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Sequence Number: 09-10-10
 Notice ID(s): 1404
 File Date: 09/15/2010

Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, Tennessee Code Annotated, Section 4-5-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Department of Commerce and Insurance
Division:	Insurance
Contact Person:	LaCosta Wix, Assistant General Counsel
Address:	The Davy Crockett Tower, 2 nd Floor 500 James Robertson Parkway Nashville, TN 37243
Phone:	(615) 741-2199
Email:	lacosta.wix@tn.gov

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

ADA Contact:	Don Coleman, ADA Coordinator
Address:	The Davy Crockett Tower, 5 th Floor 500 James Robertson Parkway Nashville, TN 37243
Phone:	(615) 741-0481
Email:	don.coleman@tn.gov

Hearing Location(s) (for additional locations, copy and paste table)

Address 1:	The Davy Crockett Tower 500 James Robertson Parkway, 5 th Floor	
Address 2:	Conference Room A	
City:	Nashville, TN	
Zip:	37243	
Hearing Date :	Wednesday, November 10, 2010	
Hearing Time:	10:00 am	<u> </u> <u> </u> CST <u> </u> <u> </u> EST

Revision Type (check all that apply):

- Amendment
 New

Chapter Number	Chapter Title
0780-01-71	Life Settlements
Rule Number	Rule Title
0780-01-71-.02	Definitions
0780-01-71-.06	Reporting Requirements
0780-01-71-.08	General Rules
0780-01-71-.10	Prohibited Practices

0780-01-71-.11	Insurance Company Practices
0780-01-71-.12	Effective Date
Appendix A	Informational Brochure
Appendix B	Verification of Coverage

Amendments
Chapter 0780-01-71
Life Settlements

Chapter 0780-01-71 is amended by replacing the term "life settlement" with the term "viatical settlement(s)" each time it appears. Chapter 0780-01-71 is likewise amended by replacing each use of the term "owner(s)" with the term "viator(s)", each use of the term "settled" with the term "viaticated", and each use of the term "viatical settlement representative(s)" with the term "viatical settlement investment agent(s)".

Rule 0780-01-71-.02 Definitions is amended by adding a sentence at the end of subparagraph (1)(a) "Advertising", so that, as amended, it shall read:

- (1) In addition to the definitions in T.C.A. § 56-50-102, the following definitions apply to this Chapter:
- (a) "Advertising" means any written, electronic or printed communication or any communication by means of recorded telephone messages or transmitted on radio, television, the Internet or similar communications media, including film strips, motion pictures and videos, published, disseminated, circulated or placed before the public, directly or indirectly, for the purpose of creating an interest in or inducing a person to sell a life insurance policy pursuant to a viatical settlement contract. "Advertising" includes any communication of the availability of loans or credit or financing for acquiring an insurance policy for settlement or investment.

And is further amended by adding the following language as a new, appropriately designated definition:

- () "Patient identifying information" means an insured's address, telephone number, facsimile number, electronic mail address, photograph or likeness, employer, employment status, social security number, or any other information that is likely to lead to the identification of the insured.

And is further amended by adding the following language as a new, appropriately designated definition:

- () In addition to the definition of "Stranger-originated life insurance" found at T.C.A. § 56-50-102, "Stranger-originated life insurance" also includes:
1. transactions involving premium financing provided or arranged by a third party who lacks insurable interest in the insured at the inception of the policy when the third party profits from the death of the insured by receiving amounts from the settlement of the policy in excess of the reasonable costs of the premium finance loan;
 2. transactions in which the policy is treated as collateral for a loan but is relinquished to the lender in a manner wherein the death benefit exceeds the amount of the loan plus reasonable interest;
 3. transactions involving premium financing where the policy owner has the apparent choice of repaying the financing loan in order to retain ownership of the policy but where the terms of the loan, the manner in which the loan was advertised or solicited, or other characteristics of the transaction as a practical matter compel transfer of the policy or the policy benefits to a third party in satisfaction of the debt;
 4. transactions in which a trust or trustee obtains ownership of an insurance policy and transfers the policy or its benefits to a third party or parties lacking insurable interest in the life of the insured within the settlement prohibition period prescribed by rule; and

5. transactions in which a policy is obtained with financing the repayment of which depletes the policy of its death benefit even though the ownership of or beneficial interests in the policy is not transferred.

