S T A T E   O F   N E W   Y O R K

3655

2009-2010 Regular Sessions

I N S E N A T E

March 26, 2009

Introduced by Sen. BRESLIN -- (at request of the New York State Insurance Department) -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to the licensure of life settlement brokers; to amend the penal law, in relation to life settlement fraud; to amend the banking law, in relation to premium finance agreements; and to repeal article 78 of the insurance law relating to viatical settlements

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subsection (a) of section 308 of the insurance law, as amended by chapter 11 of the laws of 2008, is amended to read as follows:

(a) (1) The superintendent may also address to any health maintenance organization, LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT INTERMEDIARY OR ITS OFFICERS, OR any authorized insurer or rate service organization, or officers thereof, any inquiry in relation to its transactions or condition or any matter connected therewith. Every corporation or person so addressed shall reply in writing to such inquiry promptly and truthfully, and such reply shall be, if required by the superintendent, subscribed by such individual, or by such officer or officers of a corporation, as [he] THE SUPERINTENDENT shall designate, and affirmed by them as true under the penalties of perjury.

(2) In the event any corporation or person does not provide a good faith response to an inquiry from the superintendent pursuant to this section relating to accident insurance, health insurance, accident and health insurance or health maintenance organization coverage OR WITH RESPECT TO LIFE SETTLEMENTS, within a time period specified by the superintendent of not less than fifteen business days, the superintendent is authorized to levy a civil penalty, after notice and hearing, against such corporation or person not to exceed five hundred dollars

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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per day for each day beyond the date specified by the superintendent for response, but in no event shall such penalty exceed seven thousand five hundred dollars.

S 2. Section 2101 of the insurance law is amended by adding a new subsection (v) to read as follows:

(V) IN THIS ARTICLE, "LIFE SETTLEMENT BROKER" SHALL HAVE THE MEANING CONTAINED IN SUBSECTION (J) OF SECTION SEVEN THOUSAND EIGHT HUNDRED TWO OF THIS CHAPTER.

S 3. Paragraph 1 of subsection (a) of section 2102 of the insurance law, as amended by chapter 687 of the laws of 2003, is amended to read as follows:

(1) No person, firm, association or corporation shall act as an insurance producer [or], insurance adjuster OR LIFE SETTLEMENT BROKER in this state without having authority to do so by virtue of a license issued and in force pursuant to the provisions of this chapter.

S 4. The section heading and subsections (a) and (b) of section 2110 of the insurance law, as amended by chapter 687 of the laws of 2003, are amended to read as follows:

Revocation or suspension of license of insurance producer, insurance consultant [or], adjuster OR LIFE SETTLEMENT BROKER. (a) The superintendent may refuse to renew, revoke, or may suspend for a period the superintendent determines the license of any insurance producer, insurance consultant [or], adjuster OR LIFE SETTLEMENT BROKER, if, after notice and hearing, the superintendent determines that the licensee or any sub-licensee has:

(1) violated any insurance laws, or violated any regulation, subpoena or order of the superintendent [of insurance] or of another state's insurance commissioner, or has violated any law in the course of his OR HER dealings in such capacity;

(2) provided materially incorrect, materially misleading, materially incomplete or materially untrue information in the license application;

(3) obtained or attempted to obtain a license through misrepresentation or fraud;

(4)(A) used fraudulent, coercive or dishonest practices;

(B) demonstrated incompetence;

(C) demonstrated untrustworthiness; or

(D) demonstrated financial irresponsibility in the conduct of business in this state or elsewhere;

(5) improperly withheld, misappropriated or converted any monies or properties received in the course of business in this state or elsewhere;

(6) intentionally misrepresented the terms of an actual or proposed insurance contract [or], application for insurance OR LIFE SETTLEMENT CONTRACT;

(7) has been convicted of a felony;

(8) admitted or been found to have committed any insurance unfair trade practice or fraud;

(9) had an insurance producer license, A LIFE SETTLEMENT BROKER LICENSE, or its equivalent, denied, suspended or revoked in any other state, province, district or territory;

(10) forged another's name to an application for insurance OR LIFE SETTLEMENT CONTRACT or to any document related to an insurance OR LIFE SETTLEMENT transaction;

(11) improperly used notes or any other reference material to complete an examination for an insurance license OR LIFE SETTLEMENT BROKER LICENSE;

(12) knowingly accepted insurance business from an individual who is not licensed;

(13) failed to comply with an administrative or court order imposing a child support obligation; [or]

(14) failed to pay state income tax or comply with any administrative or court order directing payment of state income tax[.]; OR

(15) CEASED TO MEET THE REQUIREMENTS FOR LICENSURE UNDER THIS CHAPTER.

(b) Before revoking or suspending the license of any insurance producer, LIFE SETTLEMENT BROKER or other licensee pursuant to the provisions of this article, the superintendent shall, except when proceeding pursuant to subsection (f) of this section, give notice to the licensee and to every sub-licensee and shall hold, or cause to be held, a hearing not less than ten days after the giving of such notice.

S 5. The section heading of section 2119 of the insurance law is amended and a new subsection (e) is added to read as follows:

Insurance agents, brokers, consultants, AND LIFE SETTLEMENT BROKERS; written contract for compensation; excess charges prohibited.

(E)(1) NO PERSON LICENSED AS A LIFE SETTLEMENT BROKER MAY RECEIVE ANY COMPENSATION FOR EXAMINING, APPRAISING, REVIEWING OR EVALUATING ANY LIFE SETTLEMENT CONTRACT OR FOR MAKING RECOMMENDATIONS OR GIVING ADVICE WITH REGARD TO SUCH CONTRACT; OR RECEIVE ANY COMPENSATION FROM ANY OWNER OR PROPOSED OWNER FOR OR ON ACCOUNT OF THE SOLICITATION OR NEGOTIATION OF, OR OTHER SERVICES IN CONNECTION WITH, ANY LIFE SETTLEMENT CONTRACT SUBJECT TO THIS CHAPTER OR FOR ANY OTHER SERVICES ON ACCOUNT OF SUCH CONTRACT; UNLESS SUCH COMPENSATION IS BASED UPON A WRITTEN MEMORANDUM SIGNED BY THE PARTY TO BE CHARGED AND SPECIFYING OR CLEARLY DEFINING THE AMOUNT OR EXTENT OF SUCH COMPENSATION. A COPY OF EVERY SUCH MEMORANDUM SHALL BE RETAINED BY THE LICENSEE FOR NOT LESS THAN THREE YEARS AFTER SUCH SERVICES HAVE BEEN FULLY PERFORMED.

(2) NO PERSON LICENSED AS A LIFE SETTLEMENT BROKER MAY RECEIVE ANY COMPENSATION, DIRECT OR INDIRECT, FOR OR ON ACCOUNT OF THE SOLICITATION OR NEGOTIATION OF, OR OTHER SERVICES IN CONNECTION WITH A LIFE SETTLEMENT CONTRACT SUBJECT TO THIS CHAPTER FROM ANY PERSON FOR WHOM ANY SUCH LICENSEE HAS PERFORMED ANY RELATED CONSULTING SERVICE FOR WHICH THE LICENSEE HAS RECEIVED A FEE OR CONTRACTED TO RECEIVE A FEE WITHIN THE PRECEDING TWELVE MONTHS UNLESS SUCH COMPENSATION IS PROVIDED FOR IN THE WRITTEN MEMORANDUM REQUIRED PURSUANT TO PARAGRAPH ONE OF THIS SUBSECTION.

(3) NO PERSON LICENSED AS A LIFE SETTLEMENT BROKER MAY RECEIVE ANY COMPENSATION, DIRECT OR INDIRECT, FROM A LIFE SETTLEMENT PROVIDER OR ANY OTHER PERSON WITH RESPECT TO ANY LIFE SETTLEMENT CONTRACT IF THE LIFE SETTLEMENT BROKER HAS ALREADY RECEIVED OR WILL RECEIVE COMPENSATION, DIRECT OR INDIRECT FROM, OR ON BEHALF OF, THE OWNER WITH RESPECT TO THAT LIFE SETTLEMENT CONTRACT.

S 6. Subsections (a) and (b) of section 2132 of the insurance law, as added by chapter 656 of the laws of 1992, are amended to read as follows:

(a) This section shall apply to resident and non-resident persons licensed pursuant to this article with respect to [the following types of insurance]:

(1) life insurance, annuity contracts, variable annuity contracts and variable life insurance;

(2) sickness, accident and health insurance; [and]

(3) all lines of property and casualty insurance; AND

(4) LIFE SETTLEMENTS.

(b) This section shall not apply to:

(1) those persons holding licenses for which an examination is not required by the laws of this state; [or]

(2) any limited licensees or any other licensees as the superintendent may exempt subject to any continuing education requirements deemed appropriate by the superintendent[.]; OR

(3) FOR PURPOSES OF THE CONTINUING EDUCATION REQUIREMENTS FOR LIFE SETTLEMENTS, AN INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY WHO IS ACTING AS A LIFE SETTLEMENT BROKER PURSUANT TO SECTION TWO THOUSAND ONE HUNDRED THIRTY-SEVEN OF THIS ARTICLE.

S 7. The insurance law is amended by adding a new section 2137 to read as follows:

S 2137. LIFE SETTLEMENT BROKERS; LICENSING. (A) THE SUPERINTENDENT MAY ISSUE A LICENSE TO ANY INDIVIDUAL, FIRM, ASSOCIATION OR CORPORATION WHO OR THAT HAS COMPLIED WITH THE REQUIREMENTS OF THIS CHAPTER, AUTHORIZING THE LICENSEE TO ACT AS A LIFE SETTLEMENT BROKER.

(B) ANY SUCH LICENSE ISSUED TO A FIRM OR ASSOCIATION SHALL AUTHORIZE ONLY THE MEMBERS THEREOF, NAMED IN SUCH LICENSE AS SUB-LICENSEES, TO ACT INDIVIDUALLY AS LIFE SETTLEMENT BROKERS THEREUNDER, AND ANY SUCH LICENSE ISSUED TO A CORPORATION SHALL AUTHORIZE ONLY THE OFFICERS AND DIRECTORS THEREOF, WHO ARE NAMED IN SUCH LICENSE AS SUB-LICENSEES, TO ACT INDIVIDUALLY AS LIFE SETTLEMENT BROKERS THEREUNDER. EVERY SUB-LICENSEE, ACTING AS A LIFE SETTLEMENT BROKER PURSUANT TO SUCH A LICENSE SHALL BE AUTHORIZED SO TO ACT ONLY IN THE NAME OF THE LICENSEE.

(C) EVERY INDIVIDUAL APPLICANT FOR A LICENSE UNDER THIS SECTION AND EVERY PROPOSED SUB-LICENSEE SHALL BE EIGHTEEN YEARS OF AGE OR OVER AT THE TIME OF THE ISSUANCE OF SUCH LICENSE.

