

1997

Accelerated Death Benefits, Viatical Settlements, and Viatical Loans: Options for the Terminally III

Paula Schmidt

Lincoln Benefit Life Company, schmipat@allstate.com

Follow this and additional works at: <http://digitalcommons.unl.edu/joap>

 Part of the [Accounting Commons](#), [Business Administration, Management, and Operations Commons](#), [Corporate Finance Commons](#), [Finance and Financial Management Commons](#), [Insurance Commons](#), and the [Management Sciences and Quantitative Methods Commons](#)

Schmidt, Paula, "Accelerated Death Benefits, Viatical Settlements, and Viatical Loans: Options for the Terminally III" (1997). *Journal of Actuarial Practice 1993-2006*. 101.

<http://digitalcommons.unl.edu/joap/101>

This Article is brought to you for free and open access by the Finance Department at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Journal of Actuarial Practice 1993-2006 by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Accelerated Death Benefits, Viatical Settlements, and Viatical Loans: Options for the Terminally Ill

Paula Schmidt*

Abstract[†]

There are three options available for terminally ill insureds who are interested in accessing all or part of the face value of their life insurance policies: through the life insurance company (accelerated death benefits), through a viatical company (a viatical settlement), or through a viatical loan company (a viatical loan). This paper explores the definitions and tax regulations, calculations, and the claims process associated with accelerated death benefits and viatical settlements and loans.

Key words and phrases: *life expectancy, claims, taxes, regulations*

1 Introduction

For a person diagnosed with a terminal illness, there are few monetary options available to pay the expenses needed to sustain his or her life. Medical insurance may only cover expenses up to a limit, and their savings and/or possessions may not be enough to cover bills. For the insured terminally ill, however, there are often three other options: accelerated death benefits, viatical settlements, or viatical loans.

*Paula Schmidt works in the pricing/product development department at Lincoln Benefit Life Company. She completed her B.S. degree in actuarial science in 1995 from the University of Nebraska-Lincoln and is currently working toward her associateship and eventual fellowship in the Society of Actuaries. This is her first published work.

Ms. Schmidt's address is: Lincoln Benefit Life, PO Box 80469, Lincoln NE 68501-0469, USA. Internet address: schmipat@allstate.com

[†]This paper is based on the honors thesis that Ms. Schmidt completed for her B.Sc. degree in actuarial science at the University of Nebraska-Lincoln. She is grateful for comments from an anonymous referee, the editor, and Mr. Daniel Kahan, A.I.A., A.S.A. of Canadian Life Line.

Accelerated death benefits are benefits offered by life insurance companies to terminally ill insureds. The proceeds from an acceleration result from a recalculation of the insured's life expectancy due to the terminal illness and can be excluded from the owner's personal gross income under current tax law. The proceeds consist of a fraction (typically 50 percent, but can vary from 25 percent to 100 percent depending on the company) of the policy's face value, the remainder being paid at the time of death. There is sometimes a waiver of premiums during the period the insured is expected to die. If the insured survives the period, there may be a resumption of premiums. Whether the premium needs to be resumed is company specific and is stated in the policy or rider form that contains the accelerated benefit provision.

The risk insurance companies take when they fund accelerated death benefits differs from the risk insurance companies assume at the sale of a life insurance policy. There is minimal adverse mortality risk involved in accelerated death benefits, if the physician's diagnosis is correct, given the likelihood of death occurring in the near future. Thus, the risk assumed is primarily an investment risk.

A *viatical settlement* is one in which the owner of a life insurance policy sells the policy to a viatical company for an amount less than the face amount. The amount paid is directly related to the amount of time the insured is expected to live, i.e., the longer the life expectancy, the less the amount paid. The viatical company in turn pays the remaining premiums needed to keep the policy in force.

If the person lives longer than expected, viatical settlement companies will suffer a decrease in their investment return. Thus, viaticals risk losing some of their profit. If they are highly leveraged, this could be a large percent of that profit.

A *viatical loan* involves a policyowner giving collateral assignment of his or her life insurance policy to a viatical loan company. The loan is then repaid in full at the time of death of the insured. The premiums are paid by the viatical loan company and are subtracted from the viatical loan amount in the initial computation. Often, a viatical loan allows the policyowner to receive more of the death benefit than an accelerated death benefit or viatical settlement. At the death of the insured, the balance of the death benefit is paid to beneficiaries.