The Department will examine the books and records of viatical settlement providers and brokers to determine the frequency with which policies involving premium financing provided or arranged by a settlement provider or broker result in a settlement of the financed policies to determine whether such frequency constitutes a practice to initiate a policy for the benefit of a third-party investor or investors.

Authority: *T.C.A. §§ 56-2-301, 56-2-305, 56-6-101, et seq., 56-8-101, et seq., 56-50-108, 56-50-110, 56-50-111, 56-50-113, 56-50-116, 56-50-117*

Rule 0780-01-71-.06 Reporting Requirements is amended by deleting the text of that rule in its entirety and replacing it with the language below:

- (1) On or before March 1 of each calendar year, the licensed viatical settlement provider shall submit the following related to the licensee's activities for the previous calendar year:
 - (a) A report of the viatical settlement transactions in all states and territories, which shall be submitted on Form VSP 001;
 - (b) A report of the viatical settlement transactions related to Tennessee viators, which shall be submitted on Form VSP 002;
 - (c) A report of the individual mortality of Tennessee insureds, which shall be submitted on Form VSP 003; and
 - (d) A certification of the information contained in the reports, which shall be submitted on Form VSPB 001 and shall be filed with the reports.
- (2) On or before March 1 of each calendar year, the licensed viatical settlement broker shall submit the following related to the licensee's activities for the previous calendar year:
 - (a) A report of the viatical settlement transactions in all states and territories, which shall be submitted on Form VSB 001; and
 - (b) A report of the viatical settlement transactions related to Tennessee viators, which shall be submitted on Form VSB 002;
 - (c) A certification of the information contained in the reports, which shall be submitted on Form VSPB 001 and shall be filed with the reports.
- (3) The following material is incorporated by reference:
 - (a) Form VSP 001, "Viatical Settlement Provider Report- All States and Territories";
 - (b) Form VSP 002, "Viatical Settlement Provider Report- Tennessee Insureds Only";
 - (c) Form VSP 003, "Individual Mortality Report- Tennessee Insureds Only";
 - (d) Form VSB 001, "Viatical Settlement Broker Report- All States and Territories"; and
 - (e) Form VSB 002, "Viatical Settlement Broker Report- Tennessee Insureds Only";
 - (f) Form VSPB 001, "Viatical Settlement Provider/Broker Certification Form."

Authority: *T.C.A. §§ 56-2-301, 56-2-305, 56-6-101, et seq., 56-8-101, et seq., 56-50-108, 56-50-110, 56-50-111, 56-50-113, 56-50-116, 56-50-117*

Rule 0780-01-71-.08 General Rules is amended by deleting the language of Paragraph (3) in its entirety and replacing it with the language below:

- (3) Payment of the proceeds to the viator pursuant to a viatical settlement shall be made in a lump sum except where the viatical settlement provider has purchased an annuity or similar financial instrument issued by a licensed insurance company or bank, or an affiliate of either. Retention of a portion of the proceeds not disclosed or described in the viatical settlement contract by the viatical settlement provider or escrow agent is not permissible without written consent of the viator.

And is further amended by adding the following language as a new appropriately designated Paragraph to be the last paragraph in the rule:

- () In all cases where the insured is a minor child, disclosures to and permission of a parent or legal guardian satisfy the requirements of T.C.A. §§ 56-50-101, *et seq.* and this Chapter.

Authority: T.C.A. §§ 56-2-301, 56-2-305, 56-6-101, *et seq.*, 56-8-101, *et seq.*, 56-50-108, 56-50-110, 56-50-111, 56-50-113, 56-50-116, 56-50-117

Rule 0780-01-71-.10 Prohibited Practices is amended by adding the following language as new appropriately designated Paragraphs:

- () It is a violation of this Chapter for any person to enter into a viatical settlement contract at any time prior to the application or issuance of a policy which is the subject of the viatical settlement contract.
- () It is a violation of this Chapter for any person to enter into a viatical settlement contract within five (5) years of issuance of the policy which is the subject of the viatical settlement contract unless the viator enters into the viatical settlement contract more than two (2) years after the date of issuance of a policy and certifies that all the following are true:
 - (a) the viator funded the policy from the time of issuance using personal assets, which may include an interest in the life insurance policy being viaticated up to the cash surrender value of the policy, or by use of a financing agreement secured with personal assets other than the policy;
 - (b) the viator has no agreement or understanding with any other person to viaticate the policy or transfer the benefits of the policy, including through an assumption or forgiveness of a premium finance loan or by relinquishing the policy to a person lacking insurable interest in the insured's life, at any time prior to issuance of the policy or during the two (2) years after the date of issuance of the policy; and
 - (c) neither the insured nor the policy was evaluated for settlement at any time prior to issuance of the policy or during the two (2) years after the date of issuance of the policy.
- () It is a violation of this Act for any person to use a trust to enter into a viatical settlement contract or otherwise transfer ownership of or the beneficial interest in a life insurance policy within five (5) years of issuance of the policy unless the transfer is primarily for the benefit of persons having an insurable interest in the life of the insured or the trustee enters into the viatical settlement contract or transfer of ownership in or beneficial interests of the policy more than two (2) years after the date of issuance of a policy and certifies that all of the following are true:
 - (a) the policy was funded from the time of issuance by the insured or a person or persons with insurable interest in the life of the insured using personal assets, which may include an interest in the life insurance policy being viaticated up to the cash surrender value of the policy, or by use of a financing agreement secured with personal assets other than the policy;
 - (b) no person had an agreement or understanding with any other person to viaticate the policy or transfer the benefits of the policy, including through an assumption or forgiveness of a premium finance loan or by relinquishing the policy to a person lacking

insurable interest in the insured's life, at any time prior to issuance of the policy or during the two (2) years after the date of issuance of the policy; and

- (c) neither the insured nor the policy was evaluated for settlement at any time prior to issuance of the policy or during the two years after the date of issuance of the policy.
- () It is a violation of this Chapter for any person to enter into a viatical settlement contract within two (2) years of issuance of the policy which is the subject of the viatical settlement contract unless the viator certifies with specificity that one or more of the following conditions exist at the time of the viatical settlement:
 - (a) the viator or insured is terminally or chronically ill;
 - (b) the viator's spouse dies;
 - (c) the viator divorces his or her spouse;
 - (d) the viator retires from full-time employment;
 - (e) the viator becomes physically or mentally disabled and a physician determines that the disability prevents the viator from maintaining full-time employment; and/or
 - (f) a final order, judgment or decree is entered by a court of competent jurisdiction, on the application of a creditor of the viator, adjudicating the viator bankrupt or insolvent, or approving a petition seeking reorganization of the viator or appointing a receiver, trustee or liquidator to all or a substantial part of the viator's assets.

Authority: *T.C.A. §§ 56-2-301, 56-2-305, 56-6-101, et seq., 56-8-101, et seq., 56-50-108, 56-50-110, 56-50-111, 56-50-113, 56-50-116, 56-50-117*

Rule 0780-01-71-.11 Insurance Company Practices is amended by deleting the text of the rule in its entirety and replacing it with the language below:

- (1) Life insurance companies authorized to do business in this state shall respond to a request for verification of coverage from a viatical settlement provider or a viatical settlement broker within thirty (30) calendar days of the date a request is received, subject to the following conditions:
 - (a) a current authorization consistent with applicable law, signed by the policy owner or certificate holder, accompanies the request; and
 - (b) in the case of an individual policy or group insurance coverage where details with respect to the certificate holder's coverage are maintained by the insurer, submission of a form substantially similar to Appendix B, which has been completed by the viatical settlement provider or the viatical settlement broker in accordance with the instructions on the form.
- (2) Nothing in this section shall prohibit a life insurance company and a viatical settlement provider or a viatical settlement broker from using another verification of coverage form that has been mutually agreed upon in writing in advance of submission of the request.
- (3) A life insurance company may not charge a fee for responding to a request for information from a viatical settlement provider or viatical settlement broker in compliance with this section in excess of any usual and customary charges to contract holders, certificate holders or insureds for similar services.
- (4) The life insurance company may send an acknowledgment of receipt of the request for verification of coverage to the policy owner or certificate holder and, where the policy owner or certificate owner is other than the insured, to the insured. The acknowledgment may contain a general description of any accelerated death benefit that is available under a provision of or rider to the life insurance contract.

- (5) A life insurance company shall not require the viator or insured to sign any request for change in a policy or a group certificate from a viatical settlement provider that is the owner or assignee of the insured's insurance coverage, unless the viator or insured has ownership, assignment or irrevocable beneficiary rights under the policy. In such a situation, the viatical settlement provider shall provide timely notice to the insured that a settlement transaction on the policy has occurred. Timely notice shall be provided within fifteen (15) calendar days of the change in a policy or group certificate.