(D)(1) BEFORE ANY ORIGINAL LIFE SETTLEMENT BROKER'S LICENSE IS ISSUED, THERE SHALL BE ON FILE IN THE OFFICE OF THE SUPERINTENDENT AN APPLICATION BY THE PROPOSED LICENSEE IN SUCH FORM OR FORMS, AND SUPPLEMENTS THERETO, AND CONTAINING INFORMATION THE SUPERINTENDENT PRESCRIBES. FOR EACH BUSINESS ENTITY, THE SUB-LICENSEE OR SUB-LICENSEES NAMED IN THE APPLICATION SHALL BE DESIGNATED RESPONSIBLE FOR THE BUSINESS ENTITY'S COMPLIANCE WITH THIS CHAPTER AND REGULATIONS PROMULGATED THEREUNDER. THE APPLICANT SHALL FULLY DISCLOSE THE IDENTITY OF ALL STOCKHOLDERS (EXCEPT STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A LIFE SETTLEMENT BROKER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS, OFFICERS, MEMBERS, DIRECTORS AND PERSONS WITH A CONTROLLING INTEREST AND THE SUPERINTENDENT MAY, IN THE EXERCISE OF THE SUPERINTENDENT'S DISCRETION, REFUSE TO ISSUE A LICENSE IN THE NAME OF A LEGAL ENTITY IF NOT SATISFIED THAT ANY EMPLOYEE, STOCKHOLDER, PARTNER, OFFICER, MEMBER, DIRECTOR OR PERSON WITH A CONTROLLING INTEREST THEREOF WHO MAY MATERIALLY INFLUENCE THE APPLICANT'S CONDUCT MEETS THE STANDARDS OF THIS ARTICLE AND ARTICLE SEVENTY-EIGHT OF THIS CHAPTER. THEREAFTER, THE APPLICANT AND, IF A LICENSE HAS BEEN ISSUED, THE LICENSEE, SHALL PROVIDE TO THE SUPERINTENDENT NEW OR REVISED INFORMATION ABOUT STOCKHOLDERS (EXCEPT STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A LIFE SETTLEMENT BROKER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS, OFFICERS, MEMBERS, DIRECTORS AND PERSONS WITH A CONTROLLING INTEREST WITHIN THIRTY DAYS OF THE CHANGE. FOR PURPOSES OF THIS SECTION, "CONTROLLING INTEREST" MEANS A PERSON WHO DIRECTLY OR INDIRECTLY, HAS THE POWER TO CAUSE TO BE DIRECTED THE MANAGEMENT, CONTROL OR ACTIVITIES OF SUCH LICENSEE.

(2) EACH INDIVIDUAL SIGNING SUCH APPLICATION SHALL, UNLESS LICENSED AS AN INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY, WITH SUCH APPLICATION, SUBMIT TO THE SUPERINTENDENT FINGERPRINTS OF HIS OR HER TWO HANDS RECORDED IN SUCH MANNER AS MAY BE SPECIFIED BY THE SUPERINTENDENT. SUCH

FINGERPRINTS SHALL BE SUBMITTED TO THE DIVISION OF CRIMINAL JUSTICE SERVICES FOR A STATE CRIMINAL HISTORY RECORD CHECK, AS DEFINED IN SUBDIVISION ONE OF SECTION THREE THOUSAND THIRTY-FIVE OF THE EDUCATION LAW, AND MAY BE SUBMITTED TO THE FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY RECORD CHECK.

(E) THE SUPERINTENDENT SHALL, IN ORDER TO DETERMINE THE COMPETENCY OF EVERY INDIVIDUAL APPLICANT AND OF EVERY PROPOSED SUB-LICENSEE FOR THE LIFE SETTLEMENT BROKER LICENSE, REQUIRE SUCH INDIVIDUAL TO SUBMIT TO A PERSONAL WRITTEN EXAMINATION AND TO PASS THE SAME TO THE SATISFACTION OF THE SUPERINTENDENT. THE EXAMINATION SHALL BE HELD AT SUCH TIMES AND PLACES AS THE SUPERINTENDENT SHALL FROM TIME TO TIME DETERMINE. EVERY INDIVIDUAL APPLYING TO TAKE ANY WRITTEN EXAMINATION SHALL, AT THE TIME OF APPLYING THEREFOR, PAY TO THE SUPERINTENDENT OR, AT THE DISCRETION OF THE SUPERINTENDENT, DIRECTLY TO ANY ORGANIZATION THAT IS UNDER CONTRACT TO PROVIDE EXAMINATION SERVICES, AN EXAMINATION FEE OF AN AMOUNT THAT IS THE ACTUAL DOCUMENTED ADMINISTRATIVE COST OF CONDUCTING SAID QUALIFYING EXAMINATION AS CERTIFIED BY THE SUPERINTENDENT FROM TIME TO TIME. AN EXAMINATION FEE REPRESENTS AN ADMINISTRATIVE EXPENSE AND IS NOT REFUNDABLE. THE SUPERINTENDENT MAY ACCEPT, IN LIEU OF ANY SUCH EXAMINATION, THE RESULT OF ANY PREVIOUS WRITTEN EXAMINATION, GIVEN BY THE SUPERINTENDENT, WHICH IN THE SUPERINTENDENT'S JUDGMENT, IS EQUIVALENT TO THE EXAMINATION FOR WHICH IT IS SUBSTITUTED. NO INDIVIDUAL SHALL BE DEEMED QUALIFIED TO TAKE THE EXAMINATION UNLESS HE OR SHE SHALL HAVE SUCCESSFULLY COMPLETED A COURSE OR COURSES, APPROVED BY THE SUPERINTENDENT.

(F)(1) NO SUCH WRITTEN EXAMINATION OR PRELICENSING EDUCATION SHALL BE REQUIRED:

(A) OF ANY INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY LICENSED IN THIS STATE FOR AT LEAST ONE YEAR;

(B) IN THE DISCRETION OF THE SUPERINTENDENT, OF ANY INDIVIDUAL WHOSE LICENSE HAS BEEN REVOKED OR SUSPENDED;

(C) OF ANY APPLICANT WHO HAS PASSED THE WRITTEN EXAMINATION GIVEN BY THE SUPERINTENDENT FOR A LIFE SETTLEMENT BROKER'S LICENSE AND WAS LICENSED AS SUCH, OR OF AN APPLICANT WHO WAS LICENSED AS A LIFE SETTLEMENT BROKER BUT DID NOT PASS SUCH AN EXAMINATION; PROVIDED THE APPLICANT APPLIES WITHIN TWO YEARS FOLLOWING THE DATE OF TERMINATION OF THE APPLICANT'S LICENSE;

(D) IN THE DISCRETION OF THE SUPERINTENDENT, AS TO ALL OR ANY PART OF THE WRITTEN EXAMINATION OR THE PREREQUISITE COURSE SPECIFIED IN SUBSECTION (E) OF THIS SECTION, OF ANY INDIVIDUAL SEEKING TO BE NAMED A LICENSEE OR SUB-LICENSEE, UPON WHOM HAS BEEN CONFERRED THE CHARTERED LIFE UNDERWRITER (C.L.U.) OR CHARTERED LIFE UNDERWRITER ASSOCIATE DESIGNATION BY THE AMERICAN COLLEGE; OR

(E) ANY INDIVIDUAL SEEKING TO BE NAMED A LICENSEE OR SUB-LICENSEE, WHO IS A NONRESIDENT AND A LIFE SETTLEMENT BROKER, PROVIDED, HOWEVER, THAT THE INDIVIDUAL'S HOME STATE GRANTS NONRESIDENT LICENSES TO RESIDENTS OF THIS STATE ON THE SAME BASIS.

(2) NO PRELICENSING EDUCATION SHALL BE REQUIRED OF ANY INDIVIDUAL REGULARLY EMPLOYED BY A LIFE SETTLEMENT PROVIDER, LIFE INSURANCE COMPANY, LIFE SETTLEMENT BROKER, OR AN INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY, FOR A PERIOD OR PERIODS AGGREGATING NOT LESS THAN ONE YEAR, DURING THE THREE YEARS NEXT PRECEDING THE DATE OF ENTRANCE INTO THE SERVICE OF THE ARMED FORCES OF THE UNITED STATES OR IMMEDIATELY FOLLOWING HIS OR HER DISCHARGE THEREFROM, IN RESPONSIBLE DUTIES RELATING TO THE USE OF LIFE INSURANCE AND ANNUITY CONTRACTS IN THE DESIGN AND ADMINISTRATION OF PLANS FOR ESTATE CONSERVATION AND DISTRIBUTION, EMPLOYEE BENEFITS AND BUSINESS CONTINUATION, AND SETTLEMENTS OF LIFE INSURANCE

AND ANNUITY CONTRACTS; PROVIDED THE APPLICATION FOR SUCH LICENSE IS FILED WITHIN ONE YEAR FOLLOWING THE DATE OF DISCHARGE, AND THE APPLICANT SUBMITS WITH THE APPLICATION A STATEMENT SUBSCRIBED AND AFFIRMED AS TRUE UNDER THE PENALTIES OF PERJURY BY SUCH EMPLOYER OR EMPLOYERS STATING FACTS WHICH SHOW COMPLIANCE WITH THIS REQUIREMENT.

(G) THE SUPERINTENDENT MAY REFUSE TO ISSUE ANY LIFE SETTLEMENT BROKER'S LICENSE IF, IN THE SUPERINTENDENT'S JUDGMENT, THE PROPOSED LICENSEE OR ANY SUB-LICENSEE: IS NOT TRUSTWORTHY AND COMPETENT TO ACT AS A LIFE SETTLEMENT BROKER; HAS GIVEN CAUSE FOR LICENSE REVOCATION OR SUSPENSION; OR HAS FAILED TO COMPLY WITH ANY PREREQUISITE FOR THE ISSUANCE OF SUCH LICENSE.

(H)(1) EVERY LICENSE ISSUED TO A BUSINESS ENTITY PURSUANT TO SUBSECTION (A) OF THIS SECTION SHALL EXPIRE ON JUNE THIRTIETH OF ODD-NUMBERED YEARS.

(2) EVERY LICENSE ISSUED PURSUANT TO THIS SECTION TO AN INDIVIDUAL WHO WAS BORN IN AN ODD-NUMBERED YEAR SHALL EXPIRE ON THE INDIVIDUAL'S BIRTHDAY IN EACH ODD-NUMBERED YEAR. EVERY LICENSE ISSUED PURSUANT TO THIS SECTION TO AN INDIVIDUAL WHO WAS BORN IN AN EVEN-NUMBERED YEAR SHALL EXPIRE ON THE INDIVIDUAL'S BIRTHDAY IN EACH EVEN-NUMBERED YEAR. EVERY SUCH LICENSE MAY BE RENEWED FOR THE ENSUING PERIOD OF TWENTY-FOUR MONTHS UPON THE FILING OF AN APPLICATION IN CONFORMITY WITH THIS SUBSECTION.

(3) THE LICENSE MAY BE ISSUED FOR ALL OF SUCH TWO-YEAR TERMS, OR UPON APPLICATION MADE DURING ANY SUCH TERM, FOR THE BALANCE THEREOF.

(4) ANY LICENSE SHALL BE CONSIDERED IN GOOD STANDING WITHIN THE LICENSE TERM UNLESS:

(A) REVOKED OR SUSPENDED BY THE SUPERINTENDENT PURSUANT TO THIS ARTICLE; OR

(B) IF AT THE EXPIRATION DATE OF THE LICENSE TERM, THE LICENSEE FAILS TO FILE A RENEWAL APPLICATION, PROVIDED THE LICENSE WAS IN GOOD STANDING DURING THE TERM.

