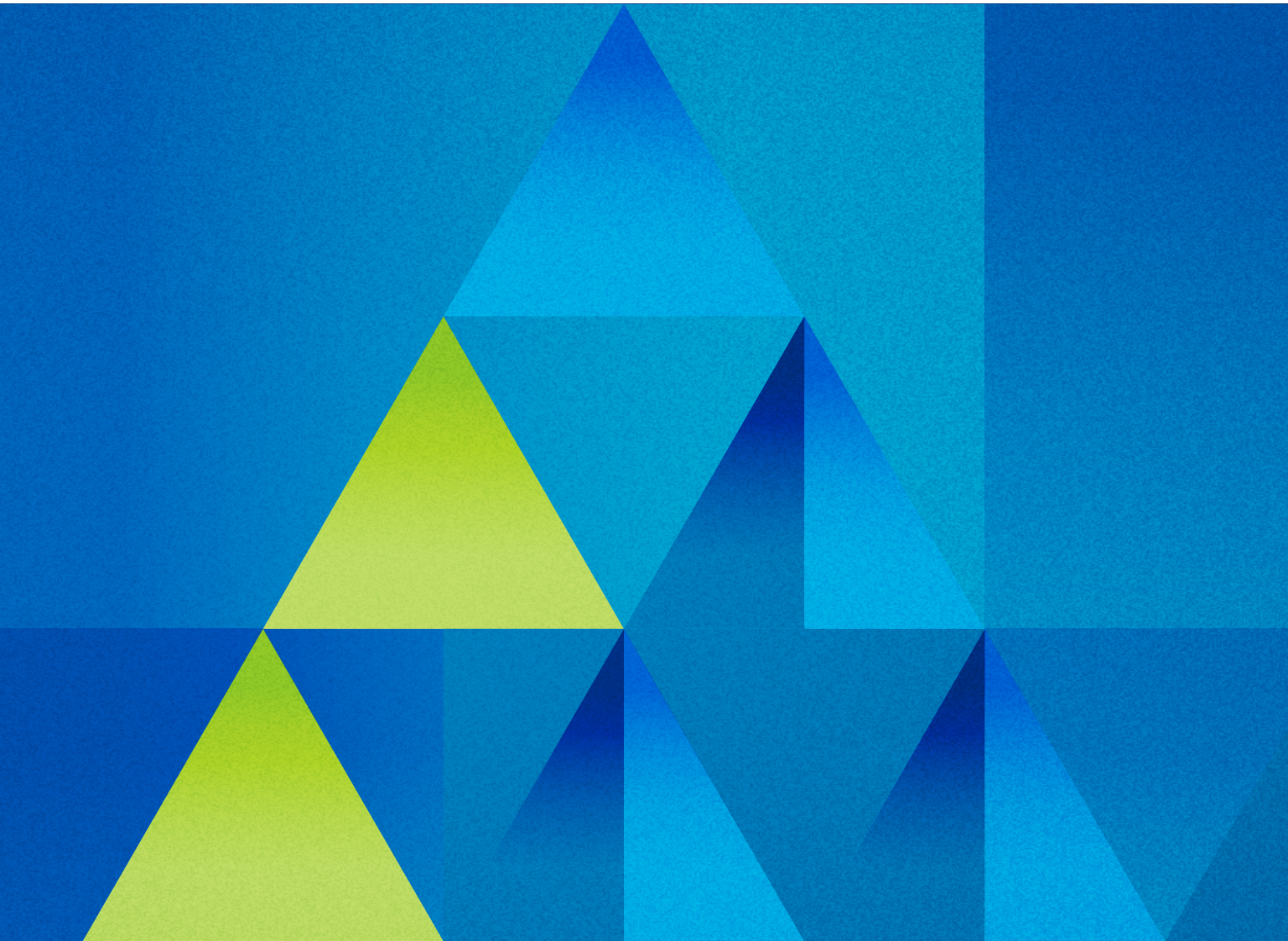


2021 Structured Settlements Poll

What Personal Injury Attorneys *Really*
Think — and How Brokers Can Help



INTRODUCTION

Structured settlements have been a respected part of personal injury law for decades. Structuring a settlement so that personal injury claimants receive their proceeds in set increments is a safe and convenient way of avoiding the emotional and financial pitfalls that so often plague claimants who opt to receive their settlement in a lump sum.

