

House Engrossed Senate Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

CHAPTER 297

SENATE BILL 1461

AN ACT

AMENDING TITLE 20, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 22; RELATING
TO LIFE SETTLEMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 20, Arizona Revised Statutes, is amended by adding
3 chapter 22, to read:

4 CHAPTER 22

5 LIFE SETTLEMENTS

6 ARTICLE 1. GENERAL PROVISIONS

7 20-3201. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "ADVERTISING" MEANS ANY WRITTEN, ELECTRONIC OR PRINTED
10 COMMUNICATION OR ANY COMMUNICATION BY MEANS OF RECORDED TELEPHONE MESSAGES OR
11 TRANSMITTED BY RADIO, TELEVISION, THE INTERNET OR SIMILAR COMMUNICATIONS
12 MEDIA, INCLUDING FILM STRIPS, MOTION PICTURES AND VIDEOS, THAT IS PUBLISHED,
13 DISSEMINATED, CIRCULATED OR PLACED DIRECTLY BEFORE AN OWNER IN THIS STATE FOR
14 THE PURPOSE OF CREATING AN INTEREST IN OR INDUCING AN OWNER TO PURCHASE OR
15 SELL, ASSIGN, DEVISE, BEQUEST OR TRANSFER THE DEATH BENEFIT OR OWNERSHIP OF A
16 LIFE INSURANCE POLICY OR AN INTEREST IN A LIFE INSURANCE POLICY PURSUANT TO A
17 LIFE SETTLEMENT CONTRACT.

18 2. "BROKER":

19 (a) MEANS A PERSON WHO:

20 (i) ON BEHALF OF AN OWNER, AND FOR A FEE, COMMISSION OR OTHER VALUABLE
21 CONSIDERATION, OFFERS OR ATTEMPTS TO NEGOTIATE LIFE SETTLEMENT CONTRACTS
22 BETWEEN AN OWNER AND PROVIDERS.

23 (ii) REPRESENTS ONLY THE OWNER.

24 (iii) OWES A FIDUCIARY DUTY TO THE OWNER TO ACT ACCORDING TO THE
25 OWNER'S INSTRUCTIONS, AND IN THE BEST INTEREST OF THE OWNER, NOTWITHSTANDING
26 THE MANNER IN WHICH THE BROKER IS COMPENSATED.

27 (b) DOES NOT INCLUDE AN ATTORNEY, CERTIFIED PUBLIC ACCOUNTANT OR
28 FINANCIAL PLANNER WHO IS RETAINED IN THE TYPE OF PRACTICE CUSTOMARILY
29 PERFORMED IN THAT PROFESSIONAL CAPACITY TO REPRESENT THE OWNER AND WHOSE
30 COMPENSATION IS NOT PAID DIRECTLY OR INDIRECTLY BY THE PROVIDER OR ANY OTHER
31 PERSON, EXCEPT THE OWNER.

32 3. "BUSINESS OF LIFE SETTLEMENTS" INCLUDES OFFERING TO ENTER INTO,
33 SOLICITING, NEGOTIATING, PROCURING, EFFECTUATING, MONITORING OR TRACKING OF
34 LIFE SETTLEMENT CONTRACTS.

35 4. "CHRONIC ILLNESS" MEANS AN ILLNESS THAT CAUSES AN INDIVIDUAL TO
36 EITHER:

37 (a) BE UNABLE TO PERFORM AT LEAST TWO ACTIVITIES OF DAILY LIVING.

38 (b) REQUIRE SUBSTANTIAL SUPERVISION TO PROTECT THE INDIVIDUAL FROM
39 THREATS TO HEALTH AND SAFETY DUE TO SEVERE COGNITIVE IMPAIRMENT.

40 5. "FINANCING ENTITY" MEANS AN UNDERWRITER, PLACEMENT AGENT, LENDER,
41 PURCHASER OF SECURITIES, PURCHASER OF A POLICY OR CERTIFICATE FROM A
42 PROVIDER, CREDIT ENHANCER OR ANY ENTITY THAT HAS A DIRECT OWNERSHIP IN A
43 POLICY OR CERTIFICATE THAT IS THE SUBJECT OF A LIFE SETTLEMENT CONTRACT AND
44 FOR WHICH BOTH OF THE FOLLOWING APPLY:

1 (a) THE ENTITY'S PRINCIPAL ACTIVITY RELATED TO THE TRANSACTION IS
2 PROVIDING MONIES TO EFFECT THE LIFE SETTLEMENT CONTRACT OR THE PURCHASE OF
3 ONE OR MORE POLICIES.

4 (b) THE ENTITY HAS AN AGREEMENT IN WRITING WITH ONE OR MORE PROVIDERS
5 TO FINANCE THE ACQUISITION OF LIFE SETTLEMENT CONTRACTS.

6 6. "FINANCING TRANSACTION" MEANS A TRANSACTION IN WHICH A LICENSED
7 PROVIDER OBTAINS FINANCING FROM A FINANCING ENTITY, INCLUDING ANY SECURED OR
8 UNSECURED FINANCING, ANY SECURITIZATION TRANSACTION OR ANY SECURITIES
9 OFFERING THAT EITHER IS REGISTERED OR EXEMPT FROM REGISTRATION UNDER FEDERAL
10 AND STATE SECURITIES LAW.

11 7. "INSURED" MEANS THE PERSON WHO IS COVERED UNDER THE POLICY BEING
12 CONSIDERED FOR SALE IN A LIFE SETTLEMENT CONTRACT.

13 8. "LIFE EXPECTANCY" MEANS THE ARITHMETIC MEAN OF THE NUMBER OF MONTHS
14 THE INSURED UNDER THE LIFE INSURANCE POLICY TO BE SETTLED CAN BE EXPECTED TO
15 LIVE CONSIDERING MEDICAL RECORDS AND APPROPRIATE EXPERIENTIAL DATA.

16 9. "LIFE INSURANCE PRODUCER" MEANS ANY PERSON WHO IS LICENSED TO
17 TRANSACT LIFE INSURANCE BUSINESS IN THIS STATE PURSUANT TO CHAPTER 2, ARTICLE
18 3 OF THIS TITLE.

19 10. "LIFE SETTLEMENT CONTRACT":

20 (a) MEANS A WRITTEN AGREEMENT BETWEEN A PROVIDER AND AN OWNER THAT
21 ESTABLISHES THE TERMS UNDER WHICH COMPENSATION OR ANY THING OF VALUE WILL BE
22 PAID, WHICH COMPENSATION OR THING OF VALUE IS LESS THAN THE EXPECTED DEATH
23 BENEFIT OF THE INSURANCE POLICY OR CERTIFICATE, IN RETURN FOR THE OWNER'S
24 ASSIGNMENT, TRANSFER, SALE, DEVISE OR BEQUEST OF THE DEATH BENEFIT OR ANY
25 PORTION OF AN INSURANCE POLICY OR CERTIFICATE OF INSURANCE FOR COMPENSATION
26 IF THE MINIMUM VALUE FOR A LIFE SETTLEMENT CONTRACT IS GREATER THAN A CASH
27 SURRENDER VALUE OR ACCELERATED DEATH BENEFIT AVAILABLE AT THE TIME OF AN
28 APPLICATION FOR A LIFE SETTLEMENT CONTRACT.

29 (b) INCLUDES THE TRANSFER FOR COMPENSATION OR VALUE OF OWNERSHIP OR
30 BENEFICIAL INTEREST IN A TRUST OR OTHER ENTITY THAT OWNS THE POLICY IF THE
31 TRUST OR OTHER ENTITY WAS FORMED OR AVOIDED OF FOR THE PRINCIPAL PURPOSE OF
32 ACQUIRING ONE OR MORE LIFE INSURANCE CONTRACTS THAT ARE OWNED BY A PERSON
33 RESIDING IN THIS STATE.

34 (c) INCLUDES A PREMIUM FINANCE LOAN MADE FOR A POLICY ON OR BEFORE THE
35 DATE OF ISSUANCE OF THE POLICY IF ONE OR MORE OF THE FOLLOWING CONDITIONS
36 APPLY:

37 (i) THE LOAN PROCEEDS ARE NOT USED SOLELY TO PAY PREMIUMS FOR THE
38 POLICY AND ANY COSTS OR EXPENSES INCURRED BY THE LENDER OR THE BORROWER IN
39 CONNECTION WITH THE FINANCING.

40 (ii) THE OWNER RECEIVES ON THE DATE OF THE PREMIUM FINANCE LOAN A
41 GUARANTEE OF THE FUTURE LIFE SETTLEMENT VALUE OF THE POLICY.

42 (iii) THE OWNER AGREES ON THE DATE OF THE PREMIUM FINANCE LOAN TO SELL
43 THE POLICY OR ANY PORTION OF THE POLICY'S DEATH BENEFIT ON ANY DATE FOLLOWING
44 THE ISSUANCE OF THE POLICY, NOT INCLUDING AN AGREEMENT TO SELL THE POLICY IN
45 THE EVENT OF A DEFAULT, IF THE DEFAULT IS NOT PURSUANT TO AN AGREEMENT OR

1 UNDERSTANDING WITH ANY OTHER PERSON FOR THE PURPOSE OF EVADING REGULATION
2 UNDER THIS CHAPTER.

3 (d) DOES NOT INCLUDE ANY OF THE FOLLOWING:

4 (i) A POLICY LOAN BY A LIFE INSURANCE COMPANY PURSUANT TO THE TERMS OF
5 THE LIFE INSURANCE POLICY OR ACCELERATED DEATH PROVISIONS CONTAINED IN THE
6 LIFE INSURANCE POLICY, WHETHER ISSUED WITH THE ORIGINAL POLICY OR AS A RIDER.

7 (ii) A PREMIUM FINANCE LOAN OR ANY LOAN MADE BY A BANK OR OTHER
8 LICENSED FINANCIAL INSTITUTION IF THE DEFAULT ON THE LOAN OR THE TRANSFER OF
9 THE POLICY IN CONNECTION WITH THE DEFAULT IS PURSUANT TO AN AGREEMENT OR
10 UNDERSTANDING WITH ANY OTHER PERSON FOR THE PURPOSE OF EVADING REGULATION
11 UNDER THIS CHAPTER.

12 (iii) A COLLATERAL ASSIGNMENT OF A LIFE INSURANCE POLICY BY AN OWNER.

13 (iv) A LOAN MADE BY A LENDER IF THE LOAN IS NOT DESCRIBED IN
14 SUBDIVISION (c) OF THIS PARAGRAPH AND IS NOT OTHERWISE WITHIN THE DEFINITION
15 OF LIFE SETTLEMENT CONTRACT.

16 (v) AN AGREEMENT WHERE ALL OF THE PARTIES ARE EITHER CLOSELY RELATED
17 TO THE INSURED BY BLOOD OR LAW OR HAVE A LAWFUL SUBSTANTIAL ECONOMIC INTEREST
18 IN THE CONTINUED LIFE, HEALTH AND BODILY SAFETY OF THE PERSON INSURED OR IN
19 TRUSTS ESTABLISHED PRIMARILY FOR THE BENEFIT OF THOSE PARTIES.

20 (vi) ANY DESIGNATION, CONSENT OR AGREEMENT BY AN INSURED WHO IS AN
21 EMPLOYEE OF AN EMPLOYER IN CONNECTION WITH THE PURCHASE BY THE EMPLOYER OR BY
22 A TRUST ESTABLISHED BY THE EMPLOYER OF LIFE INSURANCE ON THE LIFE OF THE
23 EMPLOYEE.

24 (vii) A BONA FIDE BUSINESS SUCCESSION PLANNING ARRANGEMENT BETWEEN ONE
25 OR MORE SHAREHOLDERS IN A CORPORATION OR BETWEEN A CORPORATION AND ONE OR
26 MORE OF ITS SHAREHOLDERS OR ONE OR MORE TRUSTS ESTABLISHED BY ITS
27 SHAREHOLDERS, BETWEEN ONE OR MORE PARTNERS IN A PARTNERSHIP OR BETWEEN A
28 PARTNERSHIP AND ONE OR MORE OF ITS PARTNERS OR ONE OR MORE TRUSTS ESTABLISHED
29 BY ITS PARTNERS OR BETWEEN ONE OR MORE MEMBERS IN A LIMITED LIABILITY COMPANY
30 OR BETWEEN A LIMITED LIABILITY COMPANY AND ONE OR MORE OF ITS MEMBERS OR ONE
31 OR MORE TRUSTS ESTABLISHED BY ITS MEMBERS.