(5) BEFORE THE RENEWAL OF ANY LIFE SETTLEMENT BROKER'S LICENSE SHALL BE ISSUED, THE LICENSEE SHALL HAVE:

(A) FILED A COMPLETED RENEWAL APPLICATION IN SUCH FORM OR FORMS, AND SUPPLEMENTS THERETO, AND CONTAINING SUCH INFORMATION AS THE SUPERINTENDENT MAY PRESCRIBE; AND

(B) PAID SUCH FEES AS ARE PRESCRIBED BY THE SUPERINTENDENT.

(6) IF AN APPLICATION FOR A RENEWAL LICENSE SHALL HAVE BEEN FILED WITH THE SUPERINTENDENT BEFORE THE EXPIRATION OF SUCH LICENSE, THEN THE LICENSE SOUGHT TO BE RENEWED SHALL CONTINUE IN FULL FORCE AND EFFECT EITHER UNTIL THE ISSUANCE BY THE SUPERINTENDENT OF THE RENEWAL LICENSE APPLIED FOR OR UNTIL FIVE DAYS AFTER THE SUPERINTENDENT SHALL HAVE REFUSED TO ISSUE SUCH RENEWAL LICENSE AND SHALL HAVE GIVEN NOTICE OF SUCH REFUSAL TO THE APPLICANT AND TO EACH PROPOSED SUB-LICENSEE. BEFORE REFUSING TO RENEW ANY SUCH LICENSE, EXCEPT ON THE GROUND OF FAILURE TO PASS A WRITTEN EXAMINATION, THE SUPERINTENDENT SHALL NOTIFY THE APPLICANT OF THE SUPERINTENDENT'S INTENTION TO DO SO AND SHALL GIVE THE APPLICANT A HEARING.

(7)(A) THE SUPERINTENDENT MAY, IN ISSUING A RENEWAL LICENSE, DISPENSE WITH THE REQUIREMENTS OF A VERIFIED APPLICATION BY ANY INDIVIDUAL LICENSEE OR SUB-LICENSEE WHO, BY REASON OF BEING ENGAGED IN ANY MILITARY SERVICE FOR THE UNITED STATES, IS UNABLE TO MAKE PERSONAL APPLICATION FOR THE RENEWAL LICENSE, UPON THE FILING OF AN APPLICATION ON BEHALF OF SUCH INDIVIDUAL, IN SUCH FORM AS THE SUPERINTENDENT SHALL PRESCRIBE, BY A PERSON WHO, IN THE PERSON'S JUDGMENT, HAS KNOWLEDGE OF THE FACTS AND WHO MAKES AFFIDAVIT SHOWING SUCH MILITARY SERVICE AND THE INABILITY OF THE LIFE SETTLEMENT BROKER TO MAKE PERSONAL APPLICATION.

(B) AN INDIVIDUAL LICENSEE OR SUB-LICENSEE WHO IS UNABLE TO COMPLY WITH LICENSE RENEWAL PROCEDURES DUE TO OTHER EXTENUATING CIRCUMSTANCES, SUCH AS A LONG-TERM MEDICAL DISABILITY, MAY REQUEST A WAIVER OF SUCH PROCEDURES, IN SUCH FORM AS THE SUPERINTENDENT SHALL PRESCRIBE. THE LICENSEE OR SUB-LICENSEE MAY ALSO REQUEST A WAIVER OF ANY EXAMINATION REQUIREMENT OR ANY OTHER FINE OR SANCTION IMPOSED FOR FAILURE TO COMPLY WITH RENEWAL PROCEDURES.

(8) IN ADDITION TO ANY EXAMINATION FEE REQUIRED BY SUBSECTION (E) OF THIS SECTION, THERE SHALL BE PAID TO THE SUPERINTENDENT FOR EACH INDIVIDUAL LICENSE APPLICANT AND EACH PROPOSED SUB-LICENSEE A LICENSING OR RENEWAL FEE TO BE DETERMINED BY THE SUPERINTENDENT.

(9) AN APPLICATION FOR THE RENEWAL OF A LICENSE SHALL BE FILED WITH THE SUPERINTENDENT NOT LESS THAN SIXTY DAYS PRIOR TO THE DATE THE LICENSE EXPIRES OR THE APPLICANT SHALL BE SUBJECT TO A FURTHER FEE OF TEN DOLLARS FOR LATE FILING.

(10) NO LICENSE FEE SHALL BE REQUIRED OF ANY PERSON WHO SERVED AS A MEMBER OF THE ARMED FORCES OF THE UNITED STATES AT ANY TIME AND WHO SHALL HAVE BEEN DISCHARGED THEREFROM, UNDER CONDITIONS OTHER THAN DISHONORABLE, IN A CURRENT LICENSING PERIOD, FOR THE DURATION OF SUCH PERIOD.

(11) EXCEPT WHERE A CORPORATION, ASSOCIATION OR FIRM LICENSED AS A LIFE SETTLEMENT BROKER IS APPLYING TO ADD A SUB-LICENSEE, THERE SHALL BE NO FEE REQUIRED FOR THE ISSUANCE OF AN AMENDED LICENSE.

(12) THE LICENSE SHALL CONTAIN THE LICENSEE'S NAME, ADDRESS, PERSONAL IDENTIFICATION NUMBER, THE DATE OF ISSUANCE, AND ANY OTHER INFORMATION THE SUPERINTENDENT DEEMS NECESSARY. THE SUPERINTENDENT MAY ISSUE THE LIFE SETTLEMENT BROKER'S LICENSE IN CONJUNCTION WITH ANY OTHER LICENSE, OR ITS RENEWAL, HELD BY THE APPLICANT.

(I) IF THE SUPERINTENDENT DEEMS IT NECESSARY, THEN THE SUPERINTENDENT MAY REQUIRE ANY LICENSED LIFE SETTLEMENT BROKER TO SUBMIT A NEW APPLICATION AT ANY TIME.

(J) THE SUPERINTENDENT MAY ISSUE A REPLACEMENT FOR A CURRENTLY IN-FORCE LICENSE THAT HAS BEEN LOST OR DESTROYED. BEFORE SUCH REPLACEMENT LICENSE SHALL BE ISSUED, THERE SHALL BE ON FILE IN THE OFFICE OF THE SUPERINTENDENT A WRITTEN APPLICATION FOR SUCH REPLACEMENT LICENSE, AFFIRMING UNDER PENALTY OF PERJURY THAT THE ORIGINAL LICENSE HAS BEEN LOST OR DESTROYED, TOGETHER WITH A FEE OF FIFTEEN DOLLARS.

S 8. Section 2401 of the insurance law is amended to read as follows:

S 2401. Purpose. The purpose of this article is to regulate trade practices in the business of insurance, INCLUDING THE BUSINESS OF LIFE SETTLEMENTS, in accordance with the intent of congress as expressed in Public Law 15, 79th Congress, by defining, or providing for the determination of, all such practices in this state [which] THAT constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined.

S 9. Subsections (a) and (b) of section 2402 of the insurance law, subsection (b) as amended by chapter 631 of the laws of 2007, are amended to read as follows:

(a) "Person" means any individual and any legal entity subject to any provision of this chapter, engaged in the business of insurance in this state, including any reciprocal exchange or Lloyds insurer, OR IN THE BUSINESS OF LIFE SETTLEMENTS.

(b) "Defined violation" means the commission by a person of an act prohibited by: section one thousand two hundred fourteen, one thousand two hundred seventeen, one thousand two hundred twenty, one thousand three hundred thirteen, subparagraph (B) of paragraph two of subsection

(i) of section one thousand three hundred twenty-two, subparagraph (B) of paragraph two of subsection (i) of section one thousand three hundred twenty-four, two thousand one hundred twenty-two, two thousand one hundred twenty-three, subsection (p) of section two thousand three hundred thirteen, section two thousand three hundred twenty-four, two thousand five hundred two, two thousand five hundred three, two thousand five hundred four, two thousand six hundred one, two thousand six hundred two, two thousand six hundred three, two thousand six hundred four, two thousand six hundred six, two thousand seven hundred three, three thousand one hundred nine, three thousand two hundred twenty-four-a, three thousand four hundred twenty-nine, three thousand four hundred thirty-three, paragraph seven of subsection (e) of section three thousand four hundred twenty-six, four thousand two hundred twenty-four, four thousand two hundred twenty-five [or], four thousand two hundred twenty-six, SEVEN THOUSAND EIGHT HUNDRED NINE, SEVEN THOUSAND EIGHT HUNDRED TEN, SEVEN THOUSAND EIGHT HUNDRED ELEVEN, SEVEN THOUSAND EIGHT HUNDRED THIRTEEN, SEVEN THOUSAND EIGHT HUNDRED FOURTEEN AND SEVEN THOUSAND EIGHT HUNDRED FIFTEEN of this chapter; or section 135.60, 135.65, 175.05, 175.45, or 190.20, or article one hundred five of the penal law.

S 10. Subsection (c) of section 3220 of the insurance law is amended to read as follows:

(c) (1) Notwithstanding any provision of law, a person whose life is insured under any policy of group life insurance, whether or not such policy is otherwise subject to this section, is permitted to make an assignment of all or any part of his incidents of ownership in such insurance, including, without limitation, any right to designate a beneficiary or beneficiaries thereunder and any right to have an individual policy issued upon termination either of employment or of said policy of group life insurance, provided that the insurer and the group policyholder may prohibit or restrict such assignment by appropriate policy provisions EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH THREE OF THIS SUBSECTION.

(2) [This] PARAGRAPH ONE OF THIS subsection shall be construed as declaring the law as it existed prior to its enactment and not as modifying it.

(3) A GROUP POLICY THAT PERMITS ASSIGNMENT OF AN INSURED PERSON'S RIGHTS BY GIFT SHALL ALSO ALLOW ASSIGNMENT FOR VALUE TO THE SAME EXTENT THAT IT ALLOWS ASSIGNMENT BY GIFT.

S 11. Article 78 of the insurance law is REPEALED and a new article 78 is added to read as follows:

ARTICLE 78

LIFE SETTLEMENTS

S 7801. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "LIFE SETTLEMENTS ACT".

S 7802. DEFINITIONS. IN THIS ARTICLE:

(A) "ACCREDITED INVESTORS SHALL BE AS DEFINED IN REGULATION D, RULE 501 OF THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED.

(B) "ADVERTISEMENT" 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 PURCHASE, SELL, ASSIGN, DEVISE, BEQUEST OR TRANSFER THE DEATH BENEFIT OR OWNERSHIP OF, A LIFE INSURANCE POLICY OR AN INTEREST IN A LIFE INSURANCE POLICY PURSUANT TO A LIFE SETTLEMENT CONTRACT.

(C)(1) "BUSINESS OF LIFE SETTLEMENTS" MEANS AN ACTIVITY INVOLVING, BUT NOT LIMITED TO, OFFERING TO ENTER INTO, SOLICITING, NEGOTIATING, PROCURING, EFFECTUATING, MONITORING, OR TRACKING LIFE SETTLEMENT CONTRACTS.

