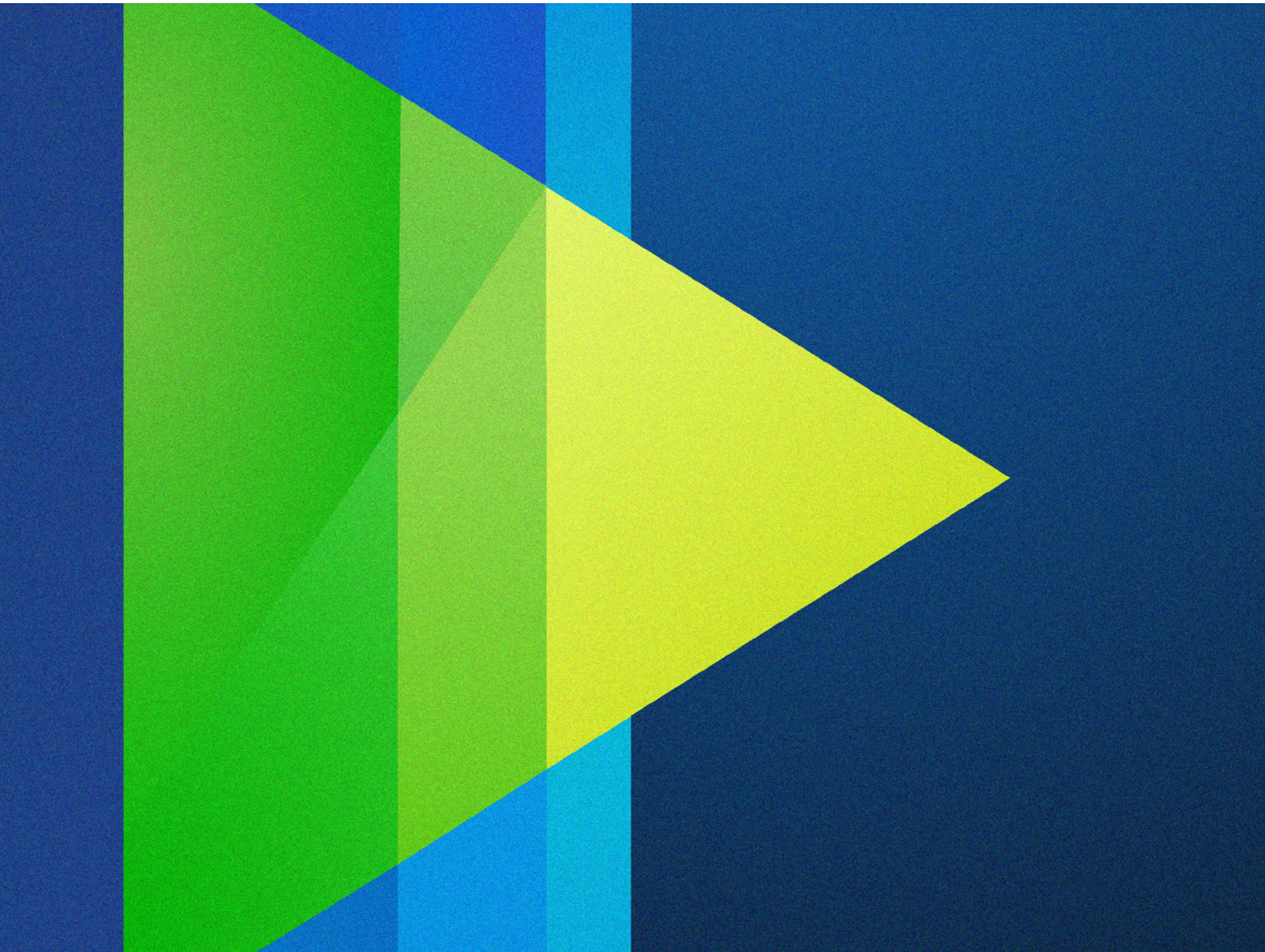


2022 Structured Settlements Poll

Viewpoints from Claims Professionals
– and How Brokers Can Help



Introduction

For decades, structured settlements have been used for personal physical injury claims to ensure that money meant to cover medical care and basic living expenses, or compensate for lost income, is not depleted too quickly. With a structured settlement, which is a voluntary agreement between the injury claimant and the defendant and, when necessary, approved by the presiding judge, the injury claimant doesn't receive compensation for his or her injuries in one lump sum. Rather, they receive a stream of tax-free payments — either for a certain period of time or for the rest of the individual's life — from a life insurance company.