The benefit covered in this paper is the terminal illness-triggered benefit. To be eligible for this benefit, a physician must certify that death is imminent within a specified time period. This time period is usually six months to a year, though 24 months is the requirement in the Internal Revenue Code for a benefit to be treated in a manner similar to life insurance proceeds. Therefore, a terminal illness-triggered benefit

is any payment made from a life insurance policy while the insured is alive that results from recalculating the insured's life expectancy due to the terminal illness.

2 Life Insurance Companies

2.1 The Calculation of Accelerated Death Benefits

There are two common methods used to calculate accelerated death benefits: discounting the face value (less any outstanding policy loans) of the policy or by taking a lien against the policy. Other methods are used, but they are not as acceptable to most life insurance companies.

The discounting method requires the face value of the policy to be discounted by a factor related to current market rates (e.g., the U.S. Treasury bill rate) and the length of the acceleration period. The amount paid is subtracted from the face amount of the policy, which results in a lower remaining death benefit. In some cases, companies waive the premium during acceleration. Some life insurance companies charge an administrative fee to cover the expenses of processing the acceleration. Typical fees range from \$100 to \$300.

A simple example of discounting an accelerated death benefit follows. Assume a policy with a \$100,000 face amount, a 60 percent acceleration benefit, no loans, a company-implemented administrative fee of \$200, and a Treasury bill rate of 8 percent. The insured is assumed to have a year to live. The amount to cover the interest on the accelerated portion is:

$$\$60,000 - (\$60,000/1.08) = \$4,444.44.$$

Therefore the accelerated payment is:

$$\$60,000 - \$200 - \$4,444.44 = \$55,355.56.$$

The policy would remain in force with a \$40,000 death benefit.

In the lien method, the accelerated benefit is treated as a loan secured by the policy. Once death occurs, the loan is reimbursed with interest from the entire death benefit. The difference between the lien method and a straight policy loan is that for the lien method, advances can exceed the contract's cash value. With a loan, however, the policyowner only is able to obtain an amount not higher than the cash value of the policy.

Let us now look at a lien method example using the same scenario as for discounting, with the exception that the 8 percent Treasury bill rate

is assumed to be the loan rate and there is a \$200 administrative fee. The policyowner would be loaned \$59,800 (\$60,000 - \$200) now. The death benefit remaining, assumed to be paid in one year's time, would be:

$$\$100,000 - (\$60,000 * 1.08) = \$35,200.$$

The difference between the total payments for the two methods is minimal (less than \$400). With the discounting method a payment of \$55,355.56 could be received now and \$40,000 at death. The total payment would be \$95,355.56. The lien method offers \$59,800 now and \$35,200 at death, a total of \$95,000. The final deciding factors depend upon the options available from the individual's insurance company. Some companies only offer one of the options. The policyowner also must decide if he or she would benefit from more money at acceleration or at death. These decisions vary for each individual.

2.2 Regulations and Tax Treatment of Life Insurance Proceeds

When an accelerated death benefit is paid to a policyowner, the insurance company must send a statement illustrating the effect of the benefit on the face amount of the policy, the specified amount of the benefit, the accumulation account, the cash value, any loan balance, and what the future premiums (if any) will be (Adam, 1990).

The National Association of Insurance Commissioners (NAIC) formulated model insurance regulations to serve as a guide to accelerated death benefits. A disclosure required by the NAIC guideline¹ is a brief description of the benefit and definitions of the conditions or occurrences that triggered the benefit payment. No further conditions may be placed on the payment of accelerated benefits other than those specified initially in the policy or rider.

Benefit payment options also are covered in the NAIC 1996 guideline. The insured has the option of receiving the accelerated benefit in a lump sum, in periodic payments for a fixed time, or in a fixed amount for an indefinite period of time. Some companies require that the accelerated benefit be taken as a lump sum, but most accommodate policyholder wishes. To receive the accelerated death benefit, the owner often is required by the insurance company to surrender all or part of his or her policyholder rights (Cruise, 1994).

¹NAIC guidelines can be obtained by writing to the NAIC at: NAIC, 120 West 12th Street, Suite 1100, Kansas City MO 64105-1925, USA.

