

BUSINESS

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INSURANCE: Carole Fiedler (right) is founder and president of Fiedler Financial, a licensed viatical brokerage firm in Sausalito. IJ photo/Frankie Frost

Seniors get cash from insurance policy

Settlements a fast-growing aspect of the viatical industry

By Rochelle Williams

Independent Journal reporter

A CASH benefit for the dying now extends to the living.

Viaticals, insurance cash settlements for people with terminal illnesses, have been around for a decade. Providers bought out the insured for a percent of the face value of the policy, assumed ownership and paid premiums to become beneficiary.

It initially started as a method for HIV patients to receive cash for medical treatment, dream vacations or money to use as needed.

In the last couple of years, other patients — with cancer, Alzheimer's or other chronic diseases — have used viaticals.

The industry entered a new phase within the past six months: branching out to healthy elderly men and women, primarily over 70.

"It is a way to make the remainder of our lives more comfortable and easier."

— Carole Fiedler of Fiedler Financial

Carole Fiedler, founder and president of Fiedler Financial, a licensed viatical brokerage firm based in Sausalito, calls such "senior settlements" a hot and growing aspect of the industry.

"Probably 50 percent of the cases I handle now are senior settlements," said Fiedler, who began her company six years ago and represents clients from nearly every state.

A few cases Fiedler handled in the past few months include:

- A widower with no heirs.
- An entrepreneur with a \$20 million policy that required a sub-

stantial annual premium. The policy was re-evaluated, at the suggestion of a financial adviser, and half was sold, with the money used for investments.

■ A widower who could not pay the premiums. His adult children, baby boomers, assumed payments but decided it was too costly. They elected to cash the policy and spend the money on their father.

■ A husband and wife, both insured, thought insurance from her job was sufficient in covering them both. They obtained a senior settlement for one of the pol-

icies.

"It is a way to make the remainder of our lives more comfortable and easier," Fiedler said.

Cash settlements usually can be obtained after a couple of months, with the provider paying the broker.

Marin's senior population older than 60 accounts for 18.1 percent of the county, according to the state Department of Aging, citing the 1990 census. Yet the median income of the 44,866 people who fall into that category is \$20,636.

Dr. Gary Graham of Illinois, a leading expert in insurance medicine who is certified in internal medicine and cardiology, has spent 17 years in the insurance business and is an authority on life underwriting, risk assessment and mortality.

Graham, co-founder of the International Underwriting Services, joked that a senior settlement is a way for the aged to squander their children's inheritance.

"There are valid needs and the

More information

To learn more about senior settlements, viaticals or brokers nearest you, contact:

■ Carole Fiedler, Fiedler Financial Viatical Settlements Consulting & Brokerage, at 332-1444 or www.viaticalsbroker.com.

■ Dedicated Resources, 800-677-5026.

■ Viatical Association of America, 800-842-9811.

■ Gloria Wolk at 714-249-5444, or www.viatical-expert.net.

reality is a person may have a serious health problem that is not going to be mortal but will live with a stroke or heart disease or other ailments. We are seeing a whole other area of this insurance product being a big seller in South Africa and Great Britain," Graham said.

Still, senior settlements are not for everyone.

If the policy is small or the price is high, see **Insurance**, page E6

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many means of inheritance and burial, alternative cash sources should be sought, according to Gloria Wolk, a viatical expert.

Wolk, author of "Cash for the Final Days" and "Viatical Settlements, an Investors Guide," believes selling policies to viatical companies should be the last choice after exploring all alternatives, because of the loss of value.

"People don't get more than 15 percent of the death benefits," Wolk said.

Alternatives include obtaining a

reverse mortgage, talking with an attorney who specializes in estate planning or investigating other insurance alternatives.

Additions may have occurred, such as nursing home coverage, that were not available when the policy first was bought, Wolk said.

Seek answers on choices to senior settlements from executives in the insurance company, not their agents, according to Wolk. The agent may provide information aimed at obtaining a large commission rather than benefiting the client, she said.

Still, Wolk believes senior set-

tlements, as viaticals, are wonderful options if someone is in serious need of money — with the benefit being "you can get a lump sum in two months and couldn't do that by other means."

Businesses are discovering ways to take advantage of senior settlements as well, according to Jeffrey Zadoff, chief financial officer of Dedicated Resources, a Florida-based viatical settlement company that is licensed in California.

"Key Man Life Insurance" policies that cover executives of a firm, is one trend that is picking up in senior settlements, especially when a business is sold and the new owner doesn't want to con-

tinue the premiums.

Dedicated Resources recently worked on a case in which four senior executives, between the ages of 65 and 75, served with a company but were not going to stay on with the new owner. Senior settlements turned out to be the perfect solution, Zadoff said.

"The market is growing for individuals and businesses," Zadoff said.

Philip Loy is already seeing a difference in senior settlements in his workplace.

Loy presides over American Viatical Services, a company in Georgia that does third-party medical evaluations to determine

life expectancy. He is a pioneer in the viatical field and works for several viatical companies.

Senior settlements are a growing part of Loy's business.

"In 1997 we were seeing about 90 percent HIV cases and 10 percent other. This year it is 50 percent HIV and 50 percent other, with the fastest growing segment of that being geriatrics.

"I would project that by the end of the year, the seniors are going to be 50 percent of the market place," Loy said.

Because the field is new, William Kelley, executive director of the Viatical Association of America, advises people considering se-

nior settlements to be cautious.

Use a licensed broker or shop around with several companies, and at no time should the insured pay any fees, Kelley said. His association is a 34-member organization made up of brokers, providers or other companies involved in viaticals.

Fiedler, who is licensed in six states including California, says senior settlements have assisted her clients.

"It all comes down to saving money now and getting some pocket change," Fiedler said. "It is simply a choice and it makes good sense."