32 (viii) AN AGREEMENT ENTERED INTO BY A SERVICE RECIPIENT, OR A TRUST
33 ESTABLISHED BY THE SERVICE RECIPIENT, AND A SERVICE PROVIDER, OR A TRUST
34 ESTABLISHED BY THE SERVICE PROVIDER, WHO PERFORMS SIGNIFICANT SERVICES FOR
35 THE SERVICE RECIPIENT'S TRADE OR BUSINESS.

36 (ix) ANY OTHER CONTRACT, TRANSACTION OR ARRANGEMENT THAT THE DIRECTOR
37 DETERMINES IS NOT OF THE TYPE INTENDED TO BE REGULATED BY THIS CHAPTER.

38 11. "OWNER":

39 (a) MEANS THE OWNER OF A POLICY, WITH OR WITHOUT A CHRONIC ILLNESS OR
40 A TERMINAL ILLNESS OR CONDITION, WHO ENTERS OR SEEKS TO ENTER INTO A LIFE
41 SETTLEMENT CONTRACT.

42 (b) IS NOT LIMITED TO AN OWNER OF A POLICY THAT INSURES THE LIFE OF AN
43 INDIVIDUAL WITH A CHRONIC ILLNESS OR A TERMINAL ILLNESS OR CONDITION EXCEPT
44 WHERE SPECIFICALLY ADDRESSED.

- 1 (c) DOES NOT INCLUDE ANY OF THE FOLLOWING:
2 (i) ANY PROVIDER OR OTHER LICENSEE UNDER THIS CHAPTER.
3 (ii) A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A OF THE
4 FEDERAL SECURITIES ACT OF 1933, AS AMENDED.
5 (iii) A FINANCING ENTITY.
6 (iv) A SPECIAL PURPOSE ENTITY.
7 (v) A RELATED PROVIDER TRUST.
8 12. "PERSON" MEANS AN INDIVIDUAL OR BUSINESS ENTITY.
9 13. "POLICY" MEANS AN INDIVIDUAL OR GROUP POLICY, GROUP CERTIFICATE,
10 CONTRACT OR ARRANGEMENT OF LIFE INSURANCE OWNED BY A RESIDENT OF THIS STATE
11 REGARDLESS OF WHETHER DELIVERED OR ISSUED FOR DELIVERY IN THIS STATE.
12 14. "PREMIUM FINANCE LOAN" MEANS A LOAN THAT IS MADE PRIMARILY FOR THE
13 PURPOSE OF MAKING PREMIUM PAYMENTS ON A LIFE INSURANCE POLICY AND THAT IS
14 SECURED BY AN INTEREST IN THE LIFE INSURANCE POLICY.
15 15. "PROVIDER":
16 (a) MEANS A PERSON, OTHER THAN AN OWNER, WHO ENTERS INTO OR
17 EFFECTUATES A LIFE SETTLEMENT CONTRACT WITH AN OWNER.
18 (b) DOES NOT INCLUDE ANY OF THE FOLLOWING:
19 (i) ANY BANK, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION OR CREDIT
20 UNION.
21 (ii) A LICENSED LENDING INSTITUTION OR CREDITOR OR SECURED PARTY
22 PURSUANT TO A PREMIUM FINANCE LOAN AGREEMENT THAT TAKES AN ASSIGNMENT OF A
23 LIFE INSURANCE POLICY OR CERTIFICATE ISSUED PURSUANT TO A GROUP LIFE
24 INSURANCE POLICY AS COLLATERAL FOR A LOAN.
25 (iii) THE INSURER OF A LIFE INSURANCE POLICY OR RIDER TO THE EXTENT OF
26 PROVIDING ACCELERATED DEATH BENEFITS OR RIDERS OR CASH SURRENDER VALUE.
27 (iv) A PURCHASER.
28 (v) ANY AUTHORIZED OR ELIGIBLE INSURER THAT PROVIDES STOP LOSS
29 COVERAGE TO A PROVIDER, PURCHASER, FINANCING ENTITY, SPECIAL PURPOSE ENTITY
30 OR RELATED PROVIDER TRUST.
31 (vi) A FINANCING ENTITY.
32 (vii) A RELATED PROVIDER TRUST.
33 (viii) A BROKER.
34 (ix) AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER, AS
35 DEFINED IN REGULATION D, RULE 501 OR RULE 144A OF THE FEDERAL SECURITIES ACT
36 OF 1933, AS AMENDED, WHO PURCHASES A LIFE SETTLEMENT POLICY FROM A PROVIDER.
37 16. "PURCHASER" MEANS A PERSON WHO PAYS COMPENSATION OR ANYTHING OF
38 VALUE AS CONSIDERATION FOR A BENEFICIAL INTEREST IN A TRUST THAT IS VESTED
39 WITH, OR FOR THE ASSIGNMENT, TRANSFER OR SALE OF, AN OWNERSHIP OR OTHER
40 INTEREST IN A LIFE INSURANCE POLICY OR A CERTIFICATE ISSUED PURSUANT TO A
41 GROUP LIFE INSURANCE POLICY THAT HAS BEEN THE SUBJECT OF A LIFE SETTLEMENT
42 CONTRACT.
43 17. "RELATED PROVIDER TRUST" MEANS A TITLING TRUST OR OTHER TRUST THAT
44 IS ESTABLISHED BY A LICENSED PROVIDER OR A FINANCING ENTITY FOR THE SOLE
45 PURPOSE OF HOLDING THE OWNERSHIP OR BENEFICIAL INTEREST IN PURCHASED POLICIES

1 IN CONNECTION WITH A FINANCING TRANSACTION AND THAT HAS A WRITTEN AGREEMENT
2 WITH THE LICENSED PROVIDER UNDER WHICH THE LICENSED PROVIDER IS RESPONSIBLE
3 FOR ENSURING COMPLIANCE WITH ALL STATUTORY AND REGULATORY REQUIREMENTS AND
4 UNDER WHICH THE TRUST AGREES TO MAKE ALL RECORDS AND FILES RELATING TO LIFE
5 SETTLEMENT TRANSACTIONS AVAILABLE TO THE DEPARTMENT AS IF THOSE RECORDS AND
6 FILES WERE MAINTAINED DIRECTLY BY THE LICENSED PROVIDER.

7 18. "SETTLED" MEANS A LIFE INSURANCE POLICY OR CERTIFICATE THAT HAS
8 BEEN ACQUIRED BY A PROVIDER PURSUANT TO A LIFE SETTLEMENT CONTRACT.

9 19. "SPECIAL PURPOSE ENTITY" MEANS A CORPORATION, PARTNERSHIP, TRUST,
10 LIMITED LIABILITY COMPANY OR OTHER LEGAL ENTITY WHOSE SECURITIES PAY A FIXED
11 RATE OF RETURN COMMENSURATE WITH ESTABLISHED ASSET-BACKED CAPITAL MARKETS OR
12 THAT HAS BEEN FORMED SOLELY TO PROVIDE EITHER DIRECTLY OR INDIRECTLY ACCESS
13 TO INSTITUTIONAL CAPITAL MARKETS:

14 (a) FOR A FINANCING ENTITY OR PROVIDER.

15 (b) IN CONNECTION WITH A TRANSACTION IN WHICH THE SECURITIES IN THE
16 SPECIAL PURPOSE ENTITY ARE ACQUIRED BY THE OWNER OR BY A QUALIFIED
17 INSTITUTIONAL BUYER AS DEFINED IN RULE 144 OF THE FEDERAL SECURITIES ACT OF
18 1933, AS AMENDED.

19 20. "STRANGER ORIGINATED LIFE INSURANCE" MEANS AN INTENTIONAL PRACTICE
20 OR PLAN AS PRESCRIBED IN SECTION 20-443.02.

21 21. "TERMINALLY ILL" MEANS HAVING AN ILLNESS OR SICKNESS THAT CAN
22 REASONABLY BE EXPECTED TO RESULT IN DEATH IN TWENTY-FOUR MONTHS OR LESS.

23 20-3202. Licensure; requirements

24 A. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON SHALL NOT
25 ACT AS A PROVIDER OR BROKER WITH ANY OWNER WHO IS A RESIDENT OF THIS STATE
26 UNLESS THE PERSON OBTAINS A CERTIFICATE OF AUTHORITY OR LICENSE PURSUANT TO
27 THIS SECTION.

28 B. AN APPLICANT FOR A PROVIDER CERTIFICATE OF AUTHORITY SHALL SUBMIT
29 AN APPLICATION TO THE DIRECTOR ON A FORM PRESCRIBED BY THE DIRECTOR. THE
30 APPLICATION SHALL BE ACCOMPANIED BY A FEE IN AN AMOUNT ESTABLISHED BY THE
31 DIRECTOR.

32 C. THE APPLICANT FOR A PROVIDER CERTIFICATE OF AUTHORITY SHALL PROVIDE
33 ALL OF THE INFORMATION REQUIRED BY THE DIRECTOR. THE DIRECTOR, AT ANY TIME,
34 MAY REQUIRE AN APPLICANT TO FULLY DISCLOSE THE IDENTITY OF ITS STOCKHOLDERS
35 EXCEPT FOR STOCKHOLDERS OWNING FEWER THAN TEN PER CENT OF THE SHARES OF AN
36 APPLICANT WHOSE SHARES ARE PUBLICLY TRADED, PARTNERS, OFFICERS AND EMPLOYEES.
37 THE DIRECTOR, AT THE DIRECTOR'S SOLE DISCRETION, MAY REFUSE TO ISSUE A
38 CERTIFICATE OF AUTHORITY IN THE NAME OF ANY PERSON IF THE DIRECTOR IS NOT
39 SATISFIED THAT ANY OFFICER, EMPLOYEE, STOCKHOLDER OR PARTNER WHO MAY
40 MATERIALLY INFLUENCE THE APPLICANT'S CONDUCT MEETS THE REQUIREMENTS OF THIS
41 CHAPTER.

42 D. A PROVIDER CERTIFICATE OF AUTHORITY ISSUED TO A PARTNERSHIP,
43 CORPORATION OR OTHER ENTITY AUTHORIZES ALL MEMBERS, OFFICERS AND DESIGNATED
44 EMPLOYEES TO ACT AS A PROVIDER UNDER THE CERTIFICATE OF AUTHORITY IF THOSE
45 PERSONS ARE NAMED IN THE APPLICATION AND ANY SUPPLEMENTS TO THE APPLICATION.