Frontline claims professionals — claims adjusters, claims managers, directors/vice presidents of claims and other claims handlers — play a pivotal role in recommending and facilitating the purchase of a structured settlement, as do the brokers who advise them. While claims handlers frequently initiate consideration of a structured settlement annuity, they often rely on the expertise of a broker to structure and execute a plan that helps ensure that settlement lasts.

Structuring a settlement so that personal physical injury claimants receive their proceeds in set increments provides financial security to a segment of our society that needs it most — the seriously injured and their families.

A large blue '90%' graphic.

of claims professionals believe structured settlement brokers/consultants play an important role in positioning the value of structured settlements

About the Poll

For the MetLife 2022 Structured Settlements Poll, a telephone survey was commissioned of 50 claims professionals to better understand their familiarity with structured settlements for personal physical injury claimants. On average, the majority of claims professionals surveyed work for a company with more than 100 employees (76%), were age 50, and have been managing claims for 19 years.

The Poll also assessed whether they had concerns about their claimants depleting their personal physical 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 four key questions:

1. Who is most likely to recommend a structured settlement in personal physical injury cases?
2. How many claims departments have a formal structured settlement program?
3. How important a role do brokers play in positioning the value of structured settlements?
4. How can brokers help claims professionals better understand and recommend structured settlements?

Key Findings

Among claims professionals, there is a high level of familiarity with structured settlements

Most of the claims managed by the claims professionals surveyed are personal physical injury claims. Among these claims professionals, nearly nine in 10 (88%) are familiar with their personal physical injury clients' ability to take their award as a structured settlement.

Familiarity with Personal Physical Injury Claimants' Ability to Take Award as a Structured Settlement Annuity

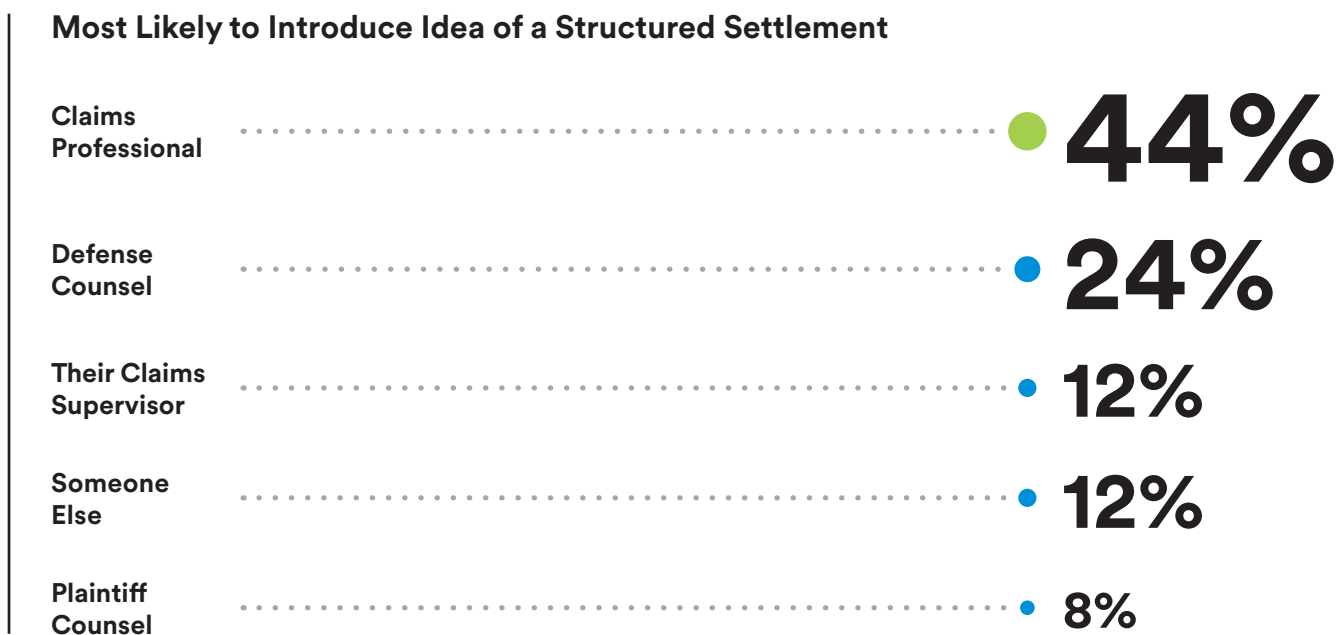


Structured settlements, which ensure that money will not run out when people need it most, are viewed as prudent recommendations that can help personal physical injury claimants avoid depleting their awards: 84% of claims professionals believe that recommending a structured settlement is an ethical/responsible recommendation, particularly when a minor is involved.