The introduction of accelerated death benefits in early 1990 resulted in the general public and some insurance companies being concerned about tax uncertainties and terminology. To alleviate these concerns, the Internal Revenue Service (IRS) and the NAIC established tax regulations and model insurance regulations, respectively. On August 21, 1996, President Clinton signed The Health Coverage Availability and Affordability Act of 1996 (HR 3101) clarifying the tax treatment of accelerated death benefits. This act went into effect on January 1, 1997; (see Chodes, 1997). The sections of the Internal Revenue Code (IRC) that affect accelerated death benefits are Sections 72, 101, 7702, and 7702A. The regulations are being amended; more changes may occur in the future.

State-specific regulations are based upon model regulations enacted by the NAIC. The NAIC cannot force states or insurance companies to use model regulations. Because the NAIC is composed of each state's respective insurance commissioner, though, most states have adopted the regulations.

Once the states accept regulations, insurance companies must comply and alter their policies (if needed) in order to do business within each individual state. At first most states allowed accelerated death benefit recipients to be exempt from state income taxes, though recipients may still have had to pay federal taxes (Blake, 1993). Because nobody really knew if taxes were owed or not, the NAIC advised insurance companies to add a disclaimer suggesting the policyholder consult his or her tax advisor about the tax treatment of such a provision (Adam, 1990).

Under Section 7702 of the IRC, a life insurance contract is defined as any contract that is a life insurance contract under applicable law, but only if the contract meets the cash value accumulation test or meets the guideline premium requirement and falls within the cash value corridor. Whichever of these two tests a life insurance contract meets at inception also must be met after a change in the death benefit is recorded (Kraus, 1993). Therefore, a redetermination of values must occur after acceleration.

The tax treatment has always been a concern for those terminally ill and considering such benefits. Current regulations provide that accelerated benefits will be considered as death benefits under Sections 101(a) and 7702. Section 101 states that any amount of a death benefit received in a lump sum or otherwise paid by reason of death of the insured is not included in a person's gross income (Freeman and Marcus, 1993). The Health Insurance Portability and Accountability Act of 1996 redefined Section 101(g). With its passage there are now two types

of accelerated death benefits (received after December 31, 1996) that are excludable from gross income. They are amounts received from a life insurance policy or from a viatical settlement company for the sale or assignment of a policy. The determining factor is that the insured is terminally or chronically ill (Wolosky, 1996). The act defines being terminally ill as having 24 months or less to live. To be classed as chronically ill, the insured is not able to perform at least two of six listed daily activities (Christopher, 1997). This paper, however, will not cover chronic illness benefits in any depth.

The definitions and regulations of the IRS and NAIC aim to clarify the treatment of accelerated benefits. Most state insurance departments have adopted similar regulations, so the alterations necessary from state to state tend to be minimal. It is most probable that the tax laws and regulations will continue to change as the insurance industry becomes more experienced in accelerated benefits. For now, the proceeds from a qualifying acceleration can be received free from personal income tax. With this clarification, the insurance industry should notice more terminally ill persons submitting claims for accelerated death benefits.

2.3 The Claims Process for Accelerated Death Benefits

The process for accelerating the payment of benefits on a life policy has many elements. Most companies require a minimum face amount to be carried on a policy, i.e., \$100,000, before any claim for acceleration of the death benefit can occur. Fraudulent claims can be reduced by setting a limit to the amount of accelerated benefit a policyholder can receive. A minimum amount also may be set to avoid the relatively excessive administrative expenses in processing small claims.

Specialized claim forms are required for acceleration. These forms must be comprehensive enough to encompass all aspects of the illness and the benefit payout. In addition, these forms should include verification and certification from the insured's physician stating the date of diagnosis of the terminal illness, the extent of the insured's symptoms, the proposed treatments and their efficacy, and the expected life span of the insured. The insured also should be asked to complete a claim form to prevent fraud (Adam, 1990).

When claims are made during the contestable period, special effort must be made to determine whether the illness was present at the inception of the policy (Hitzeman, 1992). If the illness was present, it gives the insurance company a legal reason not to accelerate the death benefit. The insurer must verify that the policy is a valid contract and

was issued based upon correct and accurate information before it determines whether the accelerated benefit is payable.

The medical information required by the claim forms should provide adequate data for an initial investigation for the possible contestability of the payment. If the submitted information appears to be legitimate and satisfactory to the insurance company's medical board, the claim is processed and paid (Reimers, 1994).