(2) FOR PURPOSES OF THIS ARTICLE, "BUSINESS OF LIFE SETTLEMENTS" SHALL INCLUDE:

(A) SUCH ACTS OR TRANSACTIONS EFFECTUATED IN THIS STATE BY MAIL OR OTHERWISE FROM OUTSIDE THIS STATE; AND

(B) DOING OR PROPOSING TO DO ANY BUSINESS IN SUBSTANCE EQUIVALENT TO THE BUSINESS OF LIFE SETTLEMENTS IN A MANNER DESIGNED TO EVADE THE PROVISIONS OF THIS CHAPTER.

(D) "COMPENSATION" MEANS ANYTHING OF VALUE, INCLUDING MONEY, CREDITS, LOANS, INTEREST ON PREMIUM, FORGIVENESS OF PRINCIPAL OR INTEREST, VACATIONS, PRIZES, GIFTS OR THE PAYMENT OF EMPLOYEE SALARIES OR EXPENSES, WHETHER PAID AS COMMISSION OR OTHERWISE.

(E) "FINANCING ENTITY" MEANS AN ACCREDITED INVESTOR:

(1) WHOSE PRINCIPAL ACTIVITY IN CONNECTION WITH THE TRANSACTION IS PROVIDING FUNDS TO EFFECT THE LIFE SETTLEMENT CONTRACT OR TO PURCHASE ONE OR MORE POLICIES; AND

(2) WHO HAS AN AGREEMENT IN WRITING WITH A LIFE SETTLEMENT PROVIDER TO FINANCE THE ACQUISITION OF A LIFE SETTLEMENT CONTRACT.

(F) "FINANCING TRANSACTION" MEANS A TRANSACTION IN WHICH A LICENSED LIFE SETTLEMENT PROVIDER OBTAINS FINANCING FROM A FINANCING ENTITY, INCLUDING ANY SECURED OR UNSECURED FINANCING, ANY SECURITIZATION TRANSACTION, OR ANY SECURITIES OFFERING.

(G) "INSURED" MEANS A PERSON COVERED UNDER A POLICY THAT IS OR MAY BE THE SUBJECT OF A LIFE SETTLEMENT CONTRACT.

(H) "INSURER" MEANS A LIFE INSURANCE COMPANY OR A FRATERNAL BENEFIT SOCIETY.

(I) "LIFE EXPECTANCY" MEANS THE ARITHMETIC MEAN OF THE NUMBER OF MONTHS THE INSURED CAN BE EXPECTED TO LIVE TAKING INTO CONSIDERATION MEDICAL RECORDS AND APPROPRIATE EXPERIENTIAL DATA.

(J) "LIFE SETTLEMENT BROKER" MEANS A PERSON WHO, FOR COMPENSATION, SOLICITS, NEGOTIATES OR OFFERS TO NEGOTIATE A LIFE SETTLEMENT CONTRACT; EXCEPT THAT SUCH TERM SHALL NOT INCLUDE A LICENSED LIFE SETTLEMENT

PROVIDER, OR REPRESENTATIVE THEREOF, LICENSED ATTORNEY AT LAW, CERTIFIED PUBLIC ACCOUNTANT, OR FINANCIAL PLANNER THAT IS ACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITATION AGENCY ACCEPTABLE TO THE SUPERINTENDENT, WHO IS RETAINED IN HIS OR HER PROFESSIONAL CAPACITY, DOES NOT ADVERTISE AS BEING IN THE BUSINESS OF LIFE SETTLEMENTS AND IS COMPENSATED WITHOUT REGARD TO WHETHER A LIFE SETTLEMENT CONTRACT IS EFFECTUATED.

(K)(1) "LIFE SETTLEMENT CONTRACT" MEANS AN AGREEMENT ESTABLISHING THE TERMS UNDER WHICH COMPENSATION IS PROVIDED, WHICH COMPENSATION IS LESS THAN THE EXPECTED DEATH BENEFIT OF THE POLICY, IN RETURN FOR THE ASSIGNMENT, TRANSFER, SALE, RELEASE, DEVISE OR BEQUEST OF ANY PORTION OF:

(A) THE DEATH BENEFIT;

(B) THE OWNERSHIP OF THE POLICY;

(C) ANY BENEFICIAL INTEREST IN THE POLICY, OR IN A TRUST OR ANY OTHER ENTITY THAT OWNS THE POLICY, WHERE A PRIMARY PURPOSE OF THE TRANSACTION IS TO ACQUIRE THE POLICY; OR

(D) ANY OTHER AGREEMENT THAT THE SUPERINTENDENT DETERMINES IS SUBSTANTIALLY SIMILAR TO ANY OF THE FOREGOING.

(2) "LIFE SETTLEMENT CONTRACT" SHALL INCLUDE AN AGREEMENT DESCRIBED IN PARAGRAPH ONE OF THIS SUBSECTION REGARDLESS OF THE DATE THE COMPENSATION IS PROVIDED AND REGARDLESS OF THE DATE THE ASSIGNMENT, TRANSFER, SALE, DEVISE OR BEQUEST IS EFFECTUATED.

(3) "LIFE SETTLEMENT CONTRACT" SHALL NOT INCLUDE:

(A) AN ASSIGNMENT OF A POLICY AS COLLATERAL FOR A LOAN BY ANY DEPOSITORY INSTITUTION INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE NATIONAL CREDIT UNION ADMINISTRATION;

(B) AN ASSIGNMENT OF A POLICY AS COLLATERAL FOR A LOAN MADE BY A LICENSED FINANCIAL INSTITUTION UNDER WHICH THE LENDER TAKES AN INTEREST IN A LIFE INSURANCE POLICY SOLELY TO SECURE REPAYMENT OF A LOAN OR, IF THERE IS A DEFAULT ON THE LOAN AND THE POLICY IS TRANSFERRED, THE TRANSFER OF THE POLICY BY THE LENDER, PROVIDED THAT THE DEFAULT ITSELF IS NOT PURSUANT TO AN AGREEMENT OR UNDERSTANDING WITH ANY OTHER PERSON FOR THE PURPOSE OF EVADING REGULATION UNDER THIS ARTICLE;

(C) AN ASSIGNMENT OF A POLICY AS COLLATERAL FOR A LOAN MADE BY A LENDER THAT DOES NOT VIOLATE ARTICLE TWELVE-B OF THE BANKING LAW;

(D) THE MAKING OF A POLICY LOAN, OR THE PAYING OF SURRENDER BENEFITS OR OTHER BENEFITS, BY THE ISSUER OF A POLICY WITH RESPECT TO THAT POLICY;

(E) AN EXCHANGE OF LIFE INSURANCE POLICIES IN A TRANSACTION DESCRIBED BY SECTION 1035 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED;

(F) AN AGREEMENT MADE BY AN INDIVIDUAL TO TAKE AN ASSIGNMENT, PURCHASE, OR OTHERWISE RECEIVE THE DEATH BENEFIT OR OWNERSHIP OF ANY PORTION OF A POLICY OR POLICIES ON THE LIFE OF A SINGLE INSURED OR LIVES OF JOINT INSUREDS; PROVIDED THAT, IN A CALENDAR YEAR, THE INDIVIDUAL ENTERS INTO NO OTHER AGREEMENT TO TAKE AN ASSIGNMENT, PURCHASE, OR OTHERWISE RECEIVE THE DEATH BENEFIT OR OWNERSHIP OF ANY PORTION OF A POLICY OR POLICIES ON THE LIFE OF ANY OTHER INSURED OR LIVES OF ANY OTHER JOINT INSUREDS;

(G) AN AGREEMENT TO ASSIGN, TRANSFER OR PLEDGE A SETTLED POLICY, OR ANY INTEREST THEREIN, TO A LICENSED LIFE SETTLEMENT PROVIDER, AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER, FINANCING ENTITY, SPECIAL PURPOSE ENTITY, OR RELATED PROVIDER TRUST;

(H) AN AGREEMENT WHERE ALL THE PARTIES ARE CLOSELY RELATED TO THE INSURED BY BLOOD OR LAW OR HAVE A LAWFUL SUBSTANTIAL ECONOMIC INTEREST IN THE CONTINUED LIFE, HEALTH AND BODILY SAFETY OF THE PERSON INSURED, OR ARE TRUSTS ESTABLISHED PRIMARILY FOR THE BENEFIT OF SUCH PARTIES;

(I) ANY DESIGNATION, CONSENT OR AGREEMENT BY AN INSURED WHO IS AN EMPLOYEE OF AN EMPLOYER IN CONNECTION WITH THE PURCHASE BY THE EMPLOYER, OR TRUST ESTABLISHED BY THE EMPLOYER, OF LIFE INSURANCE ON THE LIFE OF THE EMPLOYEE;

(J) A BONA FIDE BUSINESS SUCCESSION PLANNING ARRANGEMENT BETWEEN:

(I) ONE OR MORE SHAREHOLDERS IN A CORPORATION OR BETWEEN A CORPORATION AND ONE OR MORE OF ITS SHAREHOLDERS OR ONE OR MORE TRUSTS ESTABLISHED BY ITS SHAREHOLDERS;

(II) ONE OR MORE PARTNERS IN A PARTNERSHIP OR BETWEEN A PARTNERSHIP AND ONE OR MORE OF ITS PARTNERS OR ONE OR MORE TRUSTS ESTABLISHED BY ITS PARTNERS; OR

(III) ONE OR MORE MEMBERS IN A LIMITED LIABILITY COMPANY OR BETWEEN A LIMITED LIABILITY COMPANY AND ONE OR MORE OF ITS MEMBERS OR ONE OR MORE TRUSTS ESTABLISHED BY ITS MEMBERS;

(K) LEGITIMATE CORPORATE OR PENSION BENEFIT PLANS, AS DETERMINED BY THE SUPERINTENDENT; OR

(L) ANY OTHER AGREEMENT THAT THE SUPERINTENDENT DETERMINES IS SUBSTANTIALLY SIMILAR TO ANY OF THE FOREGOING.

(L) "LIFE SETTLEMENT INTERMEDIARY" MEANS A PERSON WHO MAINTAINS AN ELECTRONIC OR OTHER FACILITY OR SYSTEM FOR THE DISCLOSURE, THROUGH A FORUM OF OFFERS AND COUNTEROFFERS TO SELL OR PURCHASE A POLICY OR A SETTLED POLICY; AND DELIVERS TO:

(1) A LIFE SETTLEMENT PROVIDER AN OFFER FROM A LIFE SETTLEMENT BROKER OR OWNER TO SELL A POLICY;

(2) AN OWNER OR LIFE SETTLEMENT BROKER AN OFFER FROM A LIFE SETTLEMENT PROVIDER TO PURCHASE A POLICY; OR

(3) A LIFE SETTLEMENT PROVIDER AN OFFER TO SELL OR PURCHASE A SETTLED POLICY.

(M) "LIFE SETTLEMENT PROVIDER" MEANS A PERSON WHO ENTERS INTO A LIFE SETTLEMENT CONTRACT WITH THE OWNER.

(N) "OWNER" MEANS THE OWNER OF A POLICY WHO ENTERS OR SEEKS TO ENTER INTO A LIFE SETTLEMENT CONTRACT.

(O) "PERSON" MEANS ANY NATURAL PERSON OR LEGAL ENTITY, INCLUDING A PARTNERSHIP, LIMITED LIABILITY COMPANY, ASSOCIATION, TRUST OR CORPORATION.

