



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Viatical Settlements

A viatical settlement allows you to invest in another person's life insurance policy. With a viatical settlement, you purchase the policy (or part of it) at a price that is less than the death benefit of the policy. When the seller dies, you collect the death benefit.

Your return depends upon the seller's life expectancy and the actual date he or she dies. If the seller dies before the estimated life expectancy, you may receive a higher return. But if the seller lives longer than expected, your return will be lower. You can even lose part of your principal investment if the person lives long enough so that you have to pay additional premiums to maintain the policy.

Viatical settlements can be risky investments. For these reasons, you should exercise caution and thoroughly investigate before you consider investing in a viatical settlement.

Many state insurance commissioners license the companies that buy viatical settlements to sell to investors and may have information about a specific company or viatical settlements in general. To find out who your state insurance regulator is, please visit the website of the National Association of Insurance Commissioners, (www.naic.org). The Federal Trade Commission also has information for those who are considering selling their life insurance policies.

