



# Independent Life Payee Protection Policy



**Independent Life**

safe. secure. settled.

# INTRODUCTION

“Independent Life’s mission is to provide trustworthy, competitive and innovative annuity products that professional structured settlement consultants can easily integrate with other financial products and governmental benefits to produce optimum settlement planning solutions for personal injury victims and their families.”

Trustworthiness, along with safety and security, is the cornerstone of our company; whether it be customer service, privacy, or providing the payments, as promised. Payees, parents, attorneys and judges place their trust in Independent Life to secure payments for the payees, as they mutually intend at the time of the settlement. We will apply the principles of this Payee Protection Policy to honor that trust.

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## 5891 TRANSFERS

The sale of structured settlement payment rights is governed by Section 5891 of the U.S. Internal Revenue Code and Structured Settlement Protection Acts in 49 states. The purpose of these Acts is to protect recipients of structured settlements who are involved in the process of transferring their payment rights by imposing an onerous excise tax on the buyer of the payment rights unless a judge agrees that the proposed transfer is in the “best interest” of the payee and issues a Qualified Order approving the transfer.

The determination of what constitutes the “best interest” varies widely from courtroom to courtroom in the United States. One constant, however, is the requirement for the life insurance company to be a named party and served with any court filings pertaining to the transfer.

## THE PROBLEM

Every year, thousands of structured settlement payees participate in 5891 transactions, transferring payment rights to factoring companies. These companies use highly persuasive marketing tactics to lead payees, who are often no longer represented by professional advisors, to transfer payments to themselves, often offering inadequate compensation. Generally, the structured settlement professionals, settlement planners and attorneys, who participated in the settlement, are not even aware of the impending 5891 transfers. So, this team of professionals, who collectively advised the payee on the original payout plan, is unable to assist the payee in finding a reasonable alternative or at least in making an educated decision. The life insurance companies continue making payments (to a different payee assuming a transfer occurs), but the original payee’s payment plan is never really secure when structured settlement payment right can so easily be transferred to a third-party.

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## THE INDEPENDENT LIFE DIFFERENCE

When the structured settlement is created, the biggest benefit and source of comfort for the payee, their families and their legal advisors is that they can depend on these payments being made in accordance with the payment schedule specifically prescribed in the settlement agreement. Any proposed sale and transfer of these payment rights would result in a major change to the financial outlook of the original payee. In such event, Independent Life will engage the professionals who designed the plan so that the payee does not have to undertake this process alone. Independent Life is also committed to fighting back against unfair pricing practices, predatory practices, and forum shopping which sometimes occur with these proposed transfers.

Independent Life has created the first Payee Protection Policy in the structured settlement industry that will offer SECURITY for our payees. We will take the extra steps to re-engage the professionals that established the payment plan to secure it or weigh in on the wisdom of changing it. Independent Life will attempt to protect its payees from any and all proposed transfer petitions we view as unfair to our payees. Please find a list of our covenants outlined in our Payee Protection Policy.

# PAYEE PROTECTION POLICY

## Independent Life's Payee Protection Covenants:

1. Independent Life will not solicit payees for Section 5891 transfers.
2. Independent Life will copy the agent(s) of record for the original structured settlement or their successors when documents indicative of a 5891 transfer are requested by the payee (Benefits Letter, Copy of Policy, Settlement Documents and Beneficiary Changed to Estate).
3. Independent Life will notify in writing the agent(s) of record for the original structured settlement or their successors when notified of a proposed Section 5891 transfer petition.
4. When notified of a proposed Section 5891 transfer, Independent Life will review the terms of the proposed transfer and will object to those transfers where:
  -  The discount rate used exceeds the Federal Reserve's Bank Prime Loan Rate plus 5.0%.
  -  Independent Life has a record of diminished capacity, a traumatic brain injury (TBI) or other cognitive impairments, and Independent Professional Advice (IPA) has not been provided.
  -  The payee is under the age of 25, and Independent Professional Advice (IPA) has not been provided.
  -  The jurisdiction of the proposed 5891 transfer does not correspond with the address of the payee (proposed transferor) on file with Independent Life.
5. At least once a year, Independent Life will publish a report outlining the number of 5891 transfer petitions, orders approving and denying, and appeals affecting Independent Life contracts.
6. Independent Life will reserve the right to appeal any 5891 transfer order that has been granted over its objection.

For the most up-to-date information regarding 5891 transfers and Independent Life, please visit the following website:

[www.Independent.Life/5891](http://www.Independent.Life/5891)

*\*Independent Life reserves the right to modify the Payee Protection Policy to serve the interests of our payees.*



# Independent Life

safe. secure. settled.

## safe.

\ 'sāf \

### adjective

Definition of safe

1. free from harm or risk
2. in structured settlements, the act of preserving funds for future disbursement

## secure.

se·cure | \ si-'kyur \

### adjective

Definition of secure

1. free from danger
2. in structured settlements, the act of paying the intended payee

## settled.

set·tled | \ 'se-teld \

### adjective

Definition of settled

1. in reference to a lawsuit, to acknowledge an agreement between parties, usually out of court
2. in structured settlements, the resolution of a lawsuit with the use of future periodic payments