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. That's likely why half of claims professionals (49%) are concerned that a claimant will deplete their personal physical injury settlement award too quickly, regardless of the size of the claim.

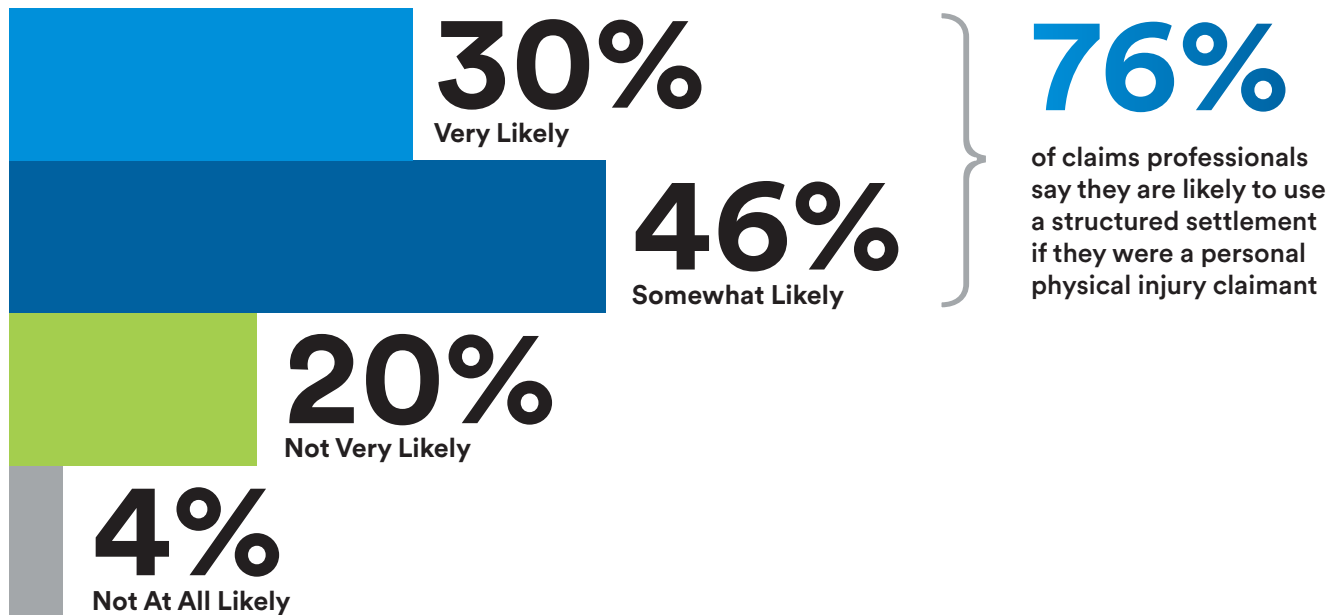
Claims professionals are structured settlement influencers

Claims professionals believe they are the ones most likely to introduce the idea of a structured settlement (44%), followed by defense counsel at 24%, claims supervisors or someone else, at 12% respectively, and plaintiff counsel at 8%.



So why are they recommending structured settlements? They recommend them because they believe in the value of this solution. A quote from one claims professional underscores the value of structured settlements for personal physical injury cases: “a lot of the claims we settle are with people who are not very knowledgeable or sophisticated in handling money...so we are basically protecting them with not wasting it.” In fact, 76% of claims professionals say they are likely to use a structured settlement if they were a personal physical injury claimant.