Authority: *T.C.A. §§ 56-2-301, 56-2-305, 56-6-101, et seq., 56-8-101, et seq., 56-50-108, 56-50-110, 56-50-111, 56-50-113, 56-50-116, 56-50-117*

Appendix A

Questions to Ask

- Is the principal and return on my investment guaranteed?
- How is the return on my investment calculated?
- When is the principal and return on my investment paid?
- What fees or other cost am I required to pay?
- Will I ever be required to pay the premiums on the insurance policy?
- What happens if the insured outlives me?

Your state insurance department and the National Association of Insurance Commissioners want you to have the facts about viatical settlements before you invest. This pamphlet provides some of that information, but it's only a starting point. Consult your own professional financial advisor, attorney, or accountant to help you decide if this is the most suitable investment for you.

Always Check with Your State

- Your state may have a list of viatical settlement providers and brokers licensed to do business in the state. Make sure yours are on the list.
- Ask for a copy of regulations related to viatical settlements for your financial advisors to review.

Selling a Life Insurance Policy?

If you're interested in selling your life insurance policy, contact your state insurance department *before* you make a decision.

Tennessee Department of Commerce and Insurance



Viatical Settlements

Buying Viaticals as Investments

Insurance Division
500 James Robertson Parkway
Fourth Floor
Phone: 615-741-2176
www.state.tn.us/commerce/

Before You Decide

Viatical settlements allow life insurance policyholders to sell their policies to investors for an immediate cash benefit. In return, the buyer of the viatical settlement becomes the new owner of the life insurance policy, pays future premiums and collects the death benefit when the insured dies.

At one time, most viatical settlements were from people with a life-threatening illness. Now, individuals who are not facing a health crisis may sell their life insurance policies to get cash.

If you are asked to put your money into this type of investment, it is critical that you understand the risks involved, know how your investment will be used and know what the likely return will be.

Contact your insurance department if you need more information.

Be an Informed Investor

- A viatical settlement is not a liquid investment. You can't "cash in" your principal if you change your mind. There is no return on your investment until the insured dies and the death benefit is paid.
- There is no guaranteed annual rate of return. The rate of return depends on when the insured dies and no one can perfectly predict a person's life expectancy. You should find out the life expectancy of the insured and how that determination was made. Remember that individuals who sell their policies in a viatical settlement may not have a life-threatening illness. They may be selling the policy because they can't afford it or no longer need it.
- You are investing in a life insurance policy and premiums must be paid until the insured dies. Find out who is responsible for paying the premiums. Could *you* ever be responsible for paying the premiums? For example, if the insured lives longer than expected, will you have to pay the premiums? If so, this could decrease your rate of return.

Watch for These Special Risks

- **Group Insurance:** The main risk under an employer provided group policy is that the employer or the insurance company could terminate the group policy. If that happens, the insured may have the right to change to an individual policy but the premium will usually be higher. You will want to ask if there are any special rules about changing from the group policy and who will be responsible for paying any additional premiums.
- **Incontestable Clause:** Insurance companies may refuse to pay death claims for policies less than two years old. In the first two years, the death benefit could be denied for various reasons including suicide or false medical information.
- **Term Insurance:** Term life insurance is issued for a certain number of years. An insurance company won't pay the death benefit if the insured outlives the term of the policy. Find out if it is possible to change the policy to a whole life policy.
- **Retirement Funds:** If you will be using money from retirement funds such as a 401(k), IRA, Keogh, or another qualified retirement plan, check with your tax advisor first to make sure you won't lose any tax advantages.

Questions to Ask

- Do I still need life insurance protection?
- If I sell my policy, how do they decide how much cash I get?
- Is this an employer or other group policy? If so, do I need permission to sell it?
- If I sell my policy, who will be the legal owner?
- Do I need the advice of a tax or estate planning advisor before I decide to sell my policy?
- Who will have specific information about me, my family or my health status?
- After I sell my policy, can it be resold by the buyer?

Your state insurance department may have a list of viatical settlement providers and brokers that are licensed to do business in the state. Contact them to make sure yours are on the list.

Always Check with Your State

Contact your state insurance or securities departments to learn about the issues and risks of viatical settlements *if*:

- you're considering selling your life insurance policy;
- you're asked to sell your life insurance policy *and* your health hasn't changed since you bought the policy;
- you're asked to buy a new life insurance policy *and* immediately sell it for cash.

Buying a Life Insurance Policy?

