

Think before you sell your policy

Contributed by admin
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You should not sell your life insurance policy until there is an emergency and you need cash urgently. You can sell it in case you are very ill and need the money in a short span of time. However before selling the policy you must think why you got it. This will help you in making a correct decision regarding the insurance policy. Any company which buys your policy will ask for your medical records. So you should have all your medical reports and other related documents in proper order. Depending on the company you can get from 50% to 80% of the money that you invested in the policy. Of course the amount will depend on the condition of your health.

You must choose the viatical company carefully. The company's profit depends on how long you will live after selling the policy. The company remains in touch with you through phone calls, post cards etc. All this is done in a way that it becomes obvious to everyone around you. The company enquires about your health on a regular basis. Before selling your policy you should look for other alternatives to get quick cash. Your policy may have an accelerated death benefit, and that can be useful.

You must choose a licensed viatical company. Some states allow only the licensed ones to buy the policy. Before selecting the company you must check out the different viatical companies and choose the one which offers you the best face value. For example if you are expected to live for less than 6 months you may get 80% of the face value whereas if your life expectancy is 2 yrs or less, you may get 60% of the face value. So get the maximum out of your policy.

Ask the company to open an escrow account in your name. This way the funds will be there to cover the offer. Any good viatical company will do this immediately and if your company wavers to do this, you must look for another one. You must consult your lawyer or your financial adviser before you sell your policy. Inquire about the taxes. As per the Health Insurance Portability and Accountability Act, this settlement is free from taxes in case of a fatally ill recipient. However people with mild illness and good health are taxed. Some states may allow tax free transactions. You should also know about the effect on estate and probate settlements.

Once a viatical settlement is done, it will affect all other financial help which you may receive. You should also discuss the transaction with your beneficiary. Their life will also be affected by the sale of your policy and you should make sure that your medical bills will not trouble them in future. Your creditors may also ask for settlement. {mosgoogle left}