If the information appears to be false, an extensive investigation usually follows. Certain steps are recommended to protect insurance companies from fraud by policyholders and physicians. First, companies must verify the attending physician's credentials. The next step is to obtain treatment records from any attending physicians and hospitals. It also may be beneficial to interview the insured and/or spouse to determine the extent and severity of the illness and to rule out the possibility of self-inflicted injuries as the cause of the terminal condition. The policyholder must be asked if he or she is mentally competent and be determined as such (Hitzeman, 1992). Anything that seems suspicious should be investigated to safeguard the insurance company.

The insurance company should reserve its right to reaffirm the diagnosis of terminal illness by the company's medical doctor. Most companies also state within their rider or policy that if the insured's physician disagrees with the company's physician on the diagnosis, the company will pay a third impartial physician to perform an evaluation. Both parties should agree the third diagnosis will be the one by which the insured and the company will abide (Hitzeman, 1992).

Because claims only can be made by the policyowner, irrevocable beneficiaries and assignees can complicate the claim process. If a release cannot be obtained from either of these two, payment of the advanced benefit should be refused (Adam, 1990). In most cases the beneficiaries are close to the insured and are aware of the ramifications of acceleration. Irrevocable beneficiaries and assignees commonly play a large role in the decision to accelerate.

Companies offering such riders must be fair to all parties so they are not accused of taking advantage of the insured and the terminal condition. At the same time the company must make correct assumptions about the premiums and/or fees charged so that they do not lose money offering such a benefit. Discrimination must not exist in the underwriting and processing of different types of terminal illnesses (Adam, 1990). The insurance company also must protect the privacy of the insured.

No matter how careful and methodical an insurance company is in investigating claims, problems will arise. One problem is how to deal with an insured who recovers after receiving the accelerated death ben-

efit. A correctly written policy should protect both parties in such an event (Adam, 1990). Some companies require an insured to resume payment of premiums on the face amount remaining after acceleration if the insured survives beyond the acceleration period (Aerts, 1994). Other companies waive the premium.

Another possible problem is an insured who commits suicide after receiving his or her accelerated death benefit. If the suicide occurs within the customary two year contestability period the policy would be terminated; beneficiaries may have to repay the advance (Adam, 1990). If suicide occurs after the contestable period beneficiaries may receive the remaining death benefit. Each company must decide its stand on suicides.

Claims practices of insurance companies are complicated by accelerated death benefits. In the past an insured died and a benefit was paid. Now an insured may have a terminal illness, and a partial benefit may be paid. Insurance companies should expect more claims in a wider variety and greater volume due to terminal conditions.

Accelerated death benefits are consumer friendly and possess a humanitarian appeal that complements traditional life insurance (Wang, 1990). This benefit promises an extra measure of financial security in the event of a catastrophic or terminal illness. Life insurance products have come to offer more while persons are alive instead of after they have died. Accelerated death benefits are one way companies are offering their policyholders additional safeguards and personal benefits. This benefit allows companies a slight marketing advantage. Accelerated benefits give the company's agents a selling point that is visible and desirable for insureds. It is seen by some agents to be a low risk, but a low reward provision.

Although some controversy surrounds accelerated death benefits, most persons familiar with the concept praise it. The benefit may be received as a lump sum, in installments, or as expenses are incurred. Payment depends upon the insurance company and its established practices. The payment can be a way for a dying person to take care of medical bills, visit family in a different part of the world, or do what he or she always has dreamed. The adverse impact of an accelerated death benefit is the decrease in the death benefit of the policy to the insured's survivors.

3 Viatical Companies

3.1 Viatical Settlements

There is a second option available to an insured whose insurance company does not offer accelerated death benefits or to an insured who wants an advance payment sooner than the insurance company offers. This option is to sell the life insurance policy to a viatical company.

A viatical settlement is a private transaction in which a policyowner sells the policy while the insured is living. The owner sells the policy to a viatical company for an amount less than the face value of the policy. Viaticals usually offer a contract under which the company is designated as the sole beneficiary of the life insurance policy. Most of these contracts are made with insureds who are terminally ill or have a catastrophic illness. Viatical companies expect to make their profits by buying life insurance policies from terminally ill insureds.