(P) "POLICY" MEANS AN INDIVIDUAL OR GROUP LIFE INSURANCE POLICY OR CERTIFICATE.

(Q) "PREMIUM FINANCE LOAN" MEANS A LOAN MADE FOR THE PURPOSES OF MAKING PREMIUM PAYMENTS ON A LIFE INSURANCE POLICY, WHICH LOAN IS SECURED BY AN INTEREST IN SUCH LIFE INSURANCE POLICY.

(R) "QUALIFIED INSTITUTIONAL BUYER" SHALL BE AS DEFINED IN REGULATION D, RULE 144A OF THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED.

(S) "RELATED PROVIDER TRUST" MEANS A TRUST ESTABLISHED BY A LICENSED LIFE SETTLEMENT PROVIDER OR A FINANCING ENTITY FOR THE SOLE PURPOSE OF HOLDING THE OWNERSHIP OR BENEFICIAL INTEREST IN SETTLED POLICIES IN CONNECTION WITH A FINANCING TRANSACTION; PROVIDED THAT THE TRUST HAS A WRITTEN AGREEMENT WITH THE LICENSED LIFE SETTLEMENT PROVIDER UNDER WHICH:

(1) THE LICENSED LIFE SETTLEMENT PROVIDER IS RESPONSIBLE FOR ENSURING COMPLIANCE WITH ALL STATUTORY AND REGULATORY REQUIREMENTS; AND

(2) THE TRUST AGREES TO MAKE ALL RECORDS AND FILES RELATING TO LIFE SETTLEMENT TRANSACTIONS AVAILABLE TO THE SUPERINTENDENT AS IF THOSE RECORDS AND FILES WERE MAINTAINED DIRECTLY BY THE LICENSED LIFE SETTLEMENT PROVIDER.

(T) "SETTLED POLICY" MEANS A POLICY THAT AT ANY TIME HAS BEEN ACQUIRED BY A LIFE SETTLEMENT PROVIDER PURSUANT TO A LIFE SETTLEMENT CONTRACT.

(U) "SPECIAL PURPOSE ENTITY" MEANS A CORPORATION, PARTNERSHIP, TRUST, LIMITED LIABILITY COMPANY, OR OTHER LEGAL ENTITY FORMED SOLELY TO PROVIDE, EITHER DIRECTLY OR INDIRECTLY, ACCESS TO INSTITUTIONAL CAPITAL MARKETS FOR A FINANCING ENTITY OR LICENSED LIFE SETTLEMENT PROVIDER.

S 7803. LICENSE REQUIREMENTS FOR LIFE SETTLEMENT PROVIDERS. (A) NO PERSON SHALL ENGAGE IN THE BUSINESS OF LIFE SETTLEMENTS AS A LIFE SETTLEMENT PROVIDER IN THIS STATE WITHOUT HAVING AUTHORITY TO DO SO BY VIRTUE OF A LIFE SETTLEMENT PROVIDER LICENSE ISSUED AND IN FORCE PURSUANT TO THIS ARTICLE.

(B)(1) THE SUPERINTENDENT MAY ISSUE A LIFE SETTLEMENT PROVIDER LICENSE TO ANY PERSON WHO IS DEEMED BY THE SUPERINTENDENT TO BE TRUSTWORTHY AND COMPETENT TO ACT AS A LIFE SETTLEMENT PROVIDER AND WHO IS OTHERWISE QUALIFIED AS REQUIRED IN THIS ARTICLE AND WHO HAS COMPLIED WITH THE PREREQUISITES PRESCRIBED IN THIS ARTICLE.

(2) EVERY LICENSE ISSUED PURSUANT TO THIS SECTION SHALL EXPIRE ON JUNE THIRTIETH OF ODD-NUMBERED YEARS.

(C)(1) APPLICATION FOR A LIFE SETTLEMENT PROVIDER LICENSE SHALL BE MADE TO THE SUPERINTENDENT BY THE APPLICANT ON A FORM PRESCRIBED BY THE SUPERINTENDENT, AND THE APPLICATION SHALL BE ACCOMPANIED BY A FEE IN AN AMOUNT TO BE ESTABLISHED BY THE SUPERINTENDENT.

(2) THE APPLICANT FOR A LIFE SETTLEMENT PROVIDER LICENSE SHALL:

(A) FULLY DISCLOSE THE IDENTITY OF ALL STOCKHOLDERS (EXCEPT STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A LIFE SETTLEMENT PROVIDER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS, OFFICERS, MEMBERS, DIRECTORS AND PERSONS WITH A CONTROLLING INTEREST. FOR PURPOSES OF THIS SECTION, "CONTROLLING INTEREST" MEANS A PERSON WHO DIRECTLY OR INDIRECTLY, HAS THE POWER TO CAUSE TO BE DIRECTED THE MANAGEMENT, CONTROL OR ACTIVITIES OF SUCH LICENSEE;

(B) PROVIDE A DETAILED PLAN OF OPERATION;

(C) PROVIDE, IF A LEGAL ENTITY, A CERTIFICATE OF GOOD STANDING FROM THE STATE OF ITS DOMICILE;

(D) PROVIDE AN ANTI-FRAUD PLAN THAT MEETS THE REQUIREMENTS OF ARTICLE FOUR OF THIS CHAPTER;

(E) DEMONSTRATE FINANCIAL ACCOUNTABILITY AS EVIDENCED BY A BOND OR OTHER METHOD FOR FINANCIAL ACCOUNTABILITY AS DETERMINED BY THE SUPERINTENDENT PURSUANT TO REGULATION; AND

(F) PROVIDE ANY OTHER INFORMATION REQUIRED BY THE SUPERINTENDENT.

(D) EACH INDIVIDUAL NAMED IN SUCH APPLICATION SHALL, WITH SUCH APPLICATION, SUBMIT TO THE SUPERINTENDENT FINGERPRINTS OF BOTH HANDS RECORDED IN SUCH MANNER AS MAY BE SPECIFIED BY THE SUPERINTENDENT. THE FINGERPRINTS SHALL BE SUBMITTED TO THE DIVISION OF CRIMINAL JUSTICE SERVICES FOR A STATE CRIMINAL HISTORY RECORD CHECK, AS DEFINED IN SUBDIVISION ONE OF SECTION THREE THOUSAND THIRTY-FIVE OF THE EDUCATION LAW, AND MAY BE SUBMITTED TO THE FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY RECORD CHECK.

(E)(1) AS PART OF THE APPLICATION, THE APPLICANT SHALL SUBMIT A POWER OF ATTORNEY DESIGNATING THE SUPERINTENDENT AS AGENT FOR THE PURPOSE OF RECEIVING SERVICE OF LEGAL DOCUMENTS OR PROCESS.

(2) THE POWER OF ATTORNEY SHALL INCLUDE THE NAME AND ADDRESS OF THE OFFICER, AGENT, OR OTHER PERSON TO WHOM SUCH LEGAL DOCUMENTS OR PROCESS SHALL BE FORWARDED BY THE SUPERINTENDENT OR HIS OR HER DEPUTY ON BEHALF OF SUCH LIFE SETTLEMENT PROVIDER.

(3) SERVICE OF LEGAL DOCUMENTS OR PROCESS UPON A LIFE SETTLEMENT PROVIDER PURSUANT TO THIS SUBSECTION SHALL BE MADE BY SERVING THE SUPERINTENDENT, ANY DEPUTY SUPERINTENDENT OR ANY SALARIED EMPLOYEE OF THE DEPARTMENT WHOM THE SUPERINTENDENT DESIGNATES FOR SUCH PURPOSE WITH TWO

COPIES THEREOF AND THE PAYMENT OF A FEE OF FORTY DOLLARS. THE SUPERINTENDENT SHALL FORWARD A COPY OF SUCH LEGAL DOCUMENTS OR PROCESS BY REGISTERED OR CERTIFIED MAIL TO THE LIFE SETTLEMENT PROVIDER AT THE ADDRESS GIVEN IN ITS WRITTEN CERTIFICATE OF REGISTRATION, AND SHALL KEEP A RECORD OF ALL LEGAL DOCUMENTS OR PROCESS SO SERVED UPON HIM OR HER. SERVICE OF LEGAL DOCUMENTS OR PROCESS SO MADE SHALL BE DEEMED MADE WITHIN THE TERRITORIAL JURISDICTION OF ANY COURT IN THIS STATE.

(F) THE SUPERINTENDENT, IN THE EXERCISE OF THE SUPERINTENDENT'S DISCRETION, MAY REFUSE TO ISSUE A LIFE SETTLEMENT PROVIDER LICENSE IN THE NAME OF ANY PERSON IF NOT SATISFIED THAT ANY OFFICER, EMPLOYEE, STOCKHOLDER, PARTNER, DIRECTOR, MEMBER, AGENT, OR RESPONSIBLE PERSON THEREOF, WHO MAY MATERIALLY INFLUENCE THE APPLICANT'S CONDUCT, MEETS THE STANDARDS OF THIS ARTICLE.

(G) EVERY LICENSE ISSUED PURSUANT TO THIS SECTION MAY BE RENEWED FOR THE ENSUING PERIOD OF TWENTY-FOUR MONTHS UPON THE FILING OF AN APPLICATION IN CONFORMITY WITH THIS SECTION.

(H)(1) BEFORE THE RENEWAL OF ANY LIFE SETTLEMENT PROVIDER LICENSE SHALL BE ISSUED, AN APPLICATION FOR RENEWAL OF THE LICENSE SHALL BE MADE TO THE SUPERINTENDENT BY THE APPLICANT ON A FORM PRESCRIBED BY THE SUPERINTENDENT AND CONTAINING SUCH INFORMATION AS THE SUPERINTENDENT MAY PRESCRIBE. THE APPLICATION SHALL BE ACCOMPANIED BY A FEE IN AN AMOUNT TO BE ESTABLISHED BY THE SUPERINTENDENT.

(2) IF AN APPLICATION FOR A RENEWAL LICENSE SHALL HAVE BEEN FILED WITH THE SUPERINTENDENT BEFORE THE EXPIRATION OF THE LICENSE, THEN THE LICENSE SOUGHT TO BE RENEWED SHALL CONTINUE IN FULL FORCE AND EFFECT EITHER UNTIL THE ISSUANCE BY THE SUPERINTENDENT OF THE RENEWAL LICENSE APPLIED FOR OR UNTIL FIVE DAYS AFTER THE SUPERINTENDENT SHALL HAVE REFUSED TO ISSUE SUCH RENEWAL LICENSE AND SHALL HAVE GIVEN NOTICE OF SUCH REFUSAL TO THE APPLICANT. BEFORE REFUSING TO RENEW ANY SUCH LICENSE, THE SUPERINTENDENT SHALL NOTIFY THE APPLICANT OF THE SUPERINTENDENT'S INTENTION TO DO SO AND SHALL GIVE SUCH APPLICANT A HEARING.

(3) AN APPLICATION FOR THE RENEWAL OF A LICENSE SHALL BE FILED WITH THE SUPERINTENDENT NOT LESS THAN SIXTY DAYS PRIOR TO THE DATE THE LICENSE EXPIRES OR THE APPLICANT MAY BE SUBJECT TO A FURTHER FEE FOR LATE FILING, AS PRESCRIBED BY THE SUPERINTENDENT.