Central to the structured settlements process are claimants' personal injury attorneys, and the brokers who advise them. Attorneys fight to secure a fair and equitable settlement for clients; they seek the expertise of a broker to structure and execute a plan that helps ensure that settlement lasts.

By taking a lump sum instead of a structured settlement, claimants — many of whom lack financial sophistication — run the risk of spending funds too quickly. As you'll learn in this report, attorneys relay countless stories of claimants who, for various reasons, ran through their money — money that was meant to cover medical care or compensate for lost income.

From luxury expenses to supporting family, lump-sum payments are too often depleted quickly, totally voiding their original intent. In fact, our poll found that 80% of lump-sum payments end up wasted on unnecessary expenses, or mismanaged due to poor behavior.

“Client was awarded \$10 million...and within two years was bankrupt.”

—A personal injury attorney describing a claimant's situation after receiving a lump-sum settlement

About the poll

In 2021, MetLife surveyed 251 attorneys that specialize in personal injury law or litigated a personal injury case in the past year, to better understand their familiarity with — and the perceived benefits of — structured settlements for their personal injury clients. The MetLife Structured Settlements Poll also assessed whether they had concerns about their clients depleting their personal injury settlement awards too quickly. Finally, the poll gauged their view of the role brokers play in helping them consider and secure a structured settlement. This report helps address three questions:

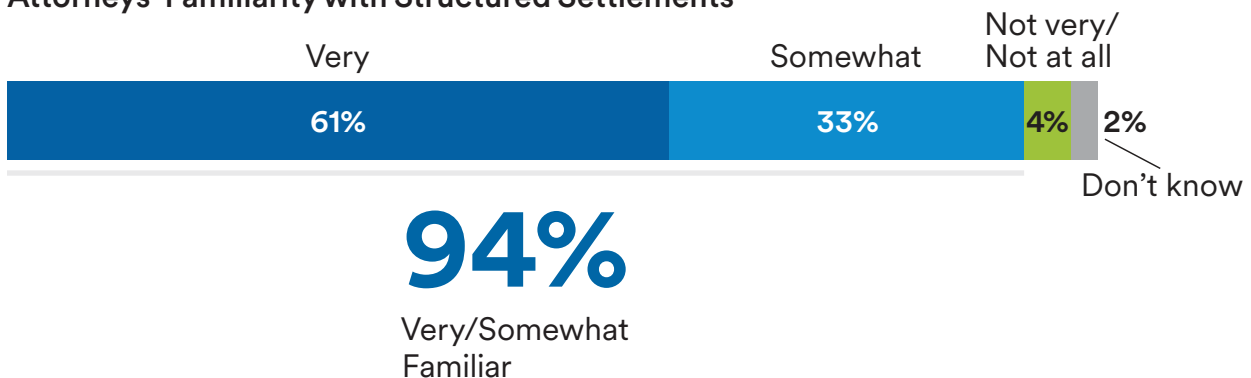
1. How comfortable are personal injury attorneys with structured settlements?
2. Why do attorneys choose to recommend structured settlements to their clients?
3. How can brokers help attorneys and their clients with a structured settlement — and grow their brokerage business?

KEY FINDINGS

Personal injury attorneys do recognize the value of structured settlements — and recommend them (but not always)

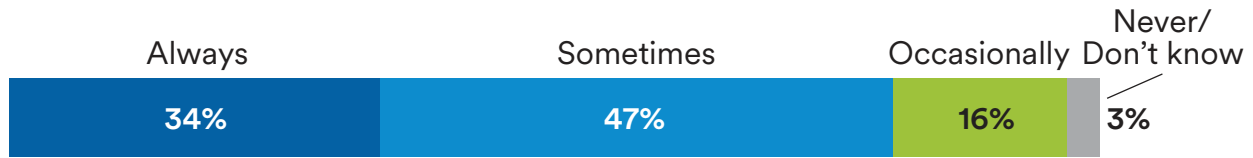
There are two schools of thought about whether or not personal injury attorneys are aware of structured settlements. Some structured settlement brokers say most attorneys are aware, while others think most are *not*. Findings from MetLife's poll helps to clarify exactly where attorneys stand: **94% of personal injury attorneys surveyed are very or somewhat familiar with structured settlements.**