If you're interested in buying a life insurance policy as an investment, contact your state insurance department *before* you make a decision.

**Tennessee Department of
Commerce and Insurance**

Insurance Division
500 James Robertson Parkway
Fourth Floor
Phone: 615-741-2176
www.state.tn.us/commerce/

Tennessee Department of
Commerce and Insurance

Selling Your Life Insurance Policy

*Understanding
Viatical
Settlements*

What is a Viatical Settlement?

A viatical settlement is the sale of a life insurance policy to a third party. The owner (*viator*) of the life insurance policy sells the policy for an immediate cash benefit.

The buyer (the viatical settlement provider) becomes the new owner of the life insurance policy, pays future premiums, and collects the death benefit when the insured dies.

At one time, most viatical settlements were from people with a life-threatening illness. Now, individuals who are not facing a health crisis may sell their life insurance policies to get cash.

Your state insurance department and the National Association of Insurance Commissioners want you to have the facts before you sell your life insurance policy. This brochure provides some of that information, but it is only a starting point. Consult your own professional financial advisor, attorney, or accountant to help you decide if this is the most suitable arrangement for you.



Consider Your Options

If you're selling your policy to get cash to pay expenses, check all of your options. You may find a way to get more cash from your life insurance policy.

1. Ask your insurance agent or company if you have any cash value in your life insurance policy. You may be able to use some of the cash value to meet your immediate needs and keep your policy in force for your beneficiaries. You may also be able to use the cash value as security for a loan from a financial institution.
2. Find out if your life insurance policy has an *accelerated death benefit*. An accelerated death benefit typically pays some of the policy's death benefit before the insured dies. It may be a way for you to get cash from a policy without selling it to a third party.

Consumer tips

- Comparison shop. Get quotes from several companies to make sure you have a competitive offer.
- Find out the tax implications. Not all proceeds received from the sale of your life insurance policy are tax free.
- It's important to know that any of your creditors could claim your cash settlement.
- Find out if you will lose any public assistance benefits such as food stamps or Medicaid if you get a cash settlement.
- The buyer of your policy can periodically ask you about your health status. The buyer is required to give you a privacy notice outlining who will get this personal information. Be sure to read it.
- Check all application forms for accuracy, especially your medical history. All questions must be answered truthfully and completely.
- Make sure the viatical settlement provider agrees to put your settlement proceeds into an independent escrow account to protect your funds during the transfer.
- Find out if you have the right to change your mind about the settlement AFTER you get the money. If so, how many days do you have to reconsider and return the money?

Appendix B Verification of Coverage for Group Life Insurance Benefits is amended by deleting the text of the appendix in its entirety and replacing it with the language below:

APPENDIX B

VERIFICATION OF COVERAGE FOR LIFE INSURANCE POLICIES

SUBMITTED TO: _____ **NAIC #** _____
Name of Insurance Company

POLICY NUMBER: _____

SUBMITTED FROM: _____
Name of Viatical Settlement Broker/Provider

ADDRESS: _____

TELEPHONE NUMBER: _____

CONTACT: _____ **TITLE:** _____

IF INFORMATION IS CORRECT, INSURER REPRESENTATIVE MAY PLACE A CHECKMARK IN THE BOX. OTHERWISE PROVIDE CORRECTED INFORMATION THROUGHOUT THIS FORM. AN ASTERISK INDICATES INFORMATION THE VIACIAL SETTLEMENT PROVIDER/BROKER MUST PROVIDE.

POLICY OWNER'S AND INSURED'S INFORMATION

	This column to be completed by Viatical Settlement Broker/Provider	This column to be used by Insurance Company
Owner's name	*	
Address	*	
City, state, ZIP code	*	
Tax ID or social security number	*	
Insured's name	*	
Insured's date of birth	*	
Second insured's name (if applicable)	*	
Second insured's date of birth (if applicable)	*	

I hereby consent by my signature below to release of information requested by this form by the insurance company to the viatical settlement broker/provider.

Signature of policy owner **Date signed** _____

IS THE POLICY IN FORCE? _____ YES _____ NO
 IF NO, SIGN, AND DATE ON PAGE 4 AND RETURN TO THE VIATICAL
 SETTLEMENT BROKER OR PROVIDER THAT SUBMITTED THE VERIFICATION OF
 COVERAGE.

POLICY TYPE, RIDERS & OPTIONS:

* _____ TERM _____ WHOLE LIFE _____ UNIVERSAL LIFE _____ VARIABLE LIFE

If a question is not applicable to the type of policy, write N/A in the column.