(I) A LIFE SETTLEMENT PROVIDER LICENSEE SHALL PROVIDE TO THE SUPERINTENDENT NEW OR REVISED INFORMATION ABOUT STOCKHOLDERS (EXCEPT STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A LIFE SETTLEMENT PROVIDER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS, OFFICERS, MEMBERS, DIRECTORS, DESIGNATED EMPLOYEES OR PERSONS WITH A CONTROLLING INTEREST WITHIN THIRTY DAYS OF THE CHANGE.

S 7804. REGISTRATION REQUIREMENTS FOR LIFE SETTLEMENT INTERMEDIARIES. (A) NO PERSON SHALL ACT AS A LIFE SETTLEMENT INTERMEDIARY IN THIS STATE WITHOUT HAVING AUTHORITY TO DO SO BY VIRTUE OF A REGISTRATION ISSUED AND IN FORCE PURSUANT TO THIS ARTICLE.

(B)(1) THE SUPERINTENDENT MAY ISSUE A LIFE SETTLEMENT INTERMEDIARY REGISTRATION TO ANY PERSON WHO:

(A) IS DEEMED BY THE SUPERINTENDENT TO BE TRUSTWORTHY AND COMPETENT TO ACT AS A LIFE SETTLEMENT INTERMEDIARY;

(B) IS OTHERWISE QUALIFIED AS REQUIRED IN THIS ARTICLE; AND

(C) HAS COMPLIED WITH THE PREREQUISITES PRESCRIBED IN THIS ARTICLE.

(2) EVERY REGISTRATION ISSUED PURSUANT TO THIS SECTION SHALL EXPIRE ON JUNE THIRTIETH OF ODD-NUMBERED YEARS.

(C)(1) APPLICATION FOR A LIFE SETTLEMENT INTERMEDIARY REGISTRATION SHALL BE MADE TO THE SUPERINTENDENT BY THE APPLICANT ON A FORM

PRESCRIBED BY THE SUPERINTENDENT, AND THE APPLICATION SHALL BE ACCOMPANIED BY A FEE IN AN AMOUNT ESTABLISHED BY THE SUPERINTENDENT.

(2) THE APPLICANT FOR A LIFE SETTLEMENT INTERMEDIARY REGISTRATION SHALL PROVIDE:

(A) THE STATE IN WHICH THE LIFE SETTLEMENT INTERMEDIARY IS DOMICILED OR RESIDENT;

(B) THE PRINCIPAL PLACE OF BUSINESS OF THE LIFE SETTLEMENT INTERMEDIARY;

(C) ALL OTHER STATES IN WHICH THE LIFE SETTLEMENT INTERMEDIARY IS DOING OR INTENDS TO DO BUSINESS; AND

(D) THE IDENTITIES OF THE LIFE SETTLEMENT INTERMEDIARY EXECUTIVE OFFICER OR OFFICERS DIRECTLY RESPONSIBLE FOR SUCH BUSINESS, AND ALL STOCKHOLDERS (EXCEPT STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A LIFE SETTLEMENT INTERMEDIARY WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS, OFFICERS, MEMBERS, DIRECTORS AND PERSONS WITH A CONTROLLING INTEREST. FOR PURPOSES OF THIS SECTION, "CONTROLLING INTEREST" MEANS A PERSON WHO DIRECTLY OR INDIRECTLY, HAS THE POWER TO CAUSE TO BE DIRECTED THE MANAGEMENT, CONTROL OR ACTIVITIES OF SUCH REGISTRANT.

(D) EACH LIFE SETTLEMENT INTERMEDIARY THAT IS REQUIRED TO REGISTER PURSUANT TO THIS SECTION SHALL ALSO FURNISH SUCH INFORMATION AS MAY BE REQUIRED BY THE SUPERINTENDENT TO:

(1) VERIFY THAT THE PERSON OR PERSONS QUALIFY AS A LIFE SETTLEMENT INTERMEDIARY; AND

(2) DETERMINE COMPLIANCE WITH ANY APPLICABLE STATE LAW.

(E)(1) AS PART OF THE APPLICATION, THE APPLICANT SHALL SUBMIT A POWER OF ATTORNEY DESIGNATING THE SUPERINTENDENT AS AGENT FOR THE PURPOSE OF RECEIVING SERVICE OF LEGAL DOCUMENTS OR PROCESS.

(2) THE POWER OF ATTORNEY SHALL INCLUDE THE NAME AND ADDRESS OF THE OFFICER, AGENT, OR OTHER PERSON TO WHOM SUCH LEGAL DOCUMENTS OR PROCESS SHALL BE FORWARDED BY THE SUPERINTENDENT OR THE SUPERINTENDENT'S DEPUTY ON BEHALF OF THE LIFE SETTLEMENT INTERMEDIARY.

(3) SERVICE OF LEGAL DOCUMENTS OR PROCESS UPON A LIFE SETTLEMENT INTERMEDIARY PURSUANT TO THIS SUBSECTION SHALL BE MADE BY SERVING THE SUPERINTENDENT, ANY DEPUTY SUPERINTENDENT OR ANY SALARIED EMPLOYEE OF THE DEPARTMENT WHOM THE SUPERINTENDENT DESIGNATES FOR SUCH PURPOSE WITH TWO COPIES THEREOF AND THE PAYMENT OF A FEE OF FORTY DOLLARS. THE SUPERINTENDENT SHALL FORWARD A COPY OF SUCH LEGAL DOCUMENTS OR PROCESS BY REGISTERED OR CERTIFIED MAIL TO THE LIFE SETTLEMENT INTERMEDIARY AT THE ADDRESS GIVEN IN ITS WRITTEN CERTIFICATE OF REGISTRATION, AND SHALL KEEP A RECORD OF ALL LEGAL DOCUMENTS OR PROCESS SO SERVED. SERVICE OF LEGAL DOCUMENTS OR PROCESS SO MADE SHALL BE DEEMED MADE WITHIN THE TERRITORIAL JURISDICTION OF ANY COURT IN THIS STATE.

(F) THE SUPERINTENDENT MAY REQUIRE ANY INDIVIDUAL NAMED IN THE REGISTRATION APPLICATION TO SUBMIT FINGERPRINTS OF BOTH HANDS RECORDED IN SUCH MANNER AS MAY BE SPECIFIED BY THE SUPERINTENDENT. THE FINGERPRINTS SHALL BE SUBMITTED TO THE DIVISION OF CRIMINAL JUSTICE SERVICES FOR A STATE CRIMINAL HISTORY RECORD CHECK, AS DEFINED IN SUBDIVISION ONE OF SECTION THREE THOUSAND THIRTY-FIVE OF THE EDUCATION LAW, AND MAY BE SUBMITTED TO THE FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY RECORD CHECK.

(G) THE SUPERINTENDENT, IN THE EXERCISE OF THE SUPERINTENDENT'S DISCRETION, MAY REFUSE TO ISSUE A LIFE SETTLEMENT INTERMEDIARY REGISTRATION IN THE NAME OF ANY PERSON IF NOT SATISFIED THAT ANY OFFICER, EMPLOYEE, STOCKHOLDER, PARTNER, DIRECTOR, MEMBER, AGENT, OR RESPONSIBLE PERSON THEREOF WHO MAY MATERIALLY INFLUENCE THE APPLICANT'S CONDUCT MEETS THE STANDARDS OF THIS ARTICLE.

(H) EVERY REGISTRATION ISSUED PURSUANT TO THIS SECTION MAY BE RENEWED FOR THE ENSUING PERIOD OF TWENTY-FOUR MONTHS UPON THE FILING OF AN APPLICATION IN CONFORMITY WITH THIS SECTION.

(I)(1) BEFORE THE RENEWAL OF ANY LIFE SETTLEMENT INTERMEDIARY REGISTRATION SHALL BE ISSUED, AN APPLICATION FOR RENEWAL OF THE REGISTRATION SHALL BE MADE TO THE SUPERINTENDENT BY THE APPLICANT ON A FORM PRESCRIBED BY THE SUPERINTENDENT AND CONTAINING SUCH INFORMATION AS THE SUPERINTENDENT MAY PRESCRIBE, AND THE APPLICATION SHALL BE ACCOMPANIED BY A FEE IN AN AMOUNT TO BE ESTABLISHED BY THE SUPERINTENDENT.

(2) IF AN APPLICATION FOR RENEWAL REGISTRATION SHALL HAVE BEEN FILED WITH THE SUPERINTENDENT BEFORE THE EXPIRATION OF THE REGISTRATION, THE REGISTRATION SOUGHT TO BE RENEWED SHALL CONTINUE IN FULL FORCE AND EFFECT EITHER UNTIL THE ISSUANCE BY THE SUPERINTENDENT OF THE RENEWAL REGISTRATION APPLIED FOR OR UNTIL FIVE DAYS AFTER THE SUPERINTENDENT SHALL HAVE REFUSED TO ISSUE SUCH RENEWAL REGISTRATION AND SHALL HAVE GIVEN NOTICE OF SUCH REFUSAL TO THE APPLICANT. BEFORE REFUSING TO RENEW ANY SUCH REGISTRATION, THE SUPERINTENDENT SHALL NOTIFY THE APPLICANT OF THE SUPERINTENDENT'S INTENTION TO DO SO AND SHALL GIVE SUCH APPLICANT A HEARING.

(3) AN APPLICATION FOR THE RENEWAL OF A REGISTRATION SHALL BE FILED WITH THE SUPERINTENDENT NOT LESS THAN SIXTY DAYS PRIOR TO THE DATE THE REGISTRATION EXPIRES OR THE APPLICANT MAY BE SUBJECT TO A FURTHER FEE FOR LATE FILING, AS PRESCRIBED BY THE SUPERINTENDENT.

(J) A LIFE SETTLEMENT INTERMEDIARY SHALL, AS TO ANY SUBSEQUENT CHANGES IN ANY OF THE ITEMS SET FORTH IN PARAGRAPH TWO OF SUBSECTION (C) AND PARAGRAPH ONE OF SUBSECTION (D) OF THIS SECTION, NOTIFY THE SUPERINTENDENT IN WRITING WITHIN THIRTY DAYS OF ANY SUCH CHANGE.