- 1 E. THE DIRECTOR SHALL REQUIRE THAT:
- 2 1. A PROVIDER SUBMIT A DETAILED PLAN OF OPERATION.
- 3 2. IF THE APPLICANT FOR A PROVIDER CERTIFICATE OF AUTHORITY IS A LEGAL
- 4 ENTITY, IT BE FORMED OR ORGANIZED PURSUANT TO THE LAWS OF THIS STATE OR, IF
- 5 IT IS A FOREIGN LEGAL ENTITY, IT BE AUTHORIZED TO TRANSACT BUSINESS IN THIS
- 6 STATE OR PROVIDE A CERTIFICATE OF GOOD STANDING FROM THE STATE OF ITS
- 7 DOMICILE.
- 8 3. THE APPLICANT FOR A PROVIDER CERTIFICATE OF AUTHORITY PROVIDE AN
- 9 ANTIFRAUD PLAN THAT MEETS THE REQUIREMENTS OF SECTION 20-3211 AND THAT
- 10 INCLUDES A DESCRIPTION OF:
- 11 (a) THE PROCEDURES FOR DETECTING AND INVESTIGATING POSSIBLE FRAUDULENT
- 12 ACTS AND FOR RESOLVING MATERIAL INCONSISTENCIES BETWEEN MEDICAL RECORDS AND
- 13 INSURANCE APPLICATIONS.
- 14 (b) THE PROCEDURES FOR REPORTING FRAUDULENT INSURANCE ACTS TO THE
- 15 DIRECTOR.
- 16 (c) THE PLAN FOR ANTIFRAUD EDUCATION AND TRAINING OF ITS UNDERWRITERS
- 17 AND OTHER PERSONNEL.
- 18 (d) A WRITTEN DESCRIPTION OR ORGANIZATIONAL CHART OF THE ANTIFRAUD
- 19 PERSONNEL WHO ARE RESPONSIBLE FOR THE INVESTIGATION AND REPORTING OF POSSIBLE
- 20 FRAUDULENT INSURANCE ACTS AND THE INVESTIGATION OF UNRESOLVED MATERIAL
- 21 INCONSISTENCIES BETWEEN MEDICAL RECORDS AND INSURANCE APPLICATIONS.
- 22 F. A PRODUCER THAT IS LICENSED IN THIS STATE WITH A LIFE LINE OF
- 23 AUTHORITY SHALL:
- 24 1. BE DEEMED TO MEET THE LICENSING REQUIREMENTS OF THIS SECTION AND BE
- 25 PERMITTED TO OPERATE AS A BROKER.
- 26 2. WITHIN THE FIRST THIRTY DAYS OF OPERATING AS A BROKER, NOTIFY THE
- 27 DIRECTOR, ON A FORM PRESCRIBED BY THE DIRECTOR, THAT THE PRODUCER IS ACTING
- 28 AS A BROKER. NOTIFICATION SHALL INCLUDE AN ACKNOWLEDGEMENT BY THE LIFE
- 29 INSURANCE PRODUCER THAT THE PRODUCER WILL OPERATE AS A BROKER PURSUANT TO
- 30 THIS CHAPTER.
- 31 3. PAY ANY APPLICABLE FEE AS DETERMINED BY THE DIRECTOR.
- 32 G. BROKER LICENSES MAY BE RENEWED EVERY FOUR YEARS ON THE ANNIVERSARY
- 33 DATE AND PAYMENT OF THE RENEWAL FEE SHALL BE MADE IN AN AMOUNT ESTABLISHED BY
- 34 THE DIRECTOR.
- 35 H. THE DIRECTOR MAY NOT ISSUE A LICENSE TO ANY NONRESIDENT APPLICANT
- 36 UNLESS A WRITTEN DESIGNATION OF AN AGENT IN THIS STATE FOR SERVICE OF PROCESS
- 37 IS FILED AND MAINTAINED WITH THE DIRECTOR OR UNLESS THE APPLICANT HAS FILED
- 38 WITH THE DIRECTOR THE APPLICANT'S WRITTEN IRREVOCABLE CONSENT THAT ANY ACTION
- 39 AGAINST THE APPLICANT MAY BE COMMENCED AGAINST THE APPLICANT BY SERVICE OF
- 40 PROCESS ON THE DIRECTOR.
- 41 I. A PROVIDER MAY NOT USE ANY PERSON TO PERFORM THE FUNCTION OF A
- 42 BROKER UNLESS THE PERSON HOLDS A VALID LICENSE AS A BROKER PURSUANT TO THIS
- 43 SECTION.

1 J. A BROKER MAY NOT USE ANY PERSON TO PERFORM THE FUNCTIONS OF A
2 PROVIDER UNLESS THE PERSON HOLDS A VALID LICENSE AS A PROVIDER PURSUANT TO
3 THIS SECTION.

4 K. A PROVIDER OR BROKER SHALL SUBMIT TO THE DIRECTOR ANY NEW OR
5 REVISED INFORMATION CONCERNING INDIVIDUALS REQUIRED TO BE DISCLOSED PURSUANT
6 TO SUBSECTION F OF THIS SECTION WITHIN THIRTY DAYS OF ANY CHANGE.

7 L. A PERSON WHO IS LICENSED AS AN ATTORNEY OR A CERTIFIED PUBLIC
8 ACCOUNTANT, WHO IS RETAINED TO REPRESENT THE OWNER AND WHOSE COMPENSATION IS
9 NOT PAID DIRECTLY OR INDIRECTLY BY THE PROVIDER OR PURCHASER MAY NEGOTIATE A
10 LIFE SETTLEMENT CONTRACT ON BEHALF OF THE OWNER WITHOUT HAVING TO OBTAIN A
11 LICENSE AS A BROKER.

12 M. THE INSURER THAT ISSUED THE POLICY AND THAT IS THE SUBJECT OF A
13 LIFE SETTLEMENT CONTRACT IS NOT RESPONSIBLE FOR ANY ACT OR OMISSION OF A
14 BROKER OR PROVIDER OR A PURCHASER ARISING OUT OF OR IN CONNECTION WITH THE
15 LIFE SETTLEMENT TRANSACTION UNLESS THE INSURER RECEIVES COMPENSATION FOR THE
16 PLACEMENT OF A LIFE SETTLEMENT CONTRACT FROM THE PROVIDER, BROKER OR
17 PURCHASER IN CONNECTION WITH THE LIFE SETTLEMENT CONTRACT.

18 20-3203. Contract requirements

19 A. A PERSON MAY NOT USE ANY FORM OF LIFE SETTLEMENT CONTRACT IN THIS
20 STATE UNLESS IT IS FILED WITH AND, IF REQUIRED, APPROVED BY THE DIRECTOR IN A
21 MANNER THAT CONFORMS WITH THE FILING PROCEDURES AND ANY TIME RESTRICTIONS OR
22 DEEMING PROVISIONS FOR LIFE INSURANCE FORMS, POLICIES OR CONTRACTS.

23 B. AS A CONDITION OF RESPONDING TO A REQUEST FOR VERIFICATION OF
24 COVERAGE OR IN CONNECTION WITH THE TRANSFER OF A POLICY PURSUANT TO A LIFE
25 SETTLEMENT CONTRACT, AN INSURER MAY NOT REQUIRE THAT THE OWNER, INSURED,
26 PROVIDER OR BROKER SIGN ANY FORM, DISCLOSURE, CONSENT, WAIVER OR
27 ACKNOWLEDGMENT THAT HAS NOT BEEN EXPRESSLY APPROVED BY THE DIRECTOR FOR USE
28 IN CONNECTION WITH LIFE SETTLEMENT CONTRACTS IN THIS STATE.

29 C. A PERSON MAY NOT USE A LIFE SETTLEMENT CONTRACT FORM OR PROVIDE TO
30 AN OWNER A DISCLOSURE STATEMENT FORM IN THIS STATE UNLESS THE FORM IS FIRST
31 FILED WITH AND APPROVED BY THE DIRECTOR. THE DIRECTOR MAY NOT APPROVE A LIFE
32 SETTLEMENT CONTRACT FORM OR DISCLOSURE STATEMENT FORM IF, IN THE DIRECTOR'S
33 OPINION, THE CONTRACT OR PROVISIONS OF THE CONTRACT FAIL TO MEET THE
34 REQUIREMENTS OF THIS CHAPTER OR ARE UNREASONABLE, CONTRARY TO THE PUBLIC
35 INTEREST OR OTHERWISE MISLEADING OR UNFAIR TO THE OWNER.

36 20-3204. Provider and broker disclosures to owners; violation;
37 classification

38 A. THE PROVIDER OR BROKER SHALL PROVIDE IN WRITING THE FOLLOWING
39 INFORMATION, IN A SEPARATE DOCUMENT THAT IS SIGNED BY THE OWNER AND PROVIDER,
40 TO THE OWNER NO LATER THAN THE DATE OF APPLICATION FOR THE LIFE SETTLEMENT
41 CONTRACT:

42 1. THAT THERE ARE POSSIBLE ALTERNATIVES TO LIFE SETTLEMENTS, INCLUDING
43 ACCELERATED BENEFITS OPTIONS THAT MAY BE OFFERED BY THE LIFE INSURER OR
44 POLICY LOANS.

1 2. THAT SOME OR ALL OF THE PROCEEDS OF A LIFE SETTLEMENT MAY BE
2 TAXABLE AND THAT ASSISTANCE SHOULD BE SOUGHT FROM A PROFESSIONAL TAX ADVISER.

3 3. THAT THE PROCEEDS FROM A LIFE SETTLEMENT COULD BE SUBJECT TO THE
4 CLAIMS OF CREDITORS.

5 4. THAT RECEIPT OF PROCEEDS FROM A LIFE SETTLEMENT CONTRACT MAY
6 ADVERSELY AFFECT THE RECIPIENT'S ELIGIBILITY FOR PUBLIC ASSISTANCE OR OTHER
7 GOVERNMENT BENEFITS OR ENTITLEMENTS AND THAT ADVICE SHOULD BE OBTAINED FROM
8 THE APPROPRIATE AGENCIES.

9 5. THAT ENTERING INTO A LIFE SETTLEMENT CONTRACT MAY CAUSE OTHER
10 RIGHTS OR BENEFITS, INCLUDING CONVERSION RIGHTS AND WAIVER OF PREMIUM
11 BENEFITS THAT MAY EXIST UNDER THE POLICY OR CERTIFICATE OF A GROUP POLICY, TO
12 BE FORFEITED BY THE OWNER AND THAT ASSISTANCE SHOULD BE SOUGHT FROM A
13 PROFESSIONAL FINANCIAL ADVISER.

14 6. THAT THE OWNER HAS A RIGHT TO RESCIND A LIFE SETTLEMENT CONTRACT
15 WITHIN FIFTEEN DAYS AFTER THE DATE IT IS EXECUTED BY ALL PARTIES AND THE
16 OWNER HAS RECEIVED ALL REQUIRED DISCLOSURES. RESCISSION, IF EXERCISED BY THE
17 OWNER, IS EFFECTIVE ONLY IF BOTH NOTICE OF RESCISSION IS GIVEN AND THE OWNER
18 REPAYS ALL PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID ON ACCOUNT
19 OF THE PROVIDER WITHIN THE RESCISSION PERIOD. IF THE INSURED DIES DURING THE
20 RESCISSION PERIOD, THE CONTRACT IS DEEMED TO HAVE BEEN RESCINDED SUBJECT TO
21 REPAYMENT BY THE OWNER OR THE OWNER'S ESTATE OF ALL PROCEEDS AND ANY
22 PREMIUMS, LOANS AND LOAN INTEREST TO THE PROVIDER.

23 7. THAT PROCEEDS WILL BE SENT TO THE OWNER WITHIN THREE BUSINESS DAYS
24 AFTER THE PROVIDER HAS RECEIVED THE INSURER OR GROUP ADMINISTRATOR'S
25 ACKNOWLEDGMENT THAT OWNERSHIP OF THE POLICY OR THE INTEREST IN THE
26 CERTIFICATE HAS BEEN TRANSFERRED AND THE BENEFICIARY HAS BEEN DESIGNATED
27 ACCORDING TO THE TERMS OF THE LIFE SETTLEMENT CONTRACT.

28 8. THE DATE BY WHICH THE MONIES WILL BE AVAILABLE TO THE OWNER AND THE
29 TRANSMITTER OF THE MONIES.

30 9. THAT THE INSURED MAY BE CONTACTED BY EITHER THE PROVIDER OR THE
31 BROKER OR ITS AUTHORIZED REPRESENTATIVE FOR THE PURPOSE OF DETERMINING THE
32 INSURED'S HEALTH STATUS OR TO VERIFY THE INSURED'S ADDRESS. THIS CONTACT IS
33 LIMITED TO ONCE EVERY THREE MONTHS IF THE INSURED HAS A LIFE EXPECTANCY OF
34 MORE THAN ONE YEAR AND NOT MORE THAN ONCE PER MONTH IF THE INSURED HAS A LIFE
35 EXPECTANCY OF ONE YEAR OR LESS.

36 10. ANY AFFILIATIONS OR CONTRACTUAL RELATIONS BETWEEN THE PROVIDER AND
37 THE BROKER AND THE AFFILIATION, IF ANY, BETWEEN THE PROVIDER AND THE ISSUER
38 OF THE POLICY TO BE SETTLED.

39 11. THAT A BROKER REPRESENTS EXCLUSIVELY THE OWNER AND NOT THE INSURER
40 OR THE PROVIDER OR ANY OTHER PERSON AND OWES A FIDUCIARY DUTY TO THE OWNER,
41 INCLUDING A DUTY TO ACT ACCORDING TO THE OWNER'S INSTRUCTIONS AND IN THE BEST
42 INTEREST OF THE OWNER.

43 12. THE NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER OF THE BROKER.

44 B. THE DISCLOSURE REQUIRED UNDER SUBSECTION A SHALL ALSO INCLUDE THE
45 FOLLOWING STATEMENTS:

1 ALL MEDICAL, FINANCIAL OR PERSONAL INFORMATION SOLICITED
2 OR OBTAINED BY A PROVIDER OR BROKER ABOUT AN INSURED, INCLUDING
3 THE INSURED'S IDENTITY OR THE IDENTITY OF FAMILY MEMBERS, A
4 SPOUSE OR A SIGNIFICANT OTHER, MAY BE DISCLOSED AS NECESSARY TO
5 EFFECT THE LIFE SETTLEMENT CONTRACT BETWEEN THE OWNER AND
6 PROVIDER. IF YOU ARE ASKED TO PROVIDE THIS INFORMATION, YOU
7 WILL BE ASKED TO CONSENT TO THE DISCLOSURE. THE INFORMATION MAY
8 BE PROVIDED TO SOMEONE WHO BUYS THE POLICY OR PROVIDES MONIES
9 FOR THE PURCHASE. YOU MAY BE ASKED TO RENEW YOUR PERMISSION TO
10 SHARE INFORMATION EVERY TWO YEARS.