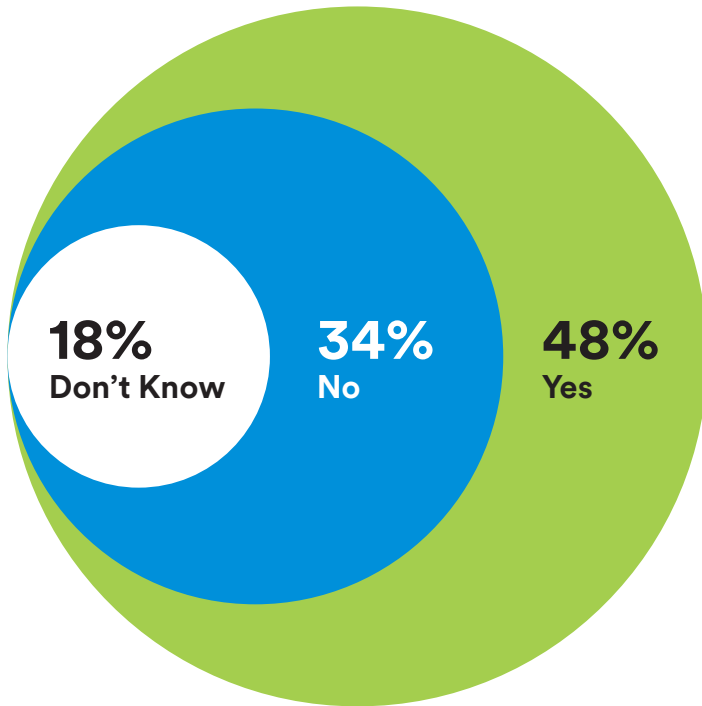
Likelihood of Using a Structured Settlement If Personal Physical Injury Claimant



Fewer than half of claims departments have a formal structured settlement program

Over the last decade, the number of insurance claims departments with formal structured settlements programs has declined. Even though today only half of claims departments (48%) have a formal structured settlements program, many claims professionals do use vetted brokers/consultants and certain life insurers. We learned that 60% are required to use specific/previously vetted structured settlements brokers/consultants. A preferred list of structured settlement annuity providers is also used rather than taking an exclusive approach. On average, claims professionals have a list of 3-4 life insurance companies that offer structured settlements on their company's list of providers.

Does Claims Department Have a Structured Settlements Program



Desire for a lump sum and lack of attorney agreement are primary reasons when structured settlements annuities aren't selected

When considered, structured settlements are used in one in three cases. The biggest obstacles to using a structured settlement more frequently are a preference for lump sum/cash and a lack of agreement by the attorney to structure the settlement. Current interest rates, sometimes cited as a reason for not structuring the settlement, appear to have a minimal impact, according to the claims professionals surveyed.

For claims involving minors, it's widely accepted by the courts and the attorneys that the settlement award will be structured. For others, however, as one claims adjuster noted, claimants often "don't see the value of making the money available for life or a certain period of years, as opposed to a lump sum which can disappear pretty quick. You get a lot of new friends when you get a large amount of money."

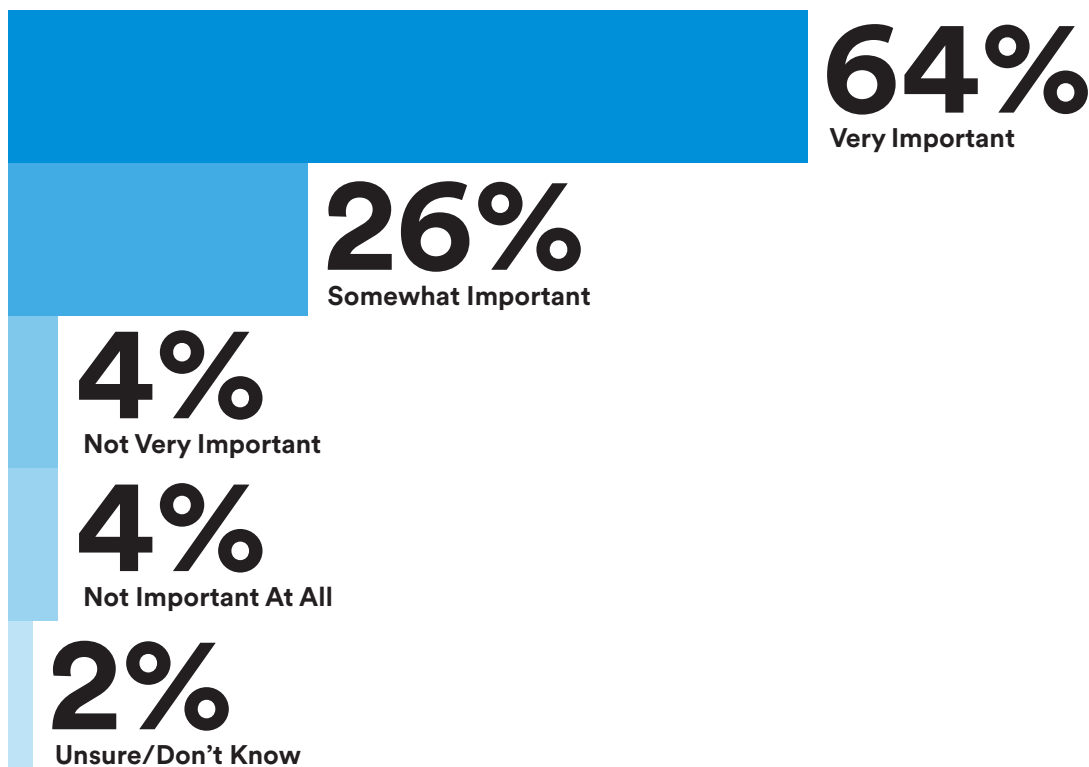
Additionally, "most adjusters are not opposed to structured settlements," noted one claims professional, "but the plaintiffs' attorneys are reluctant to accept them." Another noted: "Personally, it's the plaintiff's attorney — they don't like the concept because they think they'll get a higher amount if they go to trial."