S 7805. LICENSE AND REGISTRATION REVOCATION. (A) THE SUPERINTENDENT MAY SUSPEND, REVOKE OR REFUSE TO RENEW THE LICENSE OF ANY LIFE SETTLEMENT PROVIDER OR THE REGISTRATION OF ANY LIFE SETTLEMENT INTERMEDIARY, IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT INTERMEDIARY, OR ANY OFFICER, PARTNER, MEMBER, OR KEY MANAGEMENT PERSONNEL THEREOF, HAS:

(1) VIOLATED ANY INSURANCE LAWS OR ANY REGULATION PROMULGATED THEREUNDER, ANY SUBPOENA OR ORDER OF THE SUPERINTENDENT OR OF ANOTHER STATE'S INSURANCE COMMISSIONER, OR ANY OTHER LAW IN THE COURSE OF THE LICENSEE'S DEALINGS IN SUCH CAPACITY;

(2) PROVIDED MATERIALLY INCORRECT, MATERIALLY MISLEADING, MATERIALLY INCOMPLETE OR MATERIALLY UNTRUE INFORMATION IN THE LICENSE OR REGISTRATION APPLICATION;

(3) OBTAINED OR ATTEMPTED TO OBTAIN A LICENSE OR REGISTRATION THROUGH MISREPRESENTATION OR FRAUD;

(4)(A) USED FRAUDULENT, COERCIVE OR DISHONEST PRACTICES;

(B) DEMONSTRATED INCOMPETENCE;

(C) DEMONSTRATED UNTRUSTWORTHINESS; OR

(D) DEMONSTRATED FINANCIAL IRRESPONSIBILITY IN THE CONDUCT OF BUSINESS IN THIS STATE OR ELSEWHERE;

(5) IMPROPERLY WITHHELD, MISAPPROPRIATED OR CONVERTED ANY MONIES OR PROPERTIES RECEIVED IN THE COURSE OF BUSINESS IN THIS STATE OR ELSEWHERE;

(6) INTENTIONALLY MISREPRESENTED THE TERMS OF ANY INSURANCE CONTRACT OR LIFE SETTLEMENT CONTRACT OR ANY APPLICATION THEREFOR;

(7) BEEN FOUND GUILTY OF, PLEADED GUILTY OR NOLO CONTENDERE TO, ANY FELONY, OR TO A MISDEMEANOR INVOLVING FRAUD OR MORAL TURPITUDE, REGARDLESS OF WHETHER A JUDGMENT OF CONVICTION HAS BEEN ENTERED BY THE COURT;

(8) ADMITTED OR BEEN FOUND TO HAVE COMMITTED ANY INSURANCE UNFAIR TRADE PRACTICE OR FRAUD;

(9) HAD A LIFE SETTLEMENT PROVIDER LICENSE OR LIFE SETTLEMENT INTERMEDIARY REGISTRATION, OR AN EQUIVALENT DENIED, SUSPENDED OR REVOKED IN ANY OTHER STATE, PROVINCE, DISTRICT OR TERRITORY;

(10) FORGED ANOTHER PERSON'S NAME TO AN APPLICATION FOR INSURANCE OR LIFE SETTLEMENT CONTRACT OR TO ANY DOCUMENT RELATED TO AN INSURANCE OR LIFE SETTLEMENT TRANSACTION;

(11) KNOWINGLY CONDUCTED THE BUSINESS OF LIFE SETTLEMENTS WITH A PERSON WHO IS NOT LICENSED OR REGISTERED UNLESS SUCH PERSON IS NOT REQUIRED TO BE LICENSED OR REGISTERED;

(12) DEMONSTRATED A PATTERN OF UNREASONABLE PAYMENTS TO OWNERS OR INSUREDS;

(13) FAILED TO HONOR CONTRACTUAL OBLIGATIONS SET OUT IN A LIFE SETTLEMENT CONTRACT;

(14) SOLD, ASSIGNED, PLEDGED OR OTHERWISE TRANSFERRED THE OWNERSHIP OF A SETTLED POLICY TO A PERSON OTHER THAN AS PROVIDED IN THIS ARTICLE; OR

(15) FAILED TO PROTECT THE PRIVACY OF THE INSURED OR OWNER OR OTHER PERSON FOR WHOM THE LICENSEE OR REGISTRANT WAS REQUIRED TO PROVIDE PROTECTION PURSUANT TO THIS ARTICLE.

(B)(1) BEFORE THE SUPERINTENDENT SUSPENDS, REVOKES OR REFUSES TO RENEW THE LICENSE OF A LIFE SETTLEMENT PROVIDER OR THE REGISTRATION OF A LIFE SETTLEMENT INTERMEDIARY, THE SUPERINTENDENT SHALL GIVE NOTICE TO THE LICENSEE OR REGISTRANT AND SHALL HOLD, OR CAUSE TO BE HELD, A HEARING NOT LESS THAN TEN DAYS AFTER THE GIVING OF SUCH NOTICE, EXCEPT THAT WHERE, IN THE JUDGMENT OF THE SUPERINTENDENT, THE PUBLIC HEALTH, SAFETY OR WELFARE SO REQUIRES, A LICENSE OR REGISTRATION MAY BE SUSPENDED FOR UP TO TEN DAYS PRIOR TO A HEARING.

(2) IN LIEU OF REVOKING OR SUSPENDING THE LICENSE OR REGISTRATION FOR ANY OF THE CAUSES ENUMERATED IN SUBSECTION (A) OF THIS SECTION, THE SUPERINTENDENT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED TEN THOUSAND DOLLARS FOR EACH VIOLATION.

(3) UPON THE FAILURE OF SUCH LICENSEE OR REGISTRANT TO PAY SUCH PENALTY ORDERED PURSUANT TO PARAGRAPH TWO OF THIS SUBSECTION WITHIN TWENTY DAYS AFTER THE MAILING OF SUCH ORDER, POSTAGE PREPAID, REGISTERED, AND ADDRESSED TO THE LAST KNOWN PLACE OF BUSINESS OF SUCH LICENSEE OR REGISTRANT, UNLESS SUCH ORDER IS STAYED BY A COURT OF COMPETENT JURISDICTION, THE SUPERINTENDENT MAY REVOKE THE LICENSE OF SUCH LICENSEE OR THE REGISTRATION OF SUCH REGISTRANT, OR MAY SUSPEND THE SAME FOR SUCH PERIOD AS THE SUPERINTENDENT DETERMINES.

S 7806. LIFE SETTLEMENT CONTRACT FORMS. (A) NO LICENSED LIFE SETTLEMENT PROVIDER SHALL ENTER INTO A LIFE SETTLEMENT CONTRACT SUBJECT TO THIS CHAPTER UNLESS THE LIFE SETTLEMENT CONTRACT FORM, APPLICATION FORM, AND ANY OTHER FORM AS MAY BE PRESCRIBED BY REGULATION, HAS BEEN FILED WITH AND APPROVED BY THE SUPERINTENDENT. THE SUPERINTENDENT MAY DISAPPROVE ANY SUCH FORM IF THE SUPERINTENDENT FINDS THE FORM OR ANY PROVISIONS CONTAINED THEREIN TO BE UNREASONABLE, CONTRARY TO LAW OR THE INTERESTS OF THE PEOPLE OF THIS STATE, OR OTHERWISE MISLEADING OR UNFAIR.

(B) WHENEVER, BY THE PROVISIONS OF THIS CHAPTER, THE SUPERINTENDENT HAS APPROVED ANY LIFE SETTLEMENT CONTRACT FORM, APPLICATION FORM, OR ANY OTHER FORM, THE SUPERINTENDENT MAY, AFTER NOTICE AND HEARING GIVEN TO THE LIFE SETTLEMENT PROVIDER THAT SUBMITTED THE FORM FOR APPROVAL, WITHDRAW AN APPROVAL PREVIOUSLY GIVEN IF:

(1) THE USE OF THE FORM IS CONTRARY TO THE REQUIREMENTS APPLICABLE TO THE FORM AT THE TIME OF SUCH WITHDRAWAL,

(2) IN THE SUPERINTENDENT'S JUDGMENT THE USE OF THE FORM WOULD BE PREJUDICIAL TO THE INTERESTS OF POLICYHOLDERS OR MEMBERS, OR

(3) IT CONTAINS PROVISIONS THAT ARE UNJUST, UNFAIR OR INEQUITABLE.

ANY WITHDRAWAL OF APPROVAL SHALL BE EFFECTIVE AT THE EXPIRATION OF SUCH PERIOD, AT LEAST NINETY DAYS AFTER THE GIVING OF NOTICE OF WITHDRAWAL OR AS THE SUPERINTENDENT SHALL IN SUCH NOTICE PRESCRIBE.

S 7807. REPORTING REQUIREMENTS. (A)(1) EVERY LICENSED LIFE SETTLEMENT PROVIDER SHALL FILE IN THE OFFICE OF THE SUPERINTENDENT, ANNUALLY ON OR BEFORE THE FIRST DAY OF MARCH, A STATEMENT, TO BE KNOWN AS ITS ANNUAL STATEMENT, VERIFIED BY THE OATH OF AT LEAST TWO OF ITS PRINCIPAL OFFICERS, SHOWING ITS CONDITION AT THE END OF THE PRECEDING CALENDAR YEAR. THE STATEMENT SHALL BE IN SUCH FORM AND SHALL CONTAIN SUCH OTHER MATTERS AS THE SUPERINTENDENT SHALL PRESCRIBE. IN ADDITION TO ANY OTHER REQUIREMENTS, THE ANNUAL STATEMENT SHALL SPECIFY THE TOTAL NUMBER, AGGREGATE FACE AMOUNT AND LIFE SETTLEMENT PROCEEDS OF POLICIES SETTLED DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR, TOGETHER WITH A BREAKDOWN OF THE INFORMATION BY POLICY ISSUE YEAR. THE INFORMATION SHALL NOT INCLUDE INDIVIDUAL TRANSACTION DATA REGARDING THE BUSINESS OF LIFE SETTLEMENTS OR INFORMATION IF THERE IS A REASONABLE BASIS TO BELIEVE THE INFORMATION COULD BE USED TO IDENTIFY THE OWNER OR THE INSURED.

(2) EVERY LIFE SETTLEMENT PROVIDER THAT WILLFULLY FAILS TO FILE AN ANNUAL STATEMENT AS REQUIRED IN THIS SECTION, OR WILLFULLY FAILS TO REPLY WITHIN THIRTY DAYS TO A WRITTEN INQUIRY BY THE SUPERINTENDENT IN CONNECTION THEREWITH, SHALL, IN ADDITION TO OTHER PENALTIES PROVIDED BY THIS CHAPTER, BE SUBJECT, UPON DUE NOTICE AND OPPORTUNITY TO BE HEARD, TO A PENALTY NOT TO EXCEED FIVE HUNDRED DOLLARS PER DAY OF DELAY, NOT TO EXCEED FIFTY THOUSAND DOLLARS IN THE AGGREGATE, FOR EACH SUCH FAILURE.

S 7808. EXAMINATIONS OR INVESTIGATIONS. THE SUPERINTENDENT MAY MAKE AN EXAMINATION OR INVESTIGATION INTO THE AFFAIRS OF ANY LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY, APPLICANT FOR LICENSURE AS A LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER, OR APPLICANT FOR REGISTRATION AS A LIFE SETTLEMENT INTERMEDIARY AS PRESCRIBED UNDER ARTICLE THREE OF THIS CHAPTER.

S 7809. ADVERTISING. (A) A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT INTERMEDIARY OR LIFE SETTLEMENT BROKER LICENSED PURSUANT TO THIS ARTICLE MAY CONDUCT OR PARTICIPATE IN ADVERTISEMENTS WITHIN THIS STATE. THE ADVERTISEMENTS SHALL COMPLY WITH ALL ADVERTISING AND MARKETING LAWS OR RULES AND REGULATIONS AS MAY BE PROMULGATED BY THE SUPERINTENDENT.

(B) ADVERTISEMENTS SHALL BE ACCURATE, TRUTHFUL AND NOT MISLEADING IN FACT OR BY IMPLICATION.