11 ANY PERSON WHO KNOWINGLY PRESENTS FALSE INFORMATION IN AN
12 APPLICATION FOR INSURANCE OR LIFE SETTLEMENT CONTRACT IS GUILTY
13 OF A CLASS 1 MISDEMEANOR AND MAY BE SUBJECT TO FINES AND
14 CONFINEMENT IN JAIL.

15 C. THE BROKER SHALL PROVIDE THE OWNER AND THE PROVIDER WITH AT LEAST
16 ALL OF THE FOLLOWING DISCLOSURES IN WRITING BEFORE ALL PARTIES SIGN THE LIFE
17 SETTLEMENT CONTRACT. THE DISCLOSURES SHALL BE CLEARLY DISPLAYED IN THE LIFE
18 SETTLEMENT CONTRACT OR IN A SEPARATE DOCUMENT SIGNED BY THE OWNER:

19 1. THE NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER OF THE BROKER.

20 2. A FULL, COMPLETE AND ACCURATE DESCRIPTION OF ALL OF THE OFFERS,
21 COUNTEROFFERS, ACCEPTANCES AND REJECTIONS RELATING TO THE PROPOSED LIFE
22 SETTLEMENT CONTRACT.

23 3. A DISCLOSURE OF ANY AFFILIATIONS OR CONTRACTUAL ARRANGEMENTS
24 BETWEEN THE BROKER AND ANY PERSON MAKING AN OFFER IN CONNECTION WITH THE
25 PROPOSED LIFE SETTLEMENT CONTRACT.

26 4. THE NAME OF EACH BROKER WHO RECEIVES COMPENSATION AND THE AMOUNT OF
27 COMPENSATION RECEIVED BY THAT BROKER INCLUDING ANYTHING OF VALUE PAID OR
28 GIVEN TO THE BROKER IN CONNECTION WITH THE LIFE SETTLEMENT CONTRACT.

29 5. A COMPLETE RECONCILIATION OF THE GROSS OFFER OR BID BY THE PROVIDER
30 TO THE NET AMOUNT OF PROCEEDS OR VALUE TO BE RECEIVED BY THE OWNER. FOR THE
31 PURPOSES OF THIS PARAGRAPH, "GROSS OFFER OR BID" MEANS THE TOTAL AMOUNT OR
32 VALUE OFFERED BY THE PROVIDER FOR THE PURCHASE OF ONE OR MORE LIFE INSURANCE
33 POLICIES INCLUDING COMMISSIONS AND FEES.

34 20-3205. Privacy

35 EXCEPT AS OTHERWISE PROVIDED BY LAW, A PROVIDER, BROKER, INSURANCE
36 COMPANY, INSURANCE PRODUCER OR ANY OTHER PERSON WITH ACTUAL KNOWLEDGE OF AN
37 INSURED'S IDENTITY SHALL NOT DISCLOSE THE IDENTITY OF AN INSURED OR ANY
38 INFORMATION THAT THERE IS A REASONABLE BASIS TO BELIEVE COULD BE USED TO
39 IDENTIFY THE INSURED OR THE INSURED'S FINANCIAL OR MEDICAL INFORMATION TO ANY
40 OTHER PERSON UNLESS THE DISCLOSURE IS ONE OF THE FOLLOWING:

41 1. NECESSARY TO EFFECT A LIFE SETTLEMENT CONTRACT BETWEEN THE OWNER
42 AND A PROVIDER AND THE OWNER AND INSURED HAVE PROVIDED PRIOR WRITTEN CONSENT
43 TO THE DISCLOSURE.

44 2. NECESSARY TO EFFECT THE SALE OF LIFE SETTLEMENT CONTRACTS OR
45 INTERESTS IN LIFE SETTLEMENT CONTRACTS AS INVESTMENTS IF THE SALE IS

1 CONDUCTED PURSUANT TO APPLICABLE STATE AND FEDERAL SECURITIES LAW AND THE
2 OWNER AND THE INSURED HAVE BOTH PROVIDED PRIOR WRITTEN CONSENT TO THE
3 DISCLOSURE.

4 3. PROVIDED IN RESPONSE TO AN INVESTIGATION OR EXAMINATION BY THE
5 DIRECTOR OR ANY OTHER STATE OR FEDERAL AGENCY.

6 4. A TERM OR CONDITION TO THE TRANSFER OF A POLICY BY ONE PROVIDER TO
7 ANOTHER PROVIDER, IN WHICH CASE THE RECEIVING PROVIDER SHALL BE REQUIRED TO
8 COMPLY WITH ALL APPLICABLE LAWS REGARDING THE CONFIDENTIALITY OF MEDICAL
9 INFORMATION.

10 5. NECESSARY TO ALLOW THE PROVIDER OR BROKER OR THE PROVIDER'S OR
11 BROKER'S AUTHORIZED REPRESENTATIVES TO MAKE CONTACTS FOR THE PURPOSE OF
12 DETERMINING HEALTH STATUS. FOR THE PURPOSES OF THIS PARAGRAPH, AUTHORIZED
13 REPRESENTATIVE DOES NOT INCLUDE ANY PERSON WHO HAS OR MAY HAVE ANY FINANCIAL
14 INTEREST IN THE SETTLEMENT CONTRACT OTHER THAN A PROVIDER OR LICENSED BROKER.
15 AUTHORIZED REPRESENTATIVES SHALL AGREE IN WRITING TO ADHERE TO ALL APPLICABLE
16 CONFIDENTIALITY AND PRIVACY LAWS.

17 6. REQUIRED TO PURCHASE STOP LOSS COVERAGE.

18 20-3206. Rule making; examinations

19 A. THE DIRECTOR MAY ADOPT RULES REASONABLY NECESSARY TO REGULATE LIFE
20 SETTLEMENTS AND TRANSACTIONS CONSISTENT WITH THE PROVISIONS OF THIS CHAPTER.

21 B. THE DIRECTOR, WHENEVER THE DIRECTOR DEEMS IT REASONABLY NECESSARY
22 TO PROTECT THE INTERESTS OF THE PUBLIC, MAY EXAMINE THE BUSINESS AND AFFAIRS
23 OF ANY LICENSEE OR APPLICANT FOR A LICENSE. THE DIRECTOR MAY ORDER ANY
24 LICENSEE OR APPLICANT TO PRODUCE ANY RECORDS, BOOKS, FILES OR OTHER
25 INFORMATION TO ASCERTAIN WHETHER OR NOT THE LICENSEE OR APPLICANT IS ACTING
26 OR HAS ACTED IN VIOLATION OF THIS TITLE OR OTHERWISE CONTRARY TO THE
27 INTERESTS OF THE PUBLIC. THE LICENSEE OR APPLICANT SHALL PAY ANY EXPENSES
28 INCURRED IN CONDUCTING ANY EXAMINATION.

29 C. IN LIEU OF AN EXAMINATION OF ANY FOREIGN OR ALIEN LICENSEE LICENSED
30 IN THIS STATE, THE DIRECTOR, AT THE DIRECTOR'S DISCRETION, MAY ACCEPT AN
31 EXAMINATION REPORT ON THE LICENSEE PREPARED BY THE DIRECTOR FOR THE
32 LICENSEE'S STATE OF DOMICILE OR PORT-OF-ENTRY STATE.

33 D. NAMES OF AND INDIVIDUAL IDENTIFICATION DATA FOR ALL OWNERS AND
34 INSUREDS IS PRIVATE AND CONFIDENTIAL INFORMATION AND SHALL NOT BE DISCLOSED
35 BY THE DIRECTOR UNLESS REQUIRED BY LAW.

36 E. THE PROVIDER SHALL MAINTAIN RECORDS OF ALL CONSUMMATED TRANSACTIONS
37 AND LIFE SETTLEMENT CONTRACTS FOR THREE YEARS AFTER THE DEATH OF THE INSURED.
38 THE DIRECTOR MAY INSPECT THESE RECORDS DURING REASONABLE BUSINESS HOURS.

39 20-3207. Conduct of examinations; examination reports;
40 confidentiality

41 A. THE DIRECTOR MAY INVESTIGATE SUSPECTED FRAUDULENT LIFE SETTLEMENT
42 ACTS AND PERSONS ENGAGED IN THE BUSINESS OF LIFE SETTLEMENTS.

43 B. AFTER DETERMINING THAT AN EXAMINATION SHOULD BE CONDUCTED, THE
44 DIRECTOR SHALL ISSUE AN EXAMINATION WARRANT APPOINTING ONE OR MORE EXAMINERS
45 TO PERFORM THE EXAMINATION AND INSTRUCTING THEM AS TO THE SCOPE OF THE

1 EXAMINATION. IN CONDUCTING THE EXAMINATION, THE EXAMINER SHALL USE METHODS
2 COMMON TO THE EXAMINATION OF ANY LIFE SETTLEMENT LICENSEE AND SHOULD USE
3 THOSE GUIDELINES AND PROCEDURES SET FORTH IN AN EXAMINERS' HANDBOOK ADOPTED
4 BY A NATIONAL ORGANIZATION.

5 C. EVERY LICENSEE OR PERSON FROM WHOM INFORMATION IS SOUGHT AND THE
6 OFFICERS, DIRECTORS AND AGENTS OF THE LICENSEE OR PERSON SHALL PROVIDE TO THE
7 EXAMINERS TIMELY, CONVENIENT AND FREE ACCESS DURING REASONABLE HOURS AT ITS
8 OFFICES TO ALL EXAMINED LICENSEE'S BOOKS, RECORDS, ACCOUNTS, PAPERS,
9 DOCUMENTS, ASSETS AND COMPUTER OR OTHER RECORDS RELATING TO THE PROPERTY,
10 ASSETS, BUSINESS AND AFFAIRS. THE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS
11 OF THE LICENSEE OR PERSON SHALL FACILITATE AND AID IN THE EXAMINATION. THE
12 DIRECTOR MAY SUSPEND, REVOKE OR NONRENEW A LICENSEE'S LICENSE OR AUTHORITY TO
13 ENGAGE IN THE LIFE SETTLEMENT BUSINESS OR OTHER BUSINESS THAT IS SUBJECT TO
14 THE DIRECTOR'S JURISDICTION IF THE LICENSEE, BY ITS OFFICERS, DIRECTORS,
15 EMPLOYEES OR AGENTS, FAILS TO SUBMIT TO AN EXAMINATION OR TO COMPLY WITH ANY
16 REASONABLE WRITTEN REQUEST OF THE DIRECTOR.

17 D. THE DIRECTOR MAY ISSUE SUBPOENAS, ADMINISTER OATHS AND EXAMINE
18 UNDER OATH ANY PERSON AS TO ANY MATTER PERTINENT TO THE EXAMINATION. IF A
19 PERSON FAILS OR REFUSES TO OBEY A SUBPOENA, THE DIRECTOR MAY PETITION A COURT
20 OF COMPETENT JURISDICTION AND, ON PROPER SHOWING, THE COURT MAY ENTER AN
21 ORDER COMPELLING THE WITNESS TO APPEAR AND TESTIFY OR PRODUCE DOCUMENTARY
22 EVIDENCE.

23 E. WHEN MAKING AN EXAMINATION UNDER THIS CHAPTER, THE DIRECTOR MAY
24 RETAIN ATTORNEYS, APPRAISERS, INDEPENDENT ACTUARIES, INDEPENDENT CERTIFIED
25 PUBLIC ACCOUNTANTS OR OTHER PROFESSIONALS AND SPECIALISTS AS EXAMINERS, THE
26 REASONABLE COST OF WHICH SHALL BE BORNE BY THE LICENSEE THAT IS THE SUBJECT
27 OF THE EXAMINATION.

28 F. THE PROVISIONS OF THIS SECTION DO NOT LIMIT THE DIRECTOR'S
29 AUTHORITY TO TERMINATE OR SUSPEND AN EXAMINATION IN ORDER TO PURSUE OTHER
30 LEGAL OR REGULATORY ACTION PURSUANT TO THE INSURANCE LAWS OF THIS STATE.
31 FINDINGS OF FACT AND CONCLUSIONS MADE PURSUANT TO ANY EXAMINATION CONSTITUTE
32 PRIMA FACIE EVIDENCE IN ANY LEGAL OR REGULATORY ACTION.