Claims professionals believe structured settlement brokers/consultants play a valuable role

With a personal physical injury case, the plaintiff and defense attorneys negotiate issues such as medical care, and basic living and family needs. Oftentimes, one side (or both) will bring in an expert, such as a structured settlement broker, who provides calculations on the long-term cost of these needs.

Nine in 10 claims professionals (90%) believe structured settlement brokers/consultants play an important role in positioning the value of a structured settlement and/or helping to calculate the cost of a personal physical injury claimant's medical care, basic living expenses and family needs. This includes 64% who think their role is very important.

Importance of the Role of Brokers/Consultants in Positioning Value of Structured Settlement



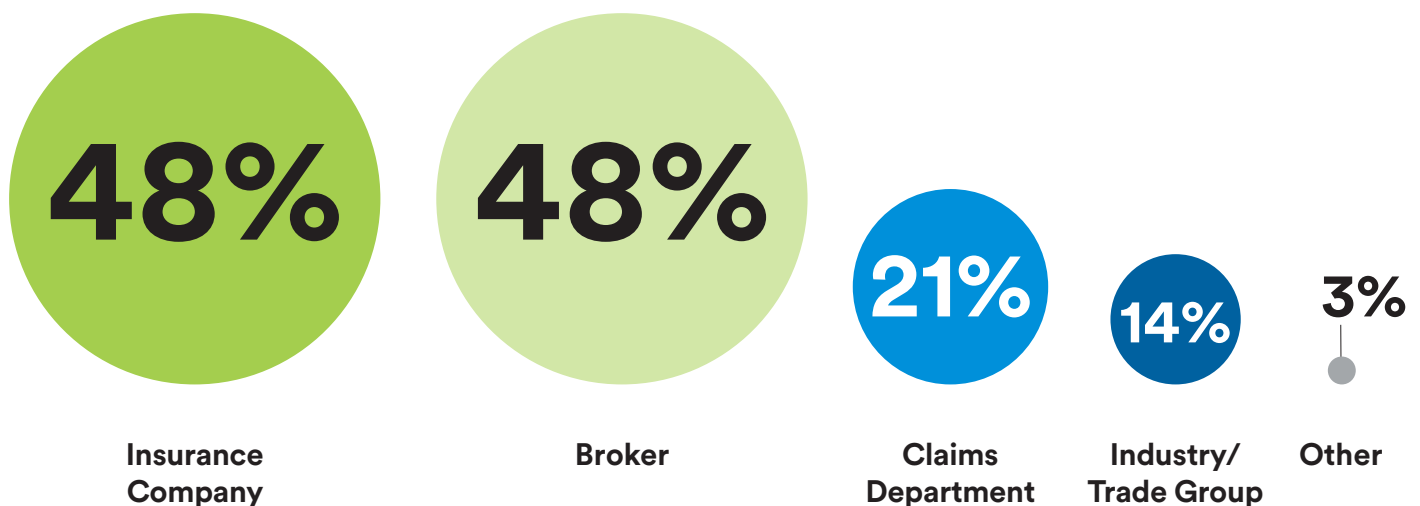
When asked if they enable structured settlements brokers/consultants to speak with the claimant and/or their attorney, 78% of claims professionals say they do, and more than half (54%) believe structured settlements brokers/consultants speed up the resolution of the claim and/or make it more likely to settle.