(C) NO LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT INTERMEDIARY, LIFE SETTLEMENT BROKER, OR ANY PERSON ACTING ON BEHALF THEREOF SHALL:

(1) DIRECTLY OR INDIRECTLY, MARKET, ADVERTISE, SOLICIT OR OTHERWISE PROMOTE THE PURCHASE OF A POLICY FOR THE PRIMARY PURPOSE OF, OR WITH AN EMPHASIS ON, SETTLING THE POLICY; OR

(2) USE THE WORDS "FREE", "NO COST" OR WORDS OF SIMILAR IMPORT IN THE MARKETING, ADVERTISING, SOLICITING OR OTHERWISE PROMOTING OF THE PURCHASE OF A POLICY.

(D) THE FAILURE TO FOLLOW THE PROVISIONS OF THIS SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS CHAPTER.

S 7810. PRIVACY. (A) EXCEPT AS OTHERWISE PERMITTED OR REQUIRED BY LAW, NO LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, OR LIFE SETTLEMENT INTERMEDIARY, OR ANY AUTHORIZED REPRESENTATIVE THEREOF, INSURER, INFORMATION BUREAU, RATING AGENCY OR COMPANY, OR ANY OTHER PERSON WITH ACTUAL KNOWLEDGE OF AN INSURED OR OWNER'S IDENTITY, SHALL DISCLOSE THE IDENTITY OF THE INSURED OR OWNER, OR ANY INFORMATION THAT

THERE IS A REASONABLE BASIS TO BELIEVE COULD BE USED TO IDENTIFY THE INSURED OR OWNER, OR THE INSURED'S FINANCIAL OR MEDICAL INFORMATION, TO ANY PERSON UNLESS THE DISCLOSURE IS:

(1) NECESSARY TO EFFECT A LIFE SETTLEMENT CONTRACT BETWEEN THE OWNER AND A LIFE SETTLEMENT PROVIDER AND THE OWNER AND INSURED HAVE PROVIDED PRIOR WRITTEN CONSENT TO THE DISCLOSURE;

(2) NECESSARY TO EFFECTUATE THE SALE OF A LIFE SETTLEMENT CONTRACT OR A SETTLED POLICY, OR INTEREST THEREIN, AS AN INVESTMENT, PROVIDED THAT EVERY SALE IS CONDUCTED IN ACCORDANCE WITH APPLICABLE STATE AND FEDERAL SECURITIES LAW AND PROVIDED FURTHER THAT THE OWNER AND THE INSURED HAVE BOTH PROVIDED PRIOR WRITTEN CONSENT TO THE DISCLOSURE;

(3) PROVIDED IN RESPONSE TO AN INVESTIGATION OR EXAMINATION BY THE SUPERINTENDENT, ANY OTHER GOVERNMENTAL OFFICER OR AGENCY, OR A SELF-REGULATING ENTITY ESTABLISHED PURSUANT TO FEDERAL SECURITIES LAW;

(4) A TERM OR CONDITION TO THE TRANSFER OF A POLICY BY ONE LICENSED LIFE SETTLEMENT PROVIDER TO ANOTHER LICENSED LIFE SETTLEMENT PROVIDER, IN WHICH CASE THE RECEIVING LIFE SETTLEMENT PROVIDER SHALL BE REQUIRED TO COMPLY WITH THE CONFIDENTIALITY REQUIREMENTS OF THIS SECTION;

(5) NECESSARY TO ALLOW THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER, OR ANY AUTHORIZED REPRESENTATIVE THEREOF, TO MAKE CONTACTS FOR THE PURPOSE OF DETERMINING HEALTH STATUS. FOR THE PURPOSES OF THIS SECTION, THE TERM "AUTHORIZED REPRESENTATIVE" SHALL NOT INCLUDE ANY PERSON WHO HAS OR MAY HAVE ANY FINANCIAL INTEREST IN THE LIFE SETTLEMENT CONTRACT OTHER THAN A LICENSED LIFE SETTLEMENT PROVIDER, LICENSED LIFE SETTLEMENT BROKER, FINANCING ENTITY, RELATED PROVIDER TRUST OR SPECIAL PURPOSE ENTITY; FURTHER, A LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER SHALL REQUIRE ITS AUTHORIZED REPRESENTATIVE TO AGREE IN WRITING TO ADHERE TO THE PRIVACY PROVISIONS OF THIS ARTICLE;

(6) REQUIRED TO PURCHASE INSURANCE; OR

(7) OTHERWISE PERMITTED BY REGULATION PROMULGATED BY THE SUPERINTENDENT.

(B) ANY PERSON WHO OBTAINS OR MAY OBTAIN A SETTLED POLICY, OR ANY INTEREST THEREIN, PURSUANT TO A TRANSFER, SALE, CONVEYANCE OR ASSIGNMENT OF A SETTLED POLICY, OR ANY INTEREST THEREIN, SHALL:

(1) COMPLY WITH THE PROVISIONS OF THIS CHAPTER AND REGULATIONS PROMULGATED THEREUNDER AND ALL OTHER APPLICABLE LAWS, GOVERNING THE PROTECTION OF THE IDENTITY AND PRIVACY OF THE INSURED OR OWNER; AND

(2) PROTECT AGAINST THE UNLAWFUL RELEASE OF ALL INFORMATION CONCERNING THE IDENTITY OF ANY INSURED OR OWNER, WHICH INFORMATION WOULD OR COULD REASONABLY BE EXPECTED TO BE USED TO IDENTIFY OR CONTACT SUCH INSURED OR OWNER, INCLUDING THE NAME, ADDRESS OR SOCIAL SECURITY NUMBER OF THE INSURED OR THE OWNER, OR REPRESENTATIVE THEREOF, THE RELATED INSURANCE POLICY NUMBER OR THE INSURED'S MEDICAL INFORMATION.

(C) NON-PUBLIC PERSONAL INFORMATION SOLICITED OR OBTAINED IN CONNECTION WITH A PROPOSED OR EXECUTED LIFE SETTLEMENT CONTRACT SHALL BE SUBJECT TO THE PROVISIONS APPLICABLE TO FINANCIAL INSTITUTIONS UNDER THE GRAMM LEACH BLILEY ACT, P.L. 106-102 (1999), AND ALL OTHER APPLICABLE LAWS RELATING TO CONFIDENTIALITY OF NON-PUBLIC PERSONAL INFORMATION.

(D) THE FAILURE TO FOLLOW THE PROVISIONS OF THIS SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS CHAPTER.

S 7811. DISCLOSURES TO OWNERS AND INSUREDS. (A) THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER SHALL PROVIDE TO THE OWNER AND INSURED WITH A SEPARATE WRITTEN DOCUMENT CONSPICUOUSLY DISPLAYING THE INFORMATION AND DISCLOSURES REQUIRED BY THIS SUBSECTION. THE SEPARATE DOCUMENT SHALL BE SIGNED BY THE OWNER, INSURED AND LIFE SETTLEMENT

PROVIDER, NO LATER THAN THE DATE THE LIFE SETTLEMENT CONTRACT IS SIGNED BY ALL PARTIES. AT A MINIMUM, THE DOCUMENT SHALL STATE:

(1) THAT THERE ARE POSSIBLE ALTERNATIVES TO LIFE SETTLEMENT CONTRACTS, INCLUDING ACCELERATED BENEFITS OFFERED BY THE ISSUER OF THE POLICY;

(2) THAT SOME OR ALL OF THE PROCEEDS OF A LIFE SETTLEMENT CONTRACT MAY BE TAXABLE AND THAT ADVICE SHOULD BE SOUGHT FROM A PROFESSIONAL TAX ADVISOR;

(3) THAT THE PROCEEDS FROM A LIFE SETTLEMENT CONTRACT COULD BE SUBJECT TO THE CLAIMS OF CREDITORS;

(4) THAT RECEIPT OF PROCEEDS FROM A LIFE SETTLEMENT CONTRACT MAY ADVERSELY AFFECT THE RECIPIENTS' ELIGIBILITY FOR PUBLIC ASSISTANCE OR OTHER GOVERNMENT BENEFITS OR ENTITLEMENTS AND THAT ADVICE SHOULD BE OBTAINED FROM THE APPROPRIATE AGENCIES;

(5) THAT THE OWNER HAS A RIGHT TO TERMINATE A LIFE SETTLEMENT CONTRACT WITHIN FIFTEEN DAYS OF THE RECEIPT OF THE LIFE SETTLEMENT PROCEEDS BY THE OWNER;

(6) THAT PROCEEDS WILL BE SENT TO THE OWNER WITHIN THREE BUSINESS DAYS AFTER THE LIFE SETTLEMENT PROVIDER HAS RECEIVED THE INSURER OR GROUP ADMINISTRATOR'S ACKNOWLEDGEMENT THAT OWNERSHIP OF THE POLICY OR INTEREST IN THE CERTIFICATE HAS BEEN TRANSFERRED AND THE BENEFICIARY HAS BEEN DESIGNATED IN ACCORDANCE WITH THE TERMS OF THE LIFE SETTLEMENT CONTRACT;

(7) THAT ENTERING INTO A LIFE SETTLEMENT CONTRACT MAY CAUSE OTHER RIGHTS OR BENEFITS, INCLUDING CONVERSION RIGHTS AND WAIVER OF PREMIUM BENEFITS, THAT MAY EXIST UNDER THE POLICY OR CERTIFICATE OF A GROUP POLICY TO BE FORFEITED BY THE OWNER AND THAT ASSISTANCE SHOULD BE SOUGHT FROM A PROFESSIONAL FINANCIAL ADVISOR;

(8) THE AMOUNT AND METHOD OF CALCULATING THE COMPENSATION PROVIDED OR TO BE PROVIDED TO THE LIFE SETTLEMENT BROKER, AND ANY OTHER PERSON IN CONNECTION WITH THE TRANSACTION, INCLUDING THE IDENTITY THEREOF;

(9) THE DATE BY WHICH THE FUNDS WILL BE AVAILABLE TO THE OWNER AND THE TRANSMITTER OF THE FUNDS;

(10) THAT THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER IS REQUIRED TO PROVIDE AN OWNER OR INSURED DURING THE SOLICITATION PROCESS WITH A CONSUMER INFORMATION BOOKLET IN A FORM PRESCRIBED BY THE SUPER- INTENDENT;

(11) THAT THE INSURED MAY BE CONTACTED BY EITHER THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER, OR ANY AUTHORIZED REPRESENTATIVE THEREOF, FOR THE PURPOSE OF DETERMINING THE INSURED'S HEALTH STATUS OR TO VERIFY THE INSURED'S ADDRESS, AND THAT THE CONTACT SHALL BE LIMITED TO ONCE EVERY THREE MONTHS IF THE INSURED HAS A LIFE EXPECTANCY OF MORE THAN ONE YEAR, AND NO MORE THAN ONCE PER MONTH IF THE INSURED HAS A LIFE EXPECTANCY OF ONE YEAR OR LESS;

(12) ANY AFFILIATIONS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE LIFE SETTLEMENT PROVIDER AND THE ISSUER OF THE POLICY TO BE SETTLED;

(13) ANY AFFILIATIONS OR CONTRACTUAL ARRANGEMENTS WITH ANY OTHER LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERME- DIARY OR PARTY FINANCING THE TRANSACTION;

(14) THAT A LIFE SETTLEMENT BROKER REPRESENTS EXCLUSIVELY THE OWNER, AND NOT THE INSURER OR THE LIFE SETTLEMENT PROVIDER OR ANY OTHER PERSON, AND OWES A FIDUCIARY DUTY TO