33 G. THE PROVISIONS OF THIS SECTION DO NOT LIMIT THE DIRECTOR'S
34 AUTHORITY TO USE AND, IF APPROPRIATE, MAKE PUBLIC ANY FINAL OR PRELIMINARY
35 EXAMINATION REPORT, ANY EXAMINER OR LICENSEE WORK PAPERS OR OTHER DOCUMENTS
36 OR ANY OTHER INFORMATION DISCOVERED OR DEVELOPED DURING THE COURSE OF ANY
37 EXAMINATION IN THE FURTHERANCE OF ANY LEGAL OR REGULATORY ACTION THAT THE
38 DIRECTOR DEEMS APPROPRIATE.

39 H. EXAMINATION REPORTS SHALL INCLUDE ONLY THE FACTS APPEARING ON THE
40 LICENSEE'S BOOKS OR FROM THE TESTIMONY OF THE LICENSEE'S OFFICERS OR AGENTS
41 OR OTHER PERSONS EXAMINED CONCERNING THE LICENSEE'S AFFAIRS AND THE
42 CONCLUSIONS AND RECOMMENDATIONS THE EXAMINER FINDS REASONABLY WARRANTED FROM
43 THE FACTS.

44 I. WITHIN SIXTY DAYS AFTER THE EXAMINATION IS COMPLETED, THE EXAMINER
45 IN CHARGE SHALL FILE WITH THE DIRECTOR A VERIFIED WRITTEN REPORT OF

1 EXAMINATION UNDER OATH. ON RECEIPT OF THE VERIFIED REPORT, THE DIRECTOR
2 SHALL TRANSMIT THE REPORT TO THE EXAMINED LICENSEE TOGETHER WITH A NOTICE
3 THAT GIVES THE EXAMINED LICENSEE A REASONABLE OPPORTUNITY OF NOT MORE THAN
4 THIRTY DAYS TO MAKE A WRITTEN SUBMISSION OR REBUTTAL WITH RESPECT TO ANY
5 MATTERS CONTAINED IN THE EXAMINATION REPORT, AND THAT SHALL BECOME PART OF
6 THE REPORT, OR TO REQUEST A HEARING ON ANY MATTER IN DISPUTE.

7 J. ON FINDING THAT A PERSON HAS VIOLATED THIS CHAPTER OR A RULE
8 ADOPTED PURSUANT TO THIS CHAPTER, THE DIRECTOR MAY ISSUE AN ORDER DIRECTING
9 THAT THE PERSON CEASE AND DESIST FROM COMMITTING THE VIOLATION. ON THE
10 ISSUANCE OF AN ORDER TO CEASE AND DESIST, THE PERSON MAY REQUEST A HEARING
11 PURSUANT TO SECTION 20-161 AND TITLE 41, CHAPTER 6, ARTICLE 10.

12 K. THE NAMES AND INDIVIDUAL IDENTIFICATION DATA FOR ALL OWNERS,
13 PURCHASERS AND INSUREDS IS CONFIDENTIAL INFORMATION AND SHALL NOT BE
14 DISCLOSED BY THE DIRECTOR UNLESS THE DISCLOSURE IS TO ANOTHER REGULATOR OR IS
15 REQUIRED BY LAW.

16 L. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, ALL EXAMINATION
17 REPORTS, WORKING PAPERS, RECORDED INFORMATION, DOCUMENTS AND COPIES PRODUCED
18 BY, OBTAINED BY OR DISCLOSED TO THE DIRECTOR OR ANY OTHER PERSON IN THE
19 COURSE OF AN EXAMINATION MADE UNDER THIS CHAPTER, OR IN THE COURSE OF AN
20 ANALYSIS OR INVESTIGATION BY THE DIRECTOR OF THE LICENSEE'S FINANCIAL
21 CONDITION OR MARKET CONDUCT ARE CONFIDENTIAL AND PRIVILEGED AND ARE NOT
22 PUBLIC RECORDS. THIS INFORMATION IS NOT SUBJECT TO SUBPOENA OR DISCOVERY AND
23 IS NOT ADMISSIBLE IN EVIDENCE IN ANY PRIVATE CIVIL ACTION. THE DIRECTOR IS
24 AUTHORIZED TO USE THE DOCUMENTS, MATERIALS OR OTHER INFORMATION IN THE
25 FURTHERANCE OF ANY REGULATORY OR LEGAL ACTION BROUGHT AS PART OF THE
26 DIRECTOR'S OFFICIAL DUTIES. THE EXAMINED LICENSEE MAY ACCESS ALL DOCUMENTS
27 USED TO MAKE THE REPORT.

28 M. ALL EXAMINATION AND EXAMINATION RELATED EXPENSES SHALL BE BORNE BY
29 THE PROVIDER AND SHALL BE PAID BY THE INSURANCE EXAMINERS' REVOLVING FUND
30 PURSUANT TO SECTION 20-159.

31 20-3208. Conflict of interest; examiners

32 A. THE DIRECTOR MAY NOT APPOINT AN EXAMINER IF THE EXAMINER, EITHER
33 DIRECTLY OR INDIRECTLY, HAS A CONFLICT OF INTEREST OR IS AFFILIATED WITH THE
34 MANAGEMENT OF OR OWNS A PECUNIARY INTEREST IN ANY PERSON SUBJECT TO
35 EXAMINATION UNDER THIS CHAPTER. THIS SECTION DOES NOT AUTOMATICALLY PRECLUDE
36 AN EXAMINER FROM BEING AN OWNER, AN INSURED IN A LIFE SETTLEMENT CONTRACT OR
37 INSURANCE POLICY OR A BENEFICIARY IN AN INSURANCE POLICY THAT IS PROPOSED FOR
38 A LIFE SETTLEMENT CONTRACT.

39 B. NOTWITHSTANDING SUBSECTION A, THE DIRECTOR MAY RETAIN ON AN
40 INDIVIDUAL BASIS QUALIFIED ACTUARIES, CERTIFIED PUBLIC ACCOUNTANTS OR OTHER
41 SIMILAR INDIVIDUALS WHO ARE INDEPENDENTLY PRACTICING THEIR PROFESSIONS EVEN
42 THOUGH THESE PERSONS MAY FROM TIME TO TIME BE SIMILARLY EMPLOYED OR RETAINED
43 BY PERSONS SUBJECT TO EXAMINATION UNDER THIS CHAPTER.

1 20-3209. Immunity from liability

2 A. THE DIRECTOR, THE DIRECTOR'S AUTHORIZED REPRESENTATIVES OR ANY
3 EXAMINER APPOINTED BY THE DIRECTOR IS NOT LIABLE FOR ANY STATEMENTS MADE OR
4 CONDUCT PERFORMED IN GOOD FAITH WHILE CARRYING OUT THE PROVISIONS OF THIS
5 CHAPTER.

6 B. A PERSON WHO COMMUNICATES OR DELIVERS INFORMATION OR DATA TO THE
7 DIRECTOR, THE DIRECTOR'S AUTHORIZED REPRESENTATIVE OR AN EXAMINER PURSUANT TO
8 AN EXAMINATION MADE UNDER THIS CHAPTER IS NOT LIABLE FOR THE COMMUNICATION OR
9 DELIVERY IF THE COMMUNICATION OR DELIVERY WAS PERFORMED IN GOOD FAITH AND
10 WITHOUT FRAUDULENT INTENT OR THE INTENT TO DECEIVE.

11 C. A PERSON LISTED IN SUBSECTION A OR B IS ENTITLED TO ATTORNEY FEES
12 AND COSTS IF THE PERSON IS THE PREVAILING PARTY IN A CIVIL CAUSE OF ACTION
13 FOR LIBEL, SLANDER OR OTHER RELEVANT TORT ARISING OUT OF ACTIVITIES IN
14 CARRYING OUT THE PROVISIONS OF THIS CHAPTER AND THE PARTY BRINGING THE ACTION
15 WAS NOT SUBSTANTIALLY JUSTIFIED IN DOING SO. FOR THE PURPOSES OF THIS
16 SUBSECTION, A PROCEEDING IS SUBSTANTIALLY JUSTIFIED IF IT HAD A REASONABLE
17 BASIS IN LAW OR FACT AT THE TIME THAT IT WAS INITIATED.

18 20-3210. Annual statements; record retention

19 A. EACH LICENSED PROVIDER SHALL FILE WITH THE DIRECTOR ON OR BEFORE
20 MARCH 1 OF EACH YEAR AN ANNUAL STATEMENT IN A FORM PRESCRIBED BY THE
21 DIRECTOR. THE ANNUAL STATEMENT SHALL BE VERIFIED BY THE OATH OF AT LEAST TWO
22 OF ITS PRINCIPAL OFFICERS, SHOWING ITS CONDITION AT THE END OF THE PRECEDING
23 CALENDAR YEAR. IN ADDITION TO ANY OTHER REQUIREMENTS, THE ANNUAL STATEMENT
24 SHALL INCLUDE THE TOTAL NUMBER, AGGREGATE FACE AMOUNT AND LIFE SETTLEMENT
25 PROCEEDS OF POLICIES SETTLED DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR,
26 TOGETHER WITH A BREAKDOWN OF THE INFORMATION BY POLICY ISSUE YEAR. THE
27 ANNUAL STATEMENT SHALL NOT INCLUDE INDIVIDUAL TRANSACTION DATA REGARDING THE
28 BUSINESS OF LIFE SETTLEMENTS OR INFORMATION THAT THERE IS A REASONABLE BASIS
29 TO BELIEVE COULD BE USED TO IDENTIFY THE OWNER OR THE INSURED.

30 B. THE PROVIDER SHALL MAINTAIN RECORDS OF ALL CONSUMMATED TRANSACTIONS
31 AND LIFE SETTLEMENT CONTRACTS FOR THREE YEARS AFTER THE DEATH OF THE INSURED.
32 THE DIRECTOR MAY INSPECT THESE RECORDS DURING REASONABLE BUSINESS HOURS.

33 20-3211. Contract requirements; execution; rescission;
34 definition

35 A. A PROVIDER ENTERING INTO A LIFE SETTLEMENT CONTRACT WITH ANY OWNER
36 OF A POLICY IN WHICH THE INSURED IS TERMINALLY ILL SHALL FIRST OBTAIN THE
37 FOLLOWING:

38 1. IF THE OWNER IS THE INSURED, A WRITTEN STATEMENT FROM A LICENSED
39 ATTENDING PHYSICIAN THAT THE OWNER IS OF SOUND MIND AND UNDER NO CONSTRAINT
40 OR UNDUE INFLUENCE TO ENTER INTO A SETTLEMENT CONTRACT.

41 2. A DOCUMENT IN WHICH THE INSURED CONSENTS TO THE RELEASE OF THE
42 INSURED'S MEDICAL RECORDS TO A PROVIDER, SETTLEMENT BROKER OR INSURANCE
43 PRODUCER AND, IF THE POLICY WAS ISSUED LESS THAN TWO YEARS FROM THE DATE OF
44 APPLICATION FOR A SETTLEMENT CONTRACT, TO THE INSURANCE COMPANY THAT ISSUED
45 THE POLICY.

1 B. THE INSURER SHALL RESPOND TO A REQUEST FOR VERIFICATION OF COVERAGE
2 SUBMITTED BY A PROVIDER, SETTLEMENT BROKER OR LIFE INSURANCE PRODUCER NOT
3 LATER THAN THIRTY CALENDAR DAYS FROM THE DATE THE REQUEST IS RECEIVED. THE
4 REQUEST FOR VERIFICATION OF COVERAGE MUST BE MADE ON A FORM APPROVED BY THE
5 DIRECTOR. THE INSURER SHALL COMPLETE AND ISSUE THE VERIFICATION OF COVERAGE
6 OR INDICATE IN WHICH RESPECTS IT IS UNABLE TO RESPOND. IN THE INSURER'S
7 RESPONSE, THE INSURER SHALL INDICATE WHETHER, BASED ON THE MEDICAL EVIDENCE
8 AND DOCUMENTS PROVIDED, THE INSURER INTENDS TO PURSUE AN INVESTIGATION AT
9 THIS TIME REGARDING THE VALIDITY OF THE INSURANCE CONTRACT.