Attorneys' Familiarity with Structured Settlements



So while the data shows that personal injury attorneys are clearly familiar with structured settlements, it also shows that many are reluctant to suggest them in practice. **Although 97% of personal injury attorneys recommend a structured settlement at least occasionally — only one-third *always* do.** More to the point, this leaves vast opportunities for brokers to fill the gap, by supporting attorneys and the attorneys' clients to help ensure the settlement lasts.

Frequency of Urging Personal Injury Client



97%

Recommend a
Structured Settlement

Attorneys who do recommend structured settlements have a number of reasons for their decision — from the financial benefits they offer clients to their usefulness in settling cases before they go to trial.

The 3% of attorneys who don't recommend structured settlements are reluctant for a few reasons. That includes a belief that they're only appropriate for minors, or that a lack of liquidity means that their clients may factor or sell their structured settlements (typically at a discount) in the future. The most common, however, was a belief that they were too hard to explain to clients. Directionally, the survey found that the low interest rates of structured settlements were *not* a reason for attorney reluctance.

Given the trust that claimants place in their attorneys to advise them, lawyers may not be proposing structured settlements as frequently as they should. **Brokers can also help with explaining structured settlements to claimants: 79% of claimants follow their attorney's recommendations and opt for a structured settlement if they're offered one.**

Personal injury attorneys view structured settlements as a vehicle to protect client interests

Attorneys support structured settlements for several reasons — reasons that align with the core benefits of structured settlements, particularly around protecting clients from the dangers of overspending.

Most Concerning Cases of Settlement Mismanagement

Squandered/spent on unnecessary items (vacations, spending sprees)



Poor behavior of clients (arrest, substance abuse, gambling)



Settlement was spent too quickly



Attorneys are concerned about claimants overspending when receiving the full award in a lump sum

Receiving a large lump-sum settlement can be overwhelming for many personal injury claimants — a concern reflected by their attorneys. **The large majority (81%) of attorneys polled feel very or somewhat concerned about the depletion of their clients' settlements.** Just half (52%) feel that clients are financially savvy enough to manage a lump-sum payout.

This is also evident in the varied ways that many claimants mismanage their lump-sum settlement funds. Dozens of reflections from personal injury attorneys surveyed by MetLife tell a similar story.

Here are just some of their responses:

One attorney, for example, had multiple clients who spent their settlements in just a few months. Another had a client who was granted \$80,000, yet spent the money in a single day. Yet another settled a \$700,000 case with a client — only to have the client spend 70% of the money in a mere two weeks. One final example: a family won a settlement after an accident. But, less than five years later, they were back in their attorney's office needing legal advice for bankruptcy proceedings.

These anecdotes, and so many more, highlight that misuse of lump-sum settlements is not uncommon.

For attorneys, it's also disheartening — amounting to a waste of professional effort and fees to inadvertently have a client in a less secure financial position than they were to start with. A structured settlement offers an inherent and sturdy safety net.

As a broker, it's helpful to emphasize these benefits when advising attorneys and their clients on why a structured settlement could work for them.

Here are five of the most compelling arguments for a structured settlement:

1. **Good ethics and responsibility.** 90% of polled personal injury attorneys agree that advising clients to choose structured settlements is both ethical and responsible — particularly when a minor is involved.
2. **Protection from overspending.** 65% of injury attorneys back structured settlements because they help ensure the award isn't depleted too fast.
3. **Creation of lasting cash flow.** 68% of personal injury attorneys support structured settlements because claimants have the option to receive immediate cash — while also providing long-term steady income for the future.
4. **Avoidance of trial.** 63% of polled personal injury attorneys believe that structured settlements can help prevent a trial by resolving the case beforehand. Given trials can be both time-consuming and expensive — often costing upwards of \$100,000 — structured settlements present a major financial and emotional advantage for clients.¹
5. **Winning the favor of judges.** 69% of personal injury attorneys believe that judges are supportive of victims using structured settlements — making them an appealing and strategic option for attorneys.