	This column to be completed by Viatical Settlement Broker/Provider	This column to be used by Insurance Company
Original issue date	*	
Maturity date of policy		
State of issue	*	
Does the policy have an irrevocable beneficiary?	*	
Is the policy currently assigned?	*	
Was the policy ever converted or reinstated?		
Is the policy in the contestability period?	*	
Is the policy in the suicide period?	*	
Please list all riders and indicate if any are in the contestable or suicide period.	*	

POLICY VALUES

	This column to be completed by Viatical Settlement Broker/Provider	This column to be used by Insurance Company
Policy values as of (insert date)		
Current face amount of policy	*	
Amount of accumulated dividends		
Current face amount of riders		
Amount of any outstanding loans	*	
Amount of outstanding interest on policy loans		
Current net death benefit	*	
Current account value	*	
Current cash surrender value	*	
Is policy participating?	*	
If yes, what is the current dividend option?		

PREMIUM INFORMATION

	This column to be completed by Viatical Settlement Broker/Provider	This column to be used by Insurance Company
Current payment mode	*	
Current modal premium	*	
Date last premium paid	*	
Date next premium due	*	
Current monthly cost of insurance as of (insert date)		
Date of last cost of insurance deduction		

TO BE COMPLETED BY VIATICAL SETTLEMENT BROKER/PROVIDER

The information submitted for verification by the viatical settlement broker/provider is correct and accurate to the best of my knowledge and has been obtained through the policy owner and/or insured.

Signature Printed Name

TO BE COMPLETED BY INSURANCE COMPANY

The information provided by verification by the insurance company is correct and accurate to the best of my knowledge as of _____ (date).

Insurance company: _____ NAIC # _____

Printed name: _____ Title: _____

Telephone number: _____ Fax number: _____

Signature: _____

Please provide information about where the forms listed below should be submitted for processing.

Name: _____ Title: _____

Company Name: _____

Mailing Address: _____

City, State, ZIP: _____

Overnight Address: _____

City, State, ZIP: _____

Telephone number: _____ Fax number: _____

FORMS REQUEST

Please provide the forms checked below:

- Absolute Assignment/Change of Ownership/Viatical Assignment
- Change of Beneficiary
- Release of Irrevocable Beneficiary (if applicable)
- Waiver of Premium Claim Form
- Disability Waiver of Premium Approval Letter
- Release of Assignment
- Change of Death Benefit Option Form (if UL)
- Allocation Change Form (if Variable)
- Annual Report
- Current In Force Illustration

New Rules
Chapter 0780-01-71
Viatical Settlements

0780-01-71-.12 Effective date

Rule 0780-01-71-.12 Effective date

The effective date of this Chapter is set out below. Providers, brokers or investment agents that are using forms in use prior to the effective date of this Chapter may continue to use forms in use for up to ninety (90) days following the effective date of this Chapter.

Authority: *T.C.A. §§ 56-2-301, 56-2-305, 56-6-101, et seq., 56-8-101, et seq., 56-50-108, 56-50-110, 56-50-111, 56-50-113, 56-50-116, 56-50-117*



Appendix C Viatical Settlement Provider Report

Calendar year

Viatical Settlement Provider's Name

All States and Territories

20

States	1	2	3	4	5	6	7	8		States	1	2	3	4	5	6	7	8	
	Are you doing business in this state? (Y/N)	Total number of policies reviewed for consideration	Total number of policies where an offer was made	Total number of policies where an offer was not made	Total number of policies purchased	Aggregate total net death benefit	Aggregate amount paid to viators	pur	sold		Are you doing business in this state? (Y/N)	Total number of policies reviewed for consideration	Total number of policies where an offer was made	Total number of policies where an offer was not made	Total number of policies purchased	Aggregate total net death benefit	Aggregate amount paid to viators	pur	sold
Alabama										New Jersey									
Alaska										New Mexico									
Arizona										New York									
Arkansas										North Carolina									
California										North Dakota									
Colorado										Ohio									
Connecticut										Oklahoma									
Delaware										Oregon									
Dist. of Columbia										Pennsylvania									
Florida										Rhode Island									
Georgia										South Carolina									
Hawaii										South Dakota									
Idaho										Tennessee									
Illinois										Texas									
Indiana										Utah									
Iowa										Vermont									
Kansas										Virginia									
Kentucky										Washington									
Louisiana										West Virginia									
Maine										Wisconsin									
Maryland										Wyoming									
Massachusetts										American Samoa									
Michigan										Guam									
Minnesota										Puerto Rico									
Mississippi										U.S Virgin Islands									
Missouri										Canada									
Montana																			
Nebraska										TOTALS									
Nevada																			
New Hampshire																			

VSP 001

Initials of preparer: _____

Viatical Settlement Provider Report—All States and Territories Instructions

NOTE: This form must be accompanied by Viatical Settlement Provider / Broker Certification Form.