10 C. BEFORE OR AT THE TIME OF EXECUTION OF THE SETTLEMENT CONTRACT, THE
11 PROVIDER SHALL OBTAIN A WITNESSED DOCUMENT IN WHICH THE OWNER CONSENTS TO THE
12 SETTLEMENT CONTRACT, REPRESENTS THAT THE OWNER HAS A FULL AND COMPLETE
13 UNDERSTANDING OF THE SETTLEMENT CONTRACT AND A FULL AND COMPLETE
14 UNDERSTANDING OF THE BENEFITS OF THE POLICY, ACKNOWLEDGES THAT THE OWNER IS
15 ENTERING INTO THE SETTLEMENT CONTRACT FREELY AND VOLUNTARILY AND, FOR PERSONS
16 WITH A CHRONIC ILLNESS OR TERMINAL ILLNESS OR CONDITION, ACKNOWLEDGES THAT
17 THE INSURED HAS A CHRONIC ILLNESS OR A TERMINAL ILLNESS OR CONDITION AND THAT
18 THE CHRONIC ILLNESS OR THE TERMINAL ILLNESS OR CONDITION WAS DIAGNOSED AFTER
19 THE POLICY WAS ISSUED.

20 D. THE INSURER SHALL NOT UNREASONABLY DELAY EFFECTING CHANGE OF
21 OWNERSHIP OR BENEFICIARY WITH ANY LIFE SETTLEMENT CONTRACT LAWFULLY ENTERED
22 INTO IN THIS STATE OR WITH A RESIDENT OF THIS STATE.

23 E. IF A LIFE SETTLEMENT BROKER OR LIFE INSURANCE PRODUCER PERFORMS ANY
24 OF THESE ACTIVITIES REQUIRED OF THE PROVIDER, THE PROVIDER IS DEEMED TO HAVE
25 FULFILLED THE REQUIREMENTS OF THIS SECTION.

26 F. IF A BROKER PERFORMS THE VERIFICATION OF COVERAGE ACTIVITIES
27 REQUIRED OF THE PROVIDER, THE PROVIDER IS DEEMED TO HAVE FULFILLED THE
28 REQUIREMENTS OF THIS SECTION.

29 G. WITHIN TWENTY DAYS AFTER AN OWNER EXECUTES THE LIFE SETTLEMENT
30 CONTRACT, THE PROVIDER SHALL GIVE WRITTEN NOTICE TO THE INSURER THAT ISSUED
31 THE INSURANCE POLICY THAT THE POLICY IS SUBJECT TO A LIFE SETTLEMENT
32 CONTRACT. THE NOTICE SHALL BE ACCOMPANIED BY THE DOCUMENTS REQUIRED BY
33 SECTION 20-3204, SUBSECTION C.

34 H. ALL MEDICAL INFORMATION SOLICITED OR OBTAINED BY ANY LICENSEE IS
35 SUBJECT TO ANY APPLICABLE LAW RELATING TO CONFIDENTIALITY OF MEDICAL
36 INFORMATION.

37 I. ALL LIFE SETTLEMENT CONTRACTS ENTERED INTO IN THIS STATE SHALL
38 PROVIDE THAT THE OWNER MAY RESCIND THE CONTRACT ON OR BEFORE FIFTEEN DAYS
39 AFTER THE DATE IT IS EXECUTED BY ALL PARTIES AND THE OWNER HAS RECEIVED ALL
40 REQUIRED DISCLOSURES. RESCISSION, IF EXERCISED BY THE OWNER, IS EFFECTIVE
41 ONLY IF BOTH NOTICE OF THE RESCISSION IS GIVEN AND THE OWNER REPAYS ALL
42 PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID ON ACCOUNT OF THE
43 PROVIDER WITHIN THE RESCISSION PERIOD. IF THE INSURED DIES DURING THE
44 RESCISSION PERIOD, THE CONTRACT SHALL BE DEEMED TO HAVE BEEN RESCINDED

1 SUBJECT TO REPAYMENT BY THE OWNER OR THE OWNER'S ESTATE OF ALL PROCEEDS AND
2 ANY PREMIUMS, LOANS AND LOAN INTEREST TO THE PROVIDER.

3 J. WITHIN THREE BUSINESS DAYS AFTER RECEIPT FROM THE OWNER OF
4 DOCUMENTS TO EFFECT THE TRANSFER OF THE INSURANCE POLICY, THE PROVIDER SHALL
5 PAY THE PROCEEDS OF THE SETTLEMENT TO AN ESCROW OR TRUST ACCOUNT MANAGED BY A
6 TRUSTEE OR ESCROW AGENT IN A STATE OR FEDERALLY CHARTERED FINANCIAL
7 INSTITUTION PENDING ACKNOWLEDGMENT OF THE TRANSFER BY THE ISSUER OF THE
8 POLICY. THE TRUSTEE OR ESCROW AGENT SHALL TRANSFER THE PROCEEDS DUE TO THE
9 OWNER WITHIN THREE BUSINESS DAYS AFTER ACKNOWLEDGMENT OF THE TRANSFER FROM
10 THE INSURER.

11 K. FAILURE TO TENDER THE LIFE SETTLEMENT CONTRACT PROCEEDS TO THE
12 OWNER BY THE DATE DISCLOSED TO THE OWNER RENDERS THE CONTRACT VOIDABLE BY THE
13 OWNER FOR LACK OF CONSIDERATION UNTIL THE TIME THE PROCEEDS ARE TENDERED TO
14 AND ACCEPTED BY THE OWNER. THE FAILURE TO GIVE WRITTEN NOTICE OF THE RIGHT
15 OF RESCISSION TOLLS THE RIGHT OF RESCISSION UNTIL THIRTY DAYS AFTER THE
16 WRITTEN NOTICE OF THE RIGHT OF RESCISSION HAS BEEN GIVEN.

17 L. ANY FEE PAID BY A PROVIDER, PARTY, INDIVIDUAL OR OWNER TO A BROKER
18 IN EXCHANGE FOR SERVICES PROVIDED TO THE OWNER PERTAINING TO A LIFE
19 SETTLEMENT CONTRACT SHALL BE COMPUTED AS A PERCENTAGE OF THE OFFER OBTAINED
20 AND NOT THE FACE VALUE OF THE POLICY. THIS SECTION DOES NOT PROHIBIT A
21 BROKER FROM REDUCING THE BROKER'S FEE BELOW THIS PERCENTAGE IF THE BROKER SO
22 CHOOSES.

23 M. THE BROKER SHALL DISCLOSE TO THE OWNER ANYTHING OF VALUE PAID OR
24 GIVEN TO A BROKER THAT RELATES TO A LIFE SETTLEMENT CONTRACT.

25 N. AT ANY TIME BEFORE OR AT THE TIME OF THE APPLICATION FOR OR
26 ISSUANCE OF A POLICY OR DURING A TWO-YEAR PERIOD COMMENCING WITH THE DATE OF
27 ISSUANCE OF THE POLICY, A PERSON SHALL NOT ENTER INTO A LIFE SETTLEMENT
28 REGARDLESS OF THE DATE THE COMPENSATION IS TO BE PROVIDED AND REGARDLESS OF
29 THE DATE THE ASSIGNMENT, TRANSFER, SALE, DEVISE, BEQUEST OR SURRENDER OF THE
30 POLICY IS TO OCCUR. THIS PROHIBITION DOES NOT APPLY IF:

31 1. THE OWNER CERTIFIES TO THE PROVIDER THAT THE POLICY WAS ISSUED ON
32 THE OWNER'S EXERCISE OF CONVERSION RIGHTS ARISING OUT OF A GROUP OR
33 INDIVIDUAL POLICY IF THE TOTAL OF THE TIME COVERED UNDER THE CONVERSION
34 POLICY PLUS THE TIME COVERED UNDER THE PRIOR POLICY IS AT LEAST TWENTY-FOUR
35 MONTHS. THE TIME COVERED UNDER A GROUP POLICY MUST BE CALCULATED WITHOUT
36 REGARD TO A CHANGE IN INSURANCE CARRIERS IF THE COVERAGE HAS BEEN CONTINUOUS
37 AND UNDER THE SAME GROUP SPONSORSHIP.

38 2. THE OWNER SUBMITS INDEPENDENT EVIDENCE TO THE PROVIDER THAT ONE OR
39 MORE OF THE FOLLOWING CONDITIONS HAVE BEEN MET WITHIN THE TWO-YEAR PERIOD:

40 (a) THE OWNER OR INSURED IS TERMINALLY ILL.

41 (b) THE OWNER OR INSURED DISPOSES OF OWNERSHIP INTERESTS IN A CLOSELY
42 HELD CORPORATION PURSUANT TO THE TERMS OF A BUYOUT OR OTHER SIMILAR AGREEMENT
43 IN EFFECT AT THE TIME THE INSURANCE POLICY WAS INITIALLY ISSUED.

44 (c) THE OWNER'S SPOUSE DIES.

45 (d) THE OWNER DIVORCES THE OWNER'S SPOUSE.

1 (e) THE OWNER RETIRES FROM FULL-TIME EMPLOYMENT.

2 (f) THE OWNER BECOMES PHYSICALLY OR MENTALLY DISABLED AND A PHYSICIAN
3 DETERMINES THAT THE DISABILITY PREVENTS THE OWNER FROM MAINTAINING FULL-TIME
4 EMPLOYMENT.

5 (g) ON THE APPLICATION OF A CREDITOR OF THE OWNER, A COURT OF
6 COMPETENT JURISDICTION ENTERS A FINAL ORDER, JUDGMENT OR DECREE ADJUDICATING
7 THE OWNER BANKRUPT OR INSOLVENT, OR APPROVING A PETITION SEEKING
8 REORGANIZATION OF THE OWNER OR APPOINTING A RECEIVER, TRUSTEE OR LIQUIDATOR
9 TO ALL OR A SUBSTANTIAL PART OF THE OWNER'S ASSETS.

10 O. THE PROVIDER SHALL SUBMIT COPIES OF THE INDEPENDENT EVIDENCE
11 REQUIRED BY SUBSECTION N, PARAGRAPH 2 OF THIS SECTION WHEN THE PROVIDER
12 SUBMITS A REQUEST TO THE INSURER FOR VERIFICATION OF COVERAGE. THE COPIES
13 SHALL BE ACCOMPANIED BY A LETTER OF ATTESTATION FROM THE PROVIDER THAT THE
14 COPIES ARE TRUE AND CORRECT COPIES OF THE DOCUMENTS RECEIVED BY THE PROVIDER.
15 THIS SECTION DOES NOT PROHIBIT AN INSURER FROM EXERCISING ITS RIGHT TO
16 CONTEST THE VALIDITY OF ANY POLICY.

17 P. IF THE PROVIDER SUBMITS TO THE INSURER A COPY OF INDEPENDENT
18 EVIDENCE AS PROVIDED IN SUBSECTION N, PARAGRAPH 2, SUBDIVISION (a) OF THIS
19 SECTION WHEN THE PROVIDER SUBMITS A REQUEST TO THE INSURER TO EFFECT THE
20 TRANSFER OF THE POLICY TO THE PROVIDER, THE COPY SHALL BE DEEMED TO ESTABLISH
21 THAT THE SETTLEMENT CONTRACT SATISFIES THE REQUIREMENTS OF THIS SECTION.

22 Q. AN INSURER SHALL NOT:

23 1. ENGAGE IN ANY TRANSACTION, ACT OR PRACTICE THAT RESTRICTS, LIMITS
24 OR IMPAIRS THE LAWFUL TRANSFER OF OWNERSHIP, CHANGE OF BENEFICIARY OR
25 ASSIGNMENT OF A POLICY.

26 2. MAKE ANY FALSE OR MISLEADING STATEMENT FOR THE PURPOSE OF
27 DISSUADING AN OWNER OR INSURED FROM A LAWFUL LIFE SETTLEMENT CONTRACT.

28 R. IF THERE IS MORE THAN ONE OWNER ON A SINGLE POLICY AND THE OWNERS
29 ARE RESIDENTS OF DIFFERENT STATES, THE LIFE SETTLEMENT CONTRACT SHALL BE
30 GOVERNED BY THE LAW OF THE STATE IN WHICH THE OWNER HAVING THE LARGEST
31 PERCENTAGE OWNERSHIP RESIDES OR, IF THE OWNERS HOLD EQUAL OWNERSHIP, THE
32 STATE OF RESIDENCE OF ONE OWNER AGREED ON IN WRITING BY ALL OF THE OWNERS OF
33 THE POLICY. THE LAW OF THE STATE OF THE INSURED SHALL GOVERN IN THE EVENT
34 THAT EQUAL OWNERS FAIL TO AGREE IN WRITING ON A STATE OF RESIDENCE FOR
35 JURISDICTIONAL PURPOSES.

