions and who's expected to live much longer typically receives (up to) about 20 percent.

¹ Currently, both regulations & payment models have changed; please contact us for current info.

Fiedler pushes back in her chair to stare out a window momentarily, brandishing an unapologetic grin as she relishes the irony that she helps secure money for dying or ill people so that they can live better, hopefully longer, while a group of unknown investors wait, even pray for death.

"This is my industry," she said with a laugh. "Its nuts."

The Maisel family wanted immediate cash to bail out their father and provide comfort in his last days, and they wanted to preserve some inheritance of younger relatives.

Fiedler split the policy in two. Only one half would be sold. Legacy Benefits, a New York City provider, paid 80¹ percent of the face value to the family.

His three sons and three daughters used the money to move their father to Colorado, renting a home near some of the children and near a prominent cancer hospital. For the next year, family members were together almost every day, hosting barbecues, singing songs, flying model airplanes-their father's passion and spending private moments that made the final days peaceful, said Arlene

Maisel. Their father passed away in April 1999.

"It's kind of funny to say we had the best year of our lives," said Arlene Maisel. "But it's not completely wrong."

In May 2005, she wrote a three-page letter to Fiedler, thanking her for arranging the deal.

"I know a lot of people think that what you do is macabre or that it preys on the unfortunate and desperate," she wrote, "but I can tell you are, in reality, a dream weaver and a lifesaver."

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