1. Indicate (Y or N); have you done business in this state during the calendar year being reported.
2. For that state or territory, indicate the total number of policies reviewed for consideration for that state or territory.
3. For that state or territory, indicate the total number of policies where an offer was made.
4. For that state or territory, indicate the total number of policies where an offer was refused.
5. For that state or territory, indicate the total number of policies purchased.
6. List the total aggregate net death benefit of the policies viaticated in that state or territory.
7. List the total aggregate amount paid to viators in that state or territory.
8. List the total number of policies purchased and/or sold in the secondary market for that state or territory.

Viatical Settlement Broker Report

Calendar year

Viatical Settlement Broker's Name _____

All States and Territories

20 ____

	1	2	3	4	5	6	7		1	2	3	4	5	6	7
States	Are you doing business in this state? (Y/N)	Total number of policies reviewed for consideration	Total number of policies represented for viatication	Total number of policies where representation was refused	Total number of policies sold to a provider	Aggregate net death benefit viaticated	Aggregate net amount paid to viators	States	Are you doing business in this state? (Y/N)	Total number of policies reviewed for consideration	Total number of policies represented for viatication	Total number of policies where representation was refused	Total number of policies sold to a provider	Aggregate net death benefit viaticated	Aggregate net amount paid to viators
Alabama								New Jersey							
Alaska								New Mexico							
Arizona								New York							
Arkansas								North Carolina							
California								North Dakota							
Colorado								Ohio							
Connecticut								Oklahoma							
Delaware								Oregon							
Dist. of Columbia								Pennsylvania							
Florida								Rhode Island							
Georgia								South Carolina							
Hawaii								South Dakota							
Idaho								Tennessee							
Illinois								Texas							
Indiana								Utah							
Iowa								Vermont							
Kansas								Virginia							
Kentucky								Washington							
Louisiana								West Virginia							
Maine								Wisconsin							
Maryland								Wyoming							
Massachusetts								American Samoa							
Michigan								Guam							
Minnesota								Puerto Rico							
Mississippi								U.S. Virgin Islands							
Missouri								Canada							
Montana															
Nebraska								Totals							
Nevada															
New Hampshire															

VSB 001

Initials of preparer: _____

Viatical Settlement Broker Reporting—All States and Territories Instructions

NOTE: This form must be accompanied by “Viatical Settlement Provider/Broker Certification Form.”

1. Indicate (Y or N) to all the states and territories where you are currently doing business.
2. Indicate the total number of policies you reviewed for consideration for that state or territory.
3. Indicate the total number of policies you represented for viatication in that state or territory.
4. Indicate the total number of policies you refused to represent for that state or territory.
5. Total number of policies sold to a provider.
6. List the total aggregate net amount of the policies you transacted for viatication in that state or territory.
7. Regarding transaction where you functioned as a broker, list the total aggregate net amount paid to viators in that state or territory.

Viatical Settlement Provider Report [State] Insureds Only Instructions

NOTE: This form must be accompanied by Viatical Settlement Provider/Broker Certification Form.

1. List the settlement number, case number or unique identifying number used to identify the specific viatical settlement transaction.
2. List the date the viatical settlement contract was purchased by the provider during the current calendar year, whether or not the insured is still alive at the end of the calendar year.
3. List the net amount (in dollars) being viaticated.
4. List the age (in years) of the person insured by the policy being viaticated, at the time of the viatical settlement contract.
5. List the life expectancy (in months) of the insured individual at the time of the viatical settlement contract.
6. List the net amount (in dollars) paid to the viator.
7. Identify whether the policy was an individual policy (I) or a group policy (G).
8. List the type of funding for the transaction: "F" for a licensed financial institution (policies collateralized), "P" for private (purchaser) funding, "I" for internal funding, "T" for trust, and "RPT" for related provider trust.
9. Indicate the purchase source of the policy. Use "B" for viatical settlement broker, "D" for direct from the viator, "I" for insurance agent/producer, "SM" for a secondary market or viatical settlement provider, "P" for private (purchaser) funding or "O" for other.
10. List the amount of commissions (in dollars) paid to viator source involved in the transaction whether that be a viatical settlement broker, an insurance producer or other licensed entity authorized to be viator source.
11. List the name of the source of the viatical settlement transaction. If it is a broker, producer or other licensee, name that person; if it is direct, from a relative, from the corporation of the insured or any other entity that could possibly reveal the insured, designate by writing "Direct," "Relative," "Corporation," or other nondesignating word.