36 S. A PROVIDER FROM THIS STATE WHO ENTERS INTO A LIFE SETTLEMENT
37 CONTRACT WITH AN OWNER WHO IS A RESIDENT OF ANOTHER STATE THAT HAS ENACTED
38 STATUTES OR ADOPTED RULES GOVERNING LIFE SETTLEMENT CONTRACTS SHALL BE
39 GOVERNED IN THE EFFECTUATION OF THAT LIFE SETTLEMENT CONTRACT BY THE STATUTES
40 AND RULES OF THE OWNER'S STATE OF RESIDENCE. IF THE STATE IN WHICH THE OWNER
41 IS A RESIDENT HAS NOT ENACTED STATUTES OR RULES GOVERNING LIFE SETTLEMENT
42 CONTRACTS, THE PROVIDER SHALL GIVE THE OWNER NOTICE THAT NEITHER STATE
43 REGULATES THE TRANSACTION ON WHICH THE OWNER IS ENTERING. FOR TRANSACTIONS
44 IN THOSE STATES, THE PROVIDER SHALL MAINTAIN ALL RECORDS REQUIRED IF THE

1 TRANSACTIONS WERE EXECUTED IN THE STATE OF RESIDENCE. THE FORMS USED IN
2 THOSE STATES NEED NOT BE APPROVED BY THE DEPARTMENT.

3 T. IF THERE IS A CONFLICT IN THE LAWS THAT APPLY TO AN OWNER AND A
4 PURCHASER IN ANY INDIVIDUAL TRANSACTION, THE LAWS OF THE STATE THAT APPLY TO
5 THE OWNER SHALL TAKE PRECEDENCE AND THE PROVIDER SHALL COMPLY WITH THOSE
6 LAWS.

7 U. IT IS A FRAUDULENT LIFE SETTLEMENT ACT AND A VIOLATION OF THIS
8 CHAPTER FOR ANY PERSON TO DO ANY OF THE FOLLOWING OR ANY OF THE ACTS LISTED
9 IN SUBSECTION X OF THIS SECTION:

10 1. ENTER INTO A LIFE SETTLEMENT CONTRACT IF A PERSON KNOWS OR
11 REASONABLY SHOULD HAVE KNOWN THAT THE LIFE INSURANCE POLICY WAS OBTAINED BY
12 MEANS OF A FALSE, DECEPTIVE OR MISLEADING APPLICATION FOR THE POLICY.

13 2. ENGAGE IN ANY TRANSACTION, PRACTICE OR COURSE OF BUSINESS IF A
14 PERSON KNOWS OR REASONABLY SHOULD HAVE KNOWN THAT THE INTENT WAS TO AVOID THE
15 NOTICE REQUIREMENTS OF THIS SECTION.

16 3. ENGAGE IN ANY FRAUDULENT ACT OR PRACTICE IN CONNECTION WITH ANY
17 TRANSACTION RELATING TO ANY SETTLEMENT INVOLVING AN OWNER WHO IS A RESIDENT
18 OF THIS STATE.

19 4. FAIL TO PROVIDE THE DISCLOSURES OR FILE THE REQUIRED REPORTS WITH
20 THE DIRECTOR AS REQUIRED BY THIS CHAPTER.

21 5. ISSUE, SOLICIT OR MARKET THE PURCHASE OF A NEW LIFE INSURANCE
22 POLICY FOR THE SOLE PURPOSE OF, OR WITH A PRIMARY EMPHASIS ON, SETTLING THE
23 POLICY.

24 6. WITH RESPECT TO ANY SETTLEMENT CONTRACT OR INSURANCE POLICY AND A
25 BROKER, KNOWINGLY SOLICIT AN OFFER FROM, EFFECTUATE A LIFE SETTLEMENT
26 CONTRACT WITH OR MAKE A SALE TO ANY PROVIDER, FINANCING ENTITY OR RELATED
27 PROVIDER TRUST THAT IS CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL
28 WITH A BROKER, UNLESS THE RELATIONSHIP HAS BEEN FULLY DISCLOSED TO THE OWNER.

29 7. WITH RESPECT TO ANY LIFE SETTLEMENT CONTRACT OR INSURANCE POLICY
30 AND A PROVIDER, KNOWINGLY ENTER INTO A LIFE SETTLEMENT CONTRACT WITH AN OWNER
31 IF, IN CONNECTION WITH A LIFE SETTLEMENT CONTRACT, ANYTHING OF VALUE WILL BE
32 PAID TO A BROKER THAT IS CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL
33 WITH A PROVIDER OR THE FINANCING ENTITY OR RELATED PROVIDER TRUST THAT IS
34 INVOLVED IN A SETTLEMENT CONTRACT, UNLESS THE RELATIONSHIP HAS BEEN FULLY
35 DISCLOSED TO THE OWNER.

36 8. WITH RESPECT TO A PROVIDER, ENTER INTO A LIFE SETTLEMENT CONTRACT
37 UNLESS THE LIFE SETTLEMENT PROMOTIONAL, ADVERTISING AND MARKETING MATERIALS,
38 HAVE BEEN FILED WITH THE DIRECTOR AS MAY BE PRESCRIBED BY RULE. THE
39 MARKETING MATERIALS SHALL NOT EXPRESSLY REFERENCE THAT THE INSURANCE IS FREE
40 FOR ANY PERIOD OF TIME. THE INCLUSION OF ANY REFERENCE IN THE MARKETING
41 MATERIALS THAT WOULD CAUSE AN OWNER TO REASONABLY BELIEVE THAT THE INSURANCE
42 IS FREE FOR ANY PERIOD OF TIME IS A VIOLATION OF THIS CHAPTER.

43 9. WITH RESPECT TO ANY LIFE INSURANCE PRODUCER, INSURANCE COMPANY,
44 BROKER OR PROVIDER, MAKE ANY STATEMENT OR REPRESENTATION TO THE APPLICANT OR
45 POLICYHOLDER IN CONNECTION WITH THE SALE OR FINANCING OF A LIFE INSURANCE

1 POLICY TO THE EFFECT THAT THE INSURANCE IS FREE OR WITHOUT COST TO THE
2 POLICYHOLDER FOR ANY PERIOD OF TIME UNLESS PROVIDED IN THE POLICY.

3 V. LIFE SETTLEMENT CONTRACTS AND APPLICATIONS FOR LIFE SETTLEMENT
4 CONTRACTS, REGARDLESS OF THE FORM OF TRANSMISSION, SHALL CONTAIN THE
5 FOLLOWING STATEMENT OR A SUBSTANTIALLY SIMILAR STATEMENT:

6 ANY PERSON WHO KNOWINGLY PRESENTS FALSE INFORMATION IN AN
7 APPLICATION FOR INSURANCE OR FOR A LIFE SETTLEMENT CONTRACT MAY
8 BE SUBJECT TO CRIMINAL OR CIVIL LIABILITY.

9 W. THE LACK OF A STATEMENT AS REQUIRED BY SUBSECTION V OF THIS SECTION
10 DOES NOT CONSTITUTE A DEFENSE IN ANY PROSECUTION FOR A FRAUDULENT LIFE
11 SETTLEMENT ACT.

12 X. FOR THE PURPOSES OF THIS SECTION, "FRAUDULENT LIFE SETTLEMENT ACT"
13 INCLUDES ALL OF THE FOLLOWING:

14 1. ACTS OR OMISSIONS COMMITTED BY ANY PERSON WHO, FOR THE PURPOSE OF
15 DEPRIVING ANOTHER OF PROPERTY OR FOR PECUNIARY GAIN, COMMITS OR PERMITS HIS
16 EMPLOYEES OR AGENTS TO ENGAGE IN ACTS, INCLUDING THE FOLLOWING:

17 (a) PRESENTING, CAUSING TO BE PRESENTED OR PREPARING WITH KNOWLEDGE
18 AND BELIEF THAT IT WILL BE PRESENTED TO OR BY A PROVIDER, PREMIUM FINANCE
19 LENDER, BROKER, INSURER, INSURANCE PRODUCER OR ANY OTHER PERSON, FALSE
20 MATERIAL INFORMATION, OR CONCEALING MATERIAL INFORMATION AS PART OF, IN
21 SUPPORT OF OR CONCERNING A FACT MATERIAL TO ONE OR MORE OF THE FOLLOWING:

22 (i) AN APPLICATION FOR THE ISSUANCE OF A LIFE SETTLEMENT CONTRACT OR
23 INSURANCE POLICY.

24 (ii) THE UNDERWRITING OF A LIFE SETTLEMENT CONTRACT OR INSURANCE
25 POLICY.

26 (iii) A CLAIM FOR PAYMENT OR BENEFIT PURSUANT TO A LIFE SETTLEMENT
27 CONTRACT OR INSURANCE POLICY.

28 (iv) PREMIUMS PAID ON AN INSURANCE POLICY.

29 (v) PAYMENTS AND CHANGES IN OWNERSHIP OR BENEFICIARY MADE ACCORDING TO
30 THE TERMS OF A LIFE SETTLEMENT CONTRACT OR INSURANCE POLICY.

31 (vi) THE REINSTATEMENT OR CONVERSION OF AN INSURANCE POLICY.

32 (vii) THE SOLICITATION, OFFER TO ENTER INTO OR EFFECTUATION OF A LIFE
33 SETTLEMENT CONTRACT OR INSURANCE POLICY.

34 (viii) THE ISSUANCE OF WRITTEN EVIDENCE OF LIFE SETTLEMENT CONTRACTS
35 OR INSURANCE AND ANY APPLICATION FOR OR THE EXISTENCE OF OR ANY PAYMENTS
36 RELATED TO A LOAN SECURED DIRECTLY OR INDIRECTLY BY ANY INTEREST IN A LIFE
37 INSURANCE POLICY.

38 (b) EMPLOYING ANY DEVICE, SCHEME OR ARTIFICE TO DEFRAUD IN THE
39 BUSINESS OF LIFE SETTLEMENTS.

40 (c) ENTERING INTO ANY INTENTIONAL PRACTICE OR PLAN THAT INVOLVES
41 STRANGER ORIGINATED LIFE INSURANCE AS PRESCRIBED IN SECTION 20-443.02.

42 (d) EMPLOYING ANY DEVICE, SCHEME OR ARTIFICE IN VIOLATION OF SECTION
43 20-1104.

44 (e) IF PROVIDING PREMIUM FINANCING, RECEIVING ANY PROCEEDS, FEES OR
45 OTHER CONSIDERATION FROM THE POLICY OR OWNER OF THE POLICY THAT ARE IN

1 ADDITION TO THE AMOUNTS REQUIRED TO PAY PRINCIPAL, INTEREST AND ANY COSTS OR
2 EXPENSES INCURRED BY THE LENDER OR BORROWER IN CONNECTION WITH THE PREMIUM
3 FINANCE AGREEMENT, EXCEPT FOR A DEFAULT, UNLESS THE DEFAULT ON SUCH A LOAN OR
4 TRANSFER OF THE POLICY OCCURS PURSUANT TO AN AGREEMENT OR UNDERSTANDING WITH
5 ANY OTHER PERSON FOR THE PURPOSE OF EVADING REGULATION UNDER THIS CHAPTER.
6 ANY PAYMENTS, CHARGES, FEES OR OTHER AMOUNTS RECEIVED BY A PERSON PROVIDING
7 PREMIUM FINANCING IN VIOLATION OF THIS SUBDIVISION SHALL BE REMITTED TO THE
8 ORIGINAL OWNER OF THE POLICY OR TO THE ORIGINAL OWNER'S ESTATE IF THE
9 ORIGINAL OWNER IS NOT LIVING AT THE TIME OF THE DETERMINATION OF OVERPAYMENT.

10 2. IF A PERSON DOES ANY OF THE FOLLOWING OR PERMITS THE PERSON'S
11 EMPLOYEES OR AGENTS TO DO ANY OF THE FOLLOWING, IN THE FURTHERANCE OF A FRAUD
12 OR TO PREVENT THE DETECTION OF A FRAUD:

13 (a) REMOVE, CONCEAL, ALTER, DESTROY OR SEQUESTER FROM THE DIRECTOR THE
14 ASSETS OR RECORDS OF A LICENSEE OR OTHER PERSON ENGAGED IN THE BUSINESS OF
15 LIFE SETTLEMENTS.

16 (b) MISREPRESENT OR CONCEAL THE FINANCIAL CONDITION OF A LICENSEE,
17 FINANCING ENTITY, INSURER OR OTHER PERSON.

