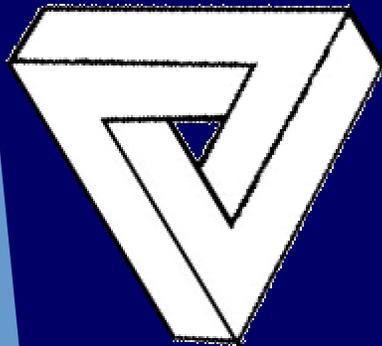


Questions to Ask:

1. Is this investment registered with the state? If not, why?
2. How is the investment return calculated? Is it a fixed or an annual return?
3. Will I ever be responsible for paying the premiums of the policy?
4. When does the contestable period of the policy end?
5. When is the principal and return on my investment paid?
6. Who will monitor the status of the policy and the insured?
7. What are the potential risks?
8. What fees or costs, if any, am I responsible for paying?



March 2003

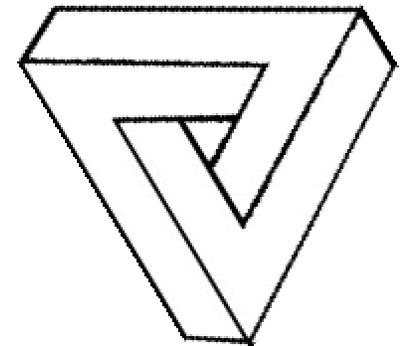
Securities Division
Arizona Corporation Commission
1300 W. Washington, 3rd Floor
Phoenix, AZ 85007

Phone: 602-542-4242
Toll Free: 1-866-VERIFY-9
E-mail: info@azinvestor.gov
Web site: www.azinvestor.gov

ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION

Viatical or Life Settlements As Investments





Viatical or Life Settlements as Investments

Viatical or life settlements allow life insurance policyholders to “cash out” of their policies while they are still alive. Investors pay for the right to receive the future death benefits by purchasing an interest in the policies, usually through a viatical company.

Viatical settlements concern terminally ill individuals while life settlements concern people who simply wish to sell their life insurance policies for the immediate cash benefit.

Investing in viaticals is not similar to buying certificates of deposits. Viaticals have risks you need to consider before you buy. The Arizona Corporation Commission’s Securities Division warns investors to fully investigate before they invest. This pamphlet will provide you with the basic framework for making an informed decision.

What Investors Must Know

- ◆ **Viatical settlements are not liquid investments.** You receive a return only when the insured dies. In some cases, you may cancel your investment within seven calendar days of the purchase.
- ◆ **The rate of return is not guaranteed.** The return depends on when the insured dies, which is very unpredictable. Medical advances can further complicate the accuracy of the prediction.
- ◆ **The death benefit may not be paid.** The insurer may not pay the death benefit if premiums have not been paid or the policy was obtained fraudulently. To prevent a policy from lapsing, you may be responsible for the premiums.

Other Considerations

- ◆ Funds invested in viaticals may not be eligible for an IRA, 401(k), or Keogh plans. Your investment may also have tax consequences. Consult with your financial professional.
- ◆ Understand who is estimating the life expectancy of the insured and if that person has the experience and ability to do so.

Arizona Investor Rights

A viatical company should disclose the following:

- ◆ The contact information for the issuing insurance company.
- ◆ The total value of the policy and your percentage of ownership.
- ◆ The terms and costs for converting a group policy to an individual one.
- ◆ The contact information for the party responsible for renewing a term policy.
- ◆ The date when you may have to pay premiums, if necessary.

Investigate Before You Invest!

- ◆ Contact the Securities Division to obtain registration and disciplinary information about salespeople and viatical companies. Ask for the Investigator on Duty at 602-542-4242, toll-free 1-877-811-3878.
- ◆ Remember, viatical settlements are complex investments. Consult with a trusted third party to determine if such an investment is right for you.