Viatical Settlement Broker Report—[State] Insureds Only Instructions

NOTE: This form must be accompanied by “Viatical Settlement Provider/Broker Certification Form.”

1. List the settlement number, case number, or unique identifying number used by the Viatical Settlement Provider to identify the specific viatical settlement transaction.
2. List the date sold of the viatical settlement contract to the Viatical Settlement Provider.
3. List the total net death benefit.
4. List the net amount (in dollars) paid to the viator.
5. List the amount of commissions (in dollars) paid to all viatical settlement brokers involved in the transaction.
6. List the name of the Viatical Settlement Provider involved in the viatical settlement transaction.

VSB 002 Instructions

Initials of preparer: _____

Individual Mortality Report—[State] Insureds Only Instructions

NOTE: This form must be accompanied by the Viatical Settlement Provider/Broker Certification Form.

1. List the settlement number, case number, or unique identifying number used to identify the specific viatical settlement transaction.
2. List the date of the viatical settlement contract.
3. List the age of the insured at the time of the contract.
4. List the life expectancy (in months) of the insured individual at the time of the viatical settlement contract. For first to die policies, use the shortest life expectancy of the two lives. For second to die policies, use the longest life expectancy of the two lives.
5. List the "Net" amount paid to the viator.
6. Indicate the insured's date of death. For first to die policies, use the date of the first insured's death. For second to die policies, use the date of the last insured's death.
7. List the total amount of premiums (in dollars) required to be paid to the insurer to maintain the policy from the date of viatication to the date of death.
8. List the total death benefit collected from the insurer.
9. List the number of months between the date of contract and the insured's date of death.
10. List the number of months between the life expectancy of the insured at the time of contract and the insured's date of death. This should be noted as a plus (+) figure if the insured died after the estimated life expectancy or a minus (-) if the insured died prior to the estimated life expectancy.

VSP 003 Instructions

Initials of preparer:_____

Viatical Settlement Provider/Broker Certification Form

This section should be completed by viatical settlement providers.

Please check all forms submitted:

- Viatical Settlement Provider Reporting Form - All States and Territories (VSP 001)
- Viatical Settlement Provider Reporting Form - [State] Viators Only (VSP 002)
- Individual Mortality Report - [State] Insureds Only (VSP 003)

I hereby certify that the information contained in the reports indicated above is true and accurate. I acknowledge that providing false and misleading information in the reports, or failing to divulge a fact material thereto, is sufficient grounds for administrative action by the commissioner and potentially, applicable criminal penalties

_____ Signature of individual that prepared reports	Date: ___/___/___
_____ Print or type name	
_____ Signature of Authorized Representative	Date: ___/___/___
_____ Print or type name	

This section should be completed by viatical settlement brokers.

Please check all forms submitted:

- Viatical Settlement Broker Reporting Form - [All States and Territories] (VSB 001)
- Viatical Settlement Provider Reporting Form - [State] Viators Only (VSB 002)

I hereby certify that the information contained in the reports indicated above is true and accurate. I acknowledge that providing false and misleading information in the reports, or failing to divulge a fact material thereto, is sufficient grounds for administrative action by the commissioner and potentially, applicable criminal penalties

_____ Signature of individual that prepared reports	Date: ___/___/___
_____ Print or type name	
_____ Signature of Authorized Representative	Date: ___/___/___
_____ Print or type name	

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: ~~LaCosta N. Wix~~ 9/15/10

Signature: ~~LaCosta N. Wix~~

Name of Officer: LaCosta N. Wix

Title of Officer: Assistant General Counsel



Subscribed and sworn to before me on: September 15, 2010

Notary Public Signature: W.C. Henderson

My commission expires on: August 15, 2013

Department of State Use Only

Filed with the Department of State on: 9/15/10

Tre Hargett

Tre Hargett
Secretary of State

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