In terms of specific suggestions for how brokers could be more helpful, claims professionals say “the recommendation should come in on the front end versus waiting too long down the road to consider it.” They also think it would be valuable for brokers to “inform us of some of the annuity products they have to offer so we could present that in our negotiations. If we had more information on the structured settlement that we could use that would be helpful.” Finally, they are looking for brokers to focus on how they present the structured settlement option: “it’s all in the presentation of the settlement, being tactful, genuine, and doing the presentation for the benefit of the client. Then [the claimant] is more likely to go along.”

Desire for more structured settlements training, preferably by insurers and/or brokers

Nearly six in 10 (58%) claims professionals think they would benefit from more ongoing structured settlements training (e.g., how to present the structured settlement concept to attorneys), and they are evenly split on whether that training, at 48% respectively, should be provided by an insurance company/structured settlements annuity provider or a structured settlements broker/consultant. Only 21% think structured settlements training should be provided by their own claims department, and 14% believe it should be provided by an industry/trade group. The majority of claims professionals prefer a hybrid approach for the training (i.e., a combination of in-person and virtual training).

Who Should Provide Structured Settlements Training for Claims Professionals



Opportunities exist for more broker/consultant outreach to claims professionals

Broker outreach to claims professionals is important so they can understand what structured settlement solutions are available in an attempt to settle cases more quickly, without the time and expense of a trial.

While structured settlement brokers partner closely with claims professionals, there is an opportunity for more frequent outreach. Though 22% of claims professionals are contacted by a structured settlement broker/consultant once a month or more, 38% hear from brokers less than once a month and 40% of claims professionals say they never receive a call or email from a structured settlement broker/consultant. This presents an opportunity for brokers to significantly increase the frequency of their outreach.

To help claims professionals feel more comfortable recommending structured settlements, there is also a desire for brokers to provide more education, training and seminars. Claims professionals feel this would help them better understand structured settlements and help them identify claims that could be structured. Education and training are particularly important for younger claims adjusters who, in the words of one claims professional, “don’t know this stuff.” There’s been a lot of “turnover... they’re overworked and don’t know what they’re doing” so they need to know “what the structure is, how it works, and when it’s appropriate to use them,” including “explaining [the need for] continued income and how important that is.”

Claims professionals also use structured settlements for non-physical injury claims

While most of the claims handled are for accident and other personal physical injury cases, more than half of claims professionals surveyed (56%) say they (or their office) also handle non-physical injury claims (e.g., employment litigation, construction defect, contract disputes, etc.).

Conclusion

While many claims professionals are familiar with structured settlements, more broker outreach, education and training would be welcome

As our Poll findings show, claims professionals want to partner with brokers/consultants to position the value of a structured settlement to personal physical injury claimants, and defense and plaintiff counsel. Many feel that a broker/consultant's involvement and expertise can help speed up the resolution of the claim and make it more likely to settle.

An important opportunity exists for brokers/consultants to increase the frequency with which they contact claims professionals, who are looking for information on the structured settlement solutions available in market. They also want help calculating the cost of a personal physical injury claimant's medical care, basic living expenses and family needs so they can demonstrate the value of structuring the settlement.

Claims professionals also want more education and training to be provided by an insurance company/structured settlements annuity provider or a structured settlements broker/consultant. Perhaps there is a role for insurers and brokers to team up to provide this type of training.

Finally, claims professionals not only handle personal physical injury cases, they (or their colleagues) also manage non-physical injury claims so there is also an opportunity for brokers/consultants to discuss the viability of structured settlement annuities for those cases, as well. In fact, knowing that attorney fees can be structured in conjunction with both personal physical injury cases and non-physical injury claims may also be attractive to the attorneys.

Methodology

The MetLife 2022 Structured Settlements Poll was fielded between April 21 and June 13. MetLife commissioned MMR Research Associates, Inc. to conduct the telephone survey of claims professionals. Survey responses were received from 50 claims adjusters, claims managers, directors/vice presidents of claims and other claims handlers, the majority of whom had a high level of familiarity with structured settlements.