The factors that determine the purchase price (i.e., the amount of payment offered) are based on the amount of the policy's death benefit, the terminally ill insured's life expectancy, the annual premium, the type of policy, the rating of the insurance company, and the market rate available on a similar investment. Some companies may buy partial benefits in which the policyholder names a co-beneficiary who retains an interest in the death benefit.

The purchase price, however, hinges on life expectancy—the more time a person has to live, the less money the policyowner will receive (Kristof, 1991). The key is evaluating an insured's life expectancy (Barrett, 1992). The sooner the insured dies, the sooner the viatical company receives the death benefit and its profit. This may sound inhumane [some have called viatical settlements death futures (Niedzielski, 1995)], but those selling the policies see the viatical option as a chance to do something with part of the death benefit (Sing, 1990).

The policy sale process starts when the viatical company verifies the life expectancy of the insured and computes a purchase price. The owner can accept or reject the offer. If the policyowner rejects the viatical company's initial purchase price, the viatical company often returns to its investors and tries to improve its offer to one that is more acceptable to the policyowner. Viatical companies are third-party competitors in the free market. They try to offer the best possible price to policyowners (Faig, 1997).

After buying the policy, the viatical company assumes the premium payment and either becomes the sole beneficiary or a co-beneficiary of the policy. At the time of death of the insured the viatical company

collects the portion of the death benefit to which it is entitled. Thus viatical companies require a large amount of upfront capital and have no immediate payoff.

3.2 Regulations and Tax Treatment of Viatical Settlement Proceeds

The viatical industry began in 1989 with three companies. Currently there are 54 viatical settlement companies operating nationwide (Connolly, 1995b). The entire viatical industry is estimated to have had a market of \$400 million in policies purchased in 1994 and \$500 million in 1995, with the potential to reach \$6 billion within the next five years (Connolly, 1995a). As an industry they have established themselves as an organized secondary market in the life insurance arena (Faig, 1997).

A growing concern is whether state insurance departments should regulate viatical companies. Although viaticals are not insurance companies, they cross into the realm of the insurance industry. They are purchasing policies involving mortality risk. A viatical company has the option and ability to pay persons who have up to five years to live (which is the void in the insurance industry that viatical companies fill) (Stone, 1993). Only settlements based on two years or less life expectancy, however, could be received tax free.

The Health Insurance Portability and Accountability Act of 1996 now defines terminally ill as having 24 months or less to live. A stipulation in the 1996 act is that in order for a viatical settlement to be considered to be tax-free, the viatical company must be licensed by the state. If that state does not have a licensing system the viatical must pay to the policyowner at least the minimum in purchase price (see Table 1) for policies as set by the NAIC viatical model act. The regulations do allow viaticals to decide the length of life expectancy in which they will invest and if they will pay more than these minimum required prices.

The percentages in Table 1 may be reduced 5 percent for viaticating a policy written by an insurer rated less than the highest four categories by A.M. Best. This percentage reduction could be alleviated by the existence of state guarantee associations which would lessen the bankruptcy risk of the less favorably rated companies.

Though the number of persons wanting to sell their life insurance policies to viaticals is relatively low, it continues to rise each year. Limits to acceleration and the possibility for a high return mean that investors are eager to buy viator policies. Insurance regulators and insurance companies are concerned, however, that viatical companies may become a problem for the insurance industry. Moral risk has been cited

Table 1
NAIC Model Minimum Purchase Price
As a Percentage of Policy Face Value

| Life Expectancy Months (In Months) | Minimum Percentage |
|---------------------------------------|-----------------------|
| <6 | 80% |
| 6-12 | 70% |
| 12-18 | 65% |
| 18-24 | 60% |
| 24+ | 50% |

as a major factor in the regulation of viatical companies. It has been considered by some that the viatical industry has been created by companies waiting for a financial reward that is greatly increased by the early death of an insured (Faig, 1997).

Viatical companies tend to believe they are dealing with the sale of a private asset that should not concern the NAIC. The viatical industry also was under attack by the Securities and Exchange Commission (SEC) from August 1995 until July 1996. The SEC considered viatical settlements to be securities and challenged their validity in the U.S. court system (Connolly, 1995a). The SEC wanted viaticals to register the fractionalized shares of life insurance policies they were selling to investors. Many of the viatical settlement companies disliked this because it infringed on the small investors who could only afford to purchase shares of policies and not entire ones.

