

CONFERENCE COMMITTEE AMENDMENTS TO B-ENGROSSED SENATE BILL 973

June 18

Amended Summary

Revises regulations for life settlement insurance.

Imposes regulations on life settlement investment agents. Creates new reporting requirements and disclosure requirements for persons in business of life settlements. Expands regulations on advertising of life settlement contracts, purchase agreements and related products.

Increases length of time life insurance policy owner is allowed to rescind life settlement contract. Permits life settlement contracts for policy owner and insured who are not terminally or chronically ill. Limits frequency of contact of insured for purpose of determining insured's health status after execution of life settlement contract.

Expands list of prohibited actions by persons in business of life settlements. Prohibits stranger-originated life insurance practices. Subject to exemptions, requires minimum of five-year time period between issuance of life insurance policy and agreement to life settlement contract. Requires life settlement providers and brokers to prepare and implement anti-fraud initiatives.

Adds private right of civil action against persons violating Act. Makes violation of Act unlawful trade practice. Makes certain violations of Act subject to criminal prosecution as theft or forgery.

Requires insurance company to *[give]* **provide** notice to life insurance policy owner who is 60 years of age or older *[of alternatives to specified transactions]* **that other options for life insurance are available under certain circumstances.**

[Requires Director of Department of Consumer and Business Affairs to approve document that apprises life insurance policy owner of policy owner's rights.]

Directs Director of Department of Consumer and Business Services to inform public about rights of life insurance policy owners.

President Courtney:

Your Conference Committee to whom was referred B-engrossed Senate Bill 973, having had the same under consideration, respectfully reports it back with the recommendation that the Senate concur in the House amendments dated June 4 and that the bill be amended as follows and repassed.

- 1 On page 27 of the printed B-engrossed bill, delete lines 10 through 41 and insert:
- 2 “**SECTION 22. (1) With respect to each policy issued by an insurance company, the in-**
- 3 **surance company shall provide notice to the owner of an individual life insurance policy when**
- 4 **the insured person under such a policy is 60 years of age or older and:**
- 5 “(a) The life insurance company receives notice from such an owner of a request to
- 6 **surrender, in whole or in part, an individual policy;**
- 7 “(b) The life insurance company receives notice from such an owner of a request to re-
- 8 **ceive an accelerated death benefit under an individual policy; or**
- 9 “(c) The life insurance company sends to such an owner all notices of lapse of an indi-
- 10 **vidual policy, other than a term policy.**
- 11 “(2)(a) The notice must consist of the following statement in large, bold or otherwise
- 12 **conspicuous typeface calculated to draw the eye: ‘Life insurance is a critical part of a**
- 13 **broader financial plan. There are many options available, and you have the right to shop**
- 14 **around and seek advice from different financial advisers in order to find the option best**
- 15 **suited to your needs.’**
- 16 “(b) The communication of the notice must also contain a statement advising the recip-

1 **ient that the recipient may contact the Insurance Division of the Department of Consumer**
2 **and Business Services for more information, and must include an address or other location**
3 **or manner by which the recipient may contact the Insurance Division.**

4 **“(c) The department shall adopt by rule the appropriate address or other location or**
5 **manner of contact to be included in the required notice.**

6 **“(3)(a) The Director of the Department of Consumer and Business Services shall make**
7 **available to the public information designed to educate the consumer about the consumer’s**
8 **rights as an owner of a life insurance policy. The information must be written in lay terms**
9 **and must advise the consumer:**

10 **“(A) That life insurance is a critical part of a broader financial plan, and that the con-**
11 **sumer is encouraged, and has a right, to seek additional financial advice and opinions;**

12 **“(B) That possible alternatives to lapse exist; and**

13 **“(C) Of the definitions of common industry terms.**

14 **“(b) The information described in paragraph (a) of this subsection may include brief de-**
15 **scriptions of common products available from licensees. These products must be discussed**
16 **in general terms for informative purposes only, and not be identifiable to any specific**
17 **licensee.”.**

18 /s/ Suzanne Bonamici
19 Senator

20 /s/ Fred Girod
21 Senator

22 /s/ Diane Rosenbaum
23 Senator

24 /s/ Paul Holvey
25 Representative

26 /s/ Jean Cowan
27 Representative

28 /s/ Wayne Krieger
29 Representative

30 _____
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