¹ "Cost of Taking Your Personal Injury Case to Court," The Cochran Firm, <https://www.cochranfirmny.com/blog/cost-of-taking-your-personal-injury-case-to-court>, November 19, 2020.

Structured settlement brokers can fulfill a vital role

The data is clear, and it's supported by strong anecdotal commentary. Personal injury attorneys recognize the value of structured settlements and recommend them as a prudent option.

But what's the role of the broker? What can brokers do to help guide attorneys and their clients, while cultivating their own structured settlement business?

Brokers are in a particularly strong position to help — primarily given their positive reputation among attorneys: **85% of personal injury attorneys feel brokers play an important role in making structured settlements happen.**

But in contrast to this prominent role, many brokers still don't fully capitalize on their valued role. While nearly 60% of personal injury attorneys have been approached by a broker, that still leaves about 40% that could be targeted. While the numbers outline a broad window of opportunity, simply approaching more attorneys isn't sufficient. Robust communication is also vital to success. 31% of polled attorneys claimed that poor communication prevented them from being fully comfortable engaging with a structured settlement broker.

Ways Structured Settlement Brokers Can Make Attorneys More Comfortable

Simple/clear communication



Client involvement



Confidence in work provided



Payout



As before, comments from individual attorneys add color to the data. When asked how brokers could aid them in recommending structured settlements to their clients, many responded in similar ways. For example, one suggested being “upfront and open” about what clients should expect, while another emphasized that “reassurance is key” when convincing attorneys and their clients to accept a structured settlement. There was also the recommendation that brokers should “try to tailor their presentation to the specific client in the specific settlement.”

Brokers should succinctly and transparently explain to clients:

- How structured settlements work and their benefits
- The broker’s role in sourcing options and executing the paperwork
- How the settlement will be managed over the long term

It’s apparent that personal injury attorneys are quite inclined to suggest structured settlements, but need clear, detailed recommendations to get their clients onboard. That’s where brokers become critical participants. By offering personalized, easy-to-understand, objective advice to attorneys and their clients, brokers help ease the path to making an informed and financially sound decision for a structured settlement.

In this manner, brokers prove their worth to the personal injury attorney, and also lay the foundation for a relationship that can extend to virtually every case the attorney pursues. Brokers play an important role in educating attorneys about structured settlements. By providing clear, concrete evidence, answering questions, and presenting thoughtfully crafted structured settlements, they can also help in facilitation and execution — helping attorneys, their clients, and their own business.

CONCLUSION

Personal injury attorneys clearly believe that their clients can significantly benefit from structured settlements — too many have seen the risks of lump-sum settlements firsthand

At the same time, attorneys also understand the positive benefits of structured settlements over the lump-sum alternative. As one personal injury attorney noted:

“A lot of my clients prefer to receive their money in a lump sum, and even though I usually caution against this behavior, many of them choose to ignore the advice. I feel like more direct communication between the client and broker is necessary for clients to prefer a structured settlement.”

Those who win their personal injury case may experience a myriad of emotions, from relief in having funds to cover expenses to the strain of living with physical and emotional pain. They put their faith and future into those who have their best interests at heart. In explaining and implementing structured settlements, brokers can be that informed voice, generating benefits for all involved: the financial well-being of injury victims, the appreciation of their attorneys — and the growth of their brokerage business.

METHODOLOGY

The MetLife Structured Settlements Poll was fielded between January 20 and February 3, 2021. MetLife commissioned MMR Research Associates, Inc. to conduct the online survey using an online panel of pre-identified attorneys. Survey responses were received from 251 attorneys who specialize in personal injury cases or who litigated a personal injury case in the previous 12 months. This included 146 attorneys who specialized in personal injury and 105 attorneys who have litigated a personal injury case.