The District of Columbia Court of Appeals ruled in July 1996 that viatical settlements are not securities and are not to be considered insurance policies either (Connolly, 1996). The court held that "... a viatical settlement is not an insurance policy, and the business of selling fractional interests in insurance policies is no part of the business of insurance" (Connolly, 1996). The court reasoned that profits from such viatical settlements do not come from the efforts of a party other than the investors themselves. The SEC may appeal this ruling.

The viaticals see the legislation and regulations as hindrances to their business. Regulation also may affect the selling price of policies. With increased costs due to registration fees and expenses incurred because of required compliance, the amount an insured would receive would decrease. In the end, legislation and regulations could hurt the persons regulators are trying to help.

companies, viaticals, and the general public) will lead to more stability in the accelerated benefits industry.

Medical advances will be a significant factor in the future of accelerated death benefits for many reasons. First, with further developments and enhancements of DNA and genetic testing, the diagnosis of the possibility of being stricken with a terminal illness at some point of time in the future will become more accurate. Second, the enhanced treatment of and/or cures for current diseases will reduce the severity of terminal illness. These two reasons may make the calculation of life expectancies more difficult, however, as has been the example of AIDS protease inhibitors. These inhibitors have greatly increase the life expectancy of some patients while they have not had much of an effect on others. Even though these are beneficial advances, such new-found methods may cause uncertainty among those calculating life expectancies.

Eventually, increased accuracy in calculating life expectancy and more readily available advanced treatment methods will lead to more exact accelerated death benefit payments. The final payout, however, will be based on who calculates the life expectancy, what formula is used, and who has made the final terminal diagnosis. When the final payout is made because of decisions of a handful of persons, the result can make or break a terminally ill insured and could be construed as morally unjust. Using a simple equation may allow difficult decisions to be minimized by simplistic assumptions for mortality and interest.

If the time between payout and death can be determined, the dollar investment necessary to cover the difference between the accelerated portion and the actual will be more accurately calculated. This is an advantage to all parties and would reduce the risk and profit margins. Not only can the insurance and viatical companies cover any losses while also making a profit, but insureds also should receive the best price for the policy.

The path of accelerated death benefits and viatical settlement companies will continue in the same direction, but the company field will narrow. Only those viaticals that are strong in their investment portfolios and keep up to date with medical advances will remain in the accelerated death benefit market. In the future viaticals also may buy life insurance policies from healthy but old persons.

Steven Arenson, a vice president of Viaticus, Inc., painted a picture of the current viatical market. In *Employee Benefit Plan Review* (1996) Mr. Arenson was quoted as saying, "Only 2% of the terminally ill are AIDS patients, but 95% of those early viatical settlements (mid-1980's) involved AIDS victims. Last year (1995), 23% of our viatical settlements involved cancer patients." This represents the shift in the viatical mar-

ket from one almost entirely serving AIDS patients to expanding to other illnesses.

Some of the unsettled issues are:

- Whether the use of the accelerated benefit proceeds can be restricted (Pear, 1992); What happens if the insured lives longer than the stipulated length for the acceleration; and
- What effects the accelerated benefits will have on a person's eligibility for governmental assistance (Will it be considered an asset?) (*Employee Benefit Plan Review*, 1990).

Additional questions arise from beneficiaries over estate tax and estate/inheritance tax treatment of the death benefit remaining after acceleration. Because of these and other issues, some insurance companies have been waiting to initiate and introduce accelerated benefits.

References

- ACLI and LIMRA. "Accelerated Death Benefits: 1994 Update." American Council of Life Insurance and LIMRA International, 1994.
- Adam, W.K. "Accelerated Benefits." *Proceedings of the International Claim Association Annual Meeting*. 1990: 23-30.
- Aerts, T. Personal interview (October 20, 1994).
- Atchison, S. "A Gift For the Dying or Sheer Ghouliness?" *Business Week* (June 19, 1989): 79.
- Babcock, S. Personal interview. (October 11, 1994).
- Baldwin, C.M. "Accelerated Benefits: Another Reinsurer's Perspective." *Reinsurance Section News* (A Society of Actuaries Newsletter) (December 1990): 7-9.
- Barbaro, R. "Editorial." *The Actuary* (A Society of Actuaries Newsletter) (November 1992): 15.
- Barrett, W. "Doctors of Death (CAPX)." *Forbes Magazine* (December 7, 1992): 160-161.
- Binter, D.I. "Payment of Accelerated Benefits by Viatical Settlement Companies." *Product Development News* (A Society of Actuaries Newsletter) (March 1992): 8-9.
- Blake, J.F. "Life Insurance Proceeds Can Be Received Tax Free Prior to Death Under New Proposed Regulations." *The Journal of Taxation* (September 1993): 156-158.