18 (c) TRANSACT THE BUSINESS OF LIFE SETTLEMENTS IN VIOLATION OF ANY LAW
19 REQUIRING A LICENSE, CERTIFICATE OF AUTHORITY OR OTHER LEGAL AUTHORITY FOR
20 THE TRANSACTION OF THE BUSINESS OF LIFE SETTLEMENTS.

21 (d) FILE WITH THE DIRECTOR OR THE CHIEF INSURANCE REGULATORY OFFICIAL
22 OF ANOTHER JURISDICTION A DOCUMENT CONTAINING FALSE INFORMATION OR OTHERWISE
23 CONCEAL INFORMATION ABOUT A MATERIAL FACT FROM THE DIRECTOR.

24 (e) ENGAGE IN EMBEZZLEMENT, THEFT, MISAPPROPRIATION OR CONVERSION OF
25 MONEYS, FUNDS, PREMIUMS, CREDITS OR OTHER PROPERTY OF A PROVIDER, INSURER,
26 INSURED, OWNER, INSURANCE POLICY OWNER OR ANY OTHER PERSON ENGAGED IN THE
27 BUSINESS OF LIFE SETTLEMENTS OR INSURANCE.

28 (f) ENTER INTO, BROKER OR OTHERWISE DEAL IN A LIFE SETTLEMENT CONTRACT
29 THAT WAS OBTAINED BY PRESENTING FALSE INFORMATION CONCERNING ANY FACT
30 MATERIAL TO THE POLICY OR BY CONCEALING, FOR THE PURPOSE OF MISLEADING
31 ANOTHER, INFORMATION REQUESTED CONCERNING ANY FACT MATERIAL TO THE POLICY
32 WHERE THE OWNER OR THE OWNER'S AGENT INTENDED TO DEFRAUD THE POLICY'S ISSUER.

33 (g) ATTEMPT TO COMMIT, ASSIST, AID OR ABET IN THE COMMISSION OF, OR
34 CONSPIRACY TO COMMIT THE ACTS OR OMISSIONS SPECIFIED IN THIS PARAGRAPH.

35 (h) MISREPRESENT THE STATE OF RESIDENCE OF AN OWNER TO BE A STATE OR
36 JURISDICTION THAT DOES NOT HAVE A LAW SUBSTANTIALLY SIMILAR TO THIS CHAPTER
37 FOR THE PURPOSE OF EVADING OR AVOIDING THE PROVISIONS OF THIS CHAPTER.

38 20-3212. Preemption; enforcement

39 THIS CHAPTER DOES NOT:

40 1. PREEMPT THE AUTHORITY OR RELIEVE THE DUTY OF OTHER LAW ENFORCEMENT
41 OR REGULATORY AGENCIES TO INVESTIGATE, EXAMINE AND PROSECUTE SUSPECTED
42 VIOLATIONS OF LAW.

43 2. PREVENT OR PROHIBIT A PERSON FROM DISCLOSING VOLUNTARILY
44 INFORMATION CONCERNING LIFE SETTLEMENT FRAUD TO A LAW ENFORCEMENT OR
45 REGULATORY AGENCY OTHER THAN THE DEPARTMENT.

1 3. LIMIT THE POWERS GRANTED ELSEWHERE BY THE LAWS OF THIS STATE TO THE
2 DIRECTOR OR AN INSURANCE FRAUD UNIT TO INVESTIGATE AND EXAMINE POSSIBLE
3 VIOLATIONS OF LAW AND TO TAKE APPROPRIATE ACTION AGAINST WRONGDOERS.

4 4. PREEMPT OR OTHERWISE LIMIT TITLE 44, CHAPTER 12 OR ANY RULES,
5 ORDERS, POLICY STATEMENTS, NOTICES, BULLETINS OR OTHER INTERPRETATIONS ISSUED
6 BY OR THROUGH THE CORPORATION COMMISSION OR THE CORPORATION COMMISSION'S
7 DESIGNEE ACTING PURSUANT TO TITLE 44, CHAPTER 12. COMPLIANCE WITH THIS
8 CHAPTER DOES NOT CONSTITUTE COMPLIANCE WITH ANY APPLICABLE PROVISION OF TITLE
9 44, CHAPTER 12 OR ANY RULES, ORDERS, POLICY STATEMENTS, NOTICES, BULLETINS OR
10 OTHER INTERPRETATIONS ISSUED BY OR THROUGH THE CORPORATION COMMISSION OR THE
11 CORPORATION COMMISSION'S DESIGNEE ACTING PURSUANT TO TITLE 44, CHAPTER 12.

12 20-3213. Applicability

13 A. A PROVIDER LAWFULLY TRANSACTING BUSINESS IN THIS STATE BEFORE THE
14 EFFECTIVE DATE OF THIS CHAPTER MAY CONTINUE TO TRANSACT BUSINESS IN THIS
15 STATE, PENDING APPROVAL OR DISAPPROVAL OF THAT PERSON'S APPLICATION FOR A
16 LICENSE, IF THE PROVIDER FILES THE APPLICATION WITH THE DIRECTOR NOT LATER
17 THAN THIRTY DAYS AFTER PUBLICATION BY THE DIRECTOR OF AN APPLICATION FORM AND
18 INSTRUCTIONS FOR LICENSURE OF PROVIDERS. IF THE PUBLICATION OF THE
19 APPLICATION FORM AND INSTRUCTIONS OCCURS BEFORE THE EFFECTIVE DATE OF THIS
20 CHAPTER, THE PROVIDER SHALL FILE THE APPLICATION NOT LATER THAN THIRTY DAYS
21 AFTER THE EFFECTIVE DATE OF THIS CHAPTER. DURING THE TIME THAT AN
22 APPLICATION IS PENDING WITH THE DIRECTOR, THE APPLICANT MAY USE ANY FORM OF
23 LIFE SETTLEMENT CONTRACT THAT HAS BEEN FILED WITH THE DIRECTOR PENDING
24 APPROVAL OF THE APPLICATION IF THE FORM IS OTHERWISE IN COMPLIANCE WITH THIS
25 CHAPTER.

26 B. A PERSON WHO HAS LAWFULLY ACTED AS A BROKER AND NEGOTIATED LIFE
27 SETTLEMENT CONTRACTS BETWEEN ANY OWNER RESIDING IN THIS STATE AND ONE OR MORE
28 PROVIDERS FOR AT LEAST ONE YEAR IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS
29 CHAPTER MAY CONTINUE TO DO SO PENDING APPROVAL OR DISAPPROVAL OF THAT
30 PERSON'S APPLICATION FOR A LICENSE IF THE BROKER FILES THE APPLICATION WITH
31 THE DIRECTOR NOT LATER THAN THIRTY DAYS AFTER PUBLICATION BY THE DIRECTOR OF
32 AN APPLICATION FORM AND INSTRUCTIONS FOR LICENSURE OF BROKERS. IF THE
33 PUBLICATION OF THE APPLICATION FORM AND INSTRUCTIONS OCCURS BEFORE THE
34 EFFECTIVE DATE OF THIS CHAPTER, THE BROKER SHALL FILE THE APPLICATION NOT
35 LATER THAN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THIS CHAPTER.

36 C. ANY PERSON TRANSACTING BUSINESS IN THIS STATE UNDER THIS SECTION
37 SHALL COMPLY WITH ALL REQUIREMENTS OF THIS CHAPTER.

38 20-3214. Injunctions; civil remedies; cease and desist

39 A. IN ADDITION TO THE PENALTIES AND OTHER ENFORCEMENT PROVISIONS OF
40 THIS CHAPTER, IF ANY PERSON VIOLATES ANY PROVISION OF THIS CHAPTER OR ANY
41 RULE ADOPTED PURSUANT TO THIS CHAPTER, THE DIRECTOR MAY SEEK AN INJUNCTION IN
42 A COURT OF COMPETENT JURISDICTION IN THE COUNTY WHERE THE PERSON RESIDES OR
43 HAS A PRINCIPAL PLACE OF BUSINESS AND MAY APPLY FOR TEMPORARY AND PERMANENT
44 ORDERS THAT THE DIRECTOR DETERMINES ARE NECESSARY TO RESTRAIN THE PERSON FROM
45 FURTHER COMMITTING THE VIOLATION.

1 B. ANY PERSON WHO IS DAMAGED BY THE ACTS OF ANOTHER PERSON IN
2 VIOLATION OF THIS CHAPTER OR ANY RULE ADOPTED PURSUANT TO THIS CHAPTER MAY
3 BRING A CIVIL ACTION FOR DAMAGES AGAINST THE PERSON COMMITTING THE VIOLATION
4 IN A COURT OF COMPETENT JURISDICTION.

5 C. THE DIRECTOR MAY ISSUE A CEASE AND DESIST ORDER PURSUANT TO SECTION
6 20-456 UPON A PERSON WHO VIOLATES ANY PROVISION OF THIS CHAPTER, ANY RULE OR
7 ORDER ADOPTED BY THE DIRECTOR OR ANY WRITTEN AGREEMENT ENTERED INTO WITH THE
8 DIRECTOR.

9 D. IF THE DIRECTOR FINDS THAT AN ACTION PRESENTS AN IMMEDIATE DANGER
10 TO THE PUBLIC AND REQUIRES AN IMMEDIATE FINAL ORDER, THE DIRECTOR MAY ISSUE
11 AN EMERGENCY CEASE AND DESIST ORDER RECITING WITH PARTICULARITY THE FACTS
12 UNDERLYING THE FINDINGS. THE EMERGENCY CEASE AND DESIST ORDER IS EFFECTIVE
13 IMMEDIATELY UPON SERVICE OF A COPY OF THE ORDER ON THE RESPONDENT AND REMAINS
14 EFFECTIVE FOR NINETY DAYS. IF THE DEPARTMENT BEGINS NONEMERGENCY CEASE AND
15 DESIST PROCEEDINGS UNDER SUBSECTION C OF THIS SECTION, THE EMERGENCY CEASE
16 AND DESIST ORDER REMAINS EFFECTIVE, ABSENT AN ORDER BY A COURT OF COMPETENT
17 JURISDICTION. IN ADDITION TO ACTUAL DAMAGES, IF THE VIOLATION OF THIS
18 CHAPTER WAS WILLFUL, THE TRIAL COURT MAY AWARD STATUTORY DAMAGES IN AN AMOUNT
19 UP TO THREE TIMES THE ACTUAL DAMAGES AWARDED. THE PROVISIONS OF THIS CHAPTER
20 MAY NOT BE WAIVED BY AGREEMENT. NO CHOICE OF LAW PROVISION MAY BE USED TO
21 PREVENT THE APPLICATION OF THIS CHAPTER TO ANY SETTLEMENT IN WHICH A PARTY TO
22 THE SETTLEMENT IS A RESIDENT OF THIS STATE.

23 20-3215. Penalties

24 A. IT IS A VIOLATION OF THIS CHAPTER FOR ANY PERSON, PROVIDER, BROKER
25 OR PARTY RELATED TO THE BUSINESS OF LIFE SETTLEMENTS TO COMMIT A FRAUDULENT
26 LIFE SETTLEMENT ACT.

27 B. A PERSON WHO COMMITS A FRAUDULENT LIFE SETTLEMENT ACT IS GUILTY OF
28 COMMITTING INSURANCE FRAUD AND IS SUBJECT TO SECTION 20-466.01.

29 C. THE DIRECTOR MAY SEEK AN INJUNCTION AND AN ORDER OF RESTITUTION AND
30 MAY LEVY A CIVIL PENALTY PURSUANT TO SECTION 20-466.02 ON ANY PERSON WHO IS
31 LICENSED PURSUANT TO THIS CHAPTER AND WHO IS FOUND TO HAVE COMMITTED A
32 FRAUDULENT LIFE SETTLEMENT ACT OR TO HAVE VIOLATED ANY OTHER PROVISION OF
33 THIS CHAPTER.

34 D. THE DIRECTOR MAY DENY, SUSPEND FOR NOT MORE THAN TWELVE MONTHS,
35 REVOKE OR REFUSE TO RENEW THE LICENSE OF A PERSON WHO COMMITS A FRAUDULENT
36 LIFE SETTLEMENT ACT.

37 Sec. 2. Effective date

38 This act is effective from and after September 30, 2013.

APPROVED BY THE GOVERNOR APRIL 27, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2011.

SENATE CONCURS IN HOUSE
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 19, 20 11

by the following vote: 20 Ayes,

10 Nays, 0 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of April, 20 11

at 12:00 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 27th day of

April

at 1:29 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 27th day of April, 20 11

S.B. 1461

at 4:45 o'clock P. M.

[Signature]
Secretary of State