- Boston, T. "Living Benefits Insurers Need Reinsurer Support." *National Underwriter: Life & Health/Financial Services* (June 25, 1990): 10.
- Brostoff, S. "Accelerated Benefit Plans Growing Fast." *National Underwriter: Life & Health/Financial Services* (February 25, 1991): 3+.
- Brostoff, S. "ACLI Asks IRS To Extend Proposed Living Benefit Regulations." *National Underwriter: Life & Health/Financial Services* (June 7, 1993): 1+.
- Brostoff, S. "Industry Gratified By House Tax Bill." *National Underwriter: Life & Health/Financial Services* (April 10, 1995): 1, 22.
- Brostoff, S. "Proposed Living Benefits Regulations Hailed." *National Underwriter: Life & Health/Financial Services* (December 21, 1992): 1+.
- Caldwell, B. "Industry Applauds Long-Term Care Provision In Law." *Employee Benefit Plan Review* (September 1996): 19.
- Chandler, D. "Accelerated Benefits Receive Favorable Tax Treatment." *National Underwriter: Life & Health/Financial Services* (March 8, 1993): 18+.
- Chandler, D. "IRS Letter On Taxation of Policy Sold To Viatical Company." *National Underwriter: Life & Health/Financial Services* (February 20, 1995): 22.
- Chandler, D. "Questions Raised About Basis In Life Insurance Policy." *National Underwriter: Life & Health/Financial Services* (March 13, 1995): 12, 17.
- Chodes, G. "Resources For Care and Security: An Update on Tax-Free Viatical Settlements." *Life Insurance Selling* (February 1997): 62, 64, 66, 70.
- Christopher, A.M. "New Law Provides Ways To Reduce Tax Burdens Relating To Long-Term Care Expenses." *The Journal of Taxation* (January 1997): 20-22, 24-25.
- Clair, D., Gootzeit, A., Patz, L., and Valazquez, P. "Accelerated Benefits." *Record of the Society of Actuaries* 17 (1991): 643-660.
- Connolly, J. "Viatical Companies Find Some Direction In Court Ruling." *National Underwriter: Life & Health/Financial Services* (September 11, 1995): 21.
- Connolly, J. "Viatical Companies May Follow Dignity Partners' Lead." *National Underwriter: Life & Health/Financial Services* (November 20, 1995): 5.
- Connolly, J. "Viaticals Not Securities, Court Rules." *National Underwriter: Life & Health/Financial Services* (July 15, 1996): 3.

- Crosson, C. "N.Y. Viatical Companies Face Tough New Regulations." *National Underwriter Life & Health/Financial Services* (August 8, 1994): 3.
- Crosson, C. "Living Benefits Claims, Usage Surprise Pru." *National Underwriter: Life & Health/Financial Services* (November 12, 1990): 1, 9.
- Cruise, R. Personal interview (October 11, 1994).
- "Death Benefits To Be Paid To Terminally Ill Under Senate Proposal." *Employee Benefit Plan Review* (April 1990).
- Faig, Jr., K.W. "Mortal Danger." *Best's Review: Life & Health* (April 1997): 66-70.
- Fenton, J. and Karnes, A. "Certain Accelerated Death Benefits To Be Accorded Gross Income Exclusions." *Taxes* (June 1993): 331-337.
- Findlay, S. "Now Benefits For the Living." *U.S. News and World Report* (October 8, 1990): 78-79.
- Fiore, N. "From the Tax Advisor." *Journal of Accountancy* (November 1993): 34.
- Fisher, M.J. "Bradley Introduces Living Benefits Bill." *National Underwriter: Life & Health/Financial Services* (March 19, 1990): 1+.
- Freeman, D., and Marcus, F.J. "Payment of Accelerated Life Insurance Death Benefits Not Subject To Income Tax If Death Is Imminent." *Journal of the American Society of CLU & ChFC* (May 1993): 26.
- Geer, C.T. "Cash In Your Chips (Tapping Into Death Benefits)." *Forbes* (June 17, 1996): 208-209.
- Groves, M. "A Final Hope For the Dying." *Los Angeles Times* (June 2, 1990): A1, A18.
- Haggerty, A. "California Licenses First Three Viatical Settlement Firms." *National Underwriter Life & Health/Financial Services* (April 26, 1993): 13.
- Heacox, L. "An Absence of Actuaries?" *The Actuary* (November 1996): 14, 16.
- Heacox, L. "Regulators, Investors Put Viaticals Under Microscope." *The Actuary* (May 1996): 1, 4-5.
- Hitzeman, J.B. "Accelerated Death Benefits." Working paper (1992).
- Hitzeman, J.B. and Richard, J.E. "Ironing Out the Newest Claim 'Wrinkles' in Life Benefits." *ICA News: Keeping Current in a Changing World* (Winter 1993).

- Kerr, P. "Now AIDS Patients' Lives are Drawing Speculators." *New York Times* (August 20, 1992): A1.
- Koco, L. "Accelerated Benefits Offered With Term Plans By Oklahoma Company." *National Underwriter: Life & Health/Financial Services* (July 16, 1990): 17, 19.
- Koco, L. "Company Offers Collateralized Loans for Living Benefits." *National Underwriter: Life & Health/Financial Services* (June 8, 1992): 7+.
- Koco, L. "Living Benefits Provision Could Help Woo Singles." *National Underwriter: Life & Health/Financial Services* (July 26, 1993): 11-12.
- Koco, L. "Living Benefits Rider Has Two Triggers." *National Underwriter: Life & Health/Financial Services* (December 16, 1991): 13-15.
- Koco, L. "Living Benefits Trends Starting To Clarify." *National Underwriter: Life & Health/Financial Services* (October 28, 1991): 27-28.
- Kraus, S. "Clarifying Living Benefits Regulation." *A.M. Best's Review* (June 1993): 44-46+.
- Kristof, K. "Selling Your Insurance Policy If You're Dying." *Los Angeles Times* (October 20, 1991): D4.
- Lewin, T. "To the Dying, Life Policy Can Bring Money Now." *New York Times* (March 5, 1990): A10.
- Manning, B. "Moving Beyond the Learning Curve." *Best's Review: Life/Health* (August 1997): 72-75.
- Niedzielski, J. "Washington, Texas Set Rules For Viatical Firms." *National Underwriter: Life & Health/Financial Services* (December 11, 1995): 18.
- Pear, R. "Benefits Proposed for Terminally Ill." *New York Times* (December 16, 1992): A29.
- Reimers, J. Personal interview (December 28, 1994).
- Schwartz, M. "Accelerated Benefits Model Adopted." *National Underwriter: Life & Health/Financial Services* (December 17, 1990): 2, 11.
- Shumrak, M. "Accelerated Benefit Life Products." *News Direct* (A Society of Actuaries Newsletter) (September 1989): 1.
- Sing, B. "Living Benefits' Policy Has Some Drawbacks." *Los Angeles Times* (February 3, 1990): D3.
- Stone, A. "Easing the Economic Burdens of Terminal Illness." *Business Week* (May 3, 1993): 160.
- Sullivan, K., and Canning, J. "Life Benefits From Insurance May Be Taxable." *Taxation for Accountants* (July 1992): 38-43.

- Tiessen, B. "Terminal Illness Rider." *Mercantile and General Reinsurance Reviews* 8, no. 2 (July 1993): 8.
- Wang, R. "A Reinsurer Looks at Accelerated Death Benefits." *Reinsurance Section News* (A Society of Actuaries Newsletter) (September 1990): 10-11.
- Wolosky, H.W. "Getting Life Insurance Death Benefits Early." *The Practical Accountant* (November 1996): 37-38, 40, 42, 44, 46.
- "Nice Work On Viatical Regulation." *National Underwriter: Life & Health/Financial Services* (December 11, 1995): 22.
- "State Laws, NAIC Regulate Viatical Settlements." *Employee Benefit Plan Review* (October 1996): 46, 49.
- "Viatical Settlements: How They Work, Prospects For Industry." *Employee Benefit Plan Review* (November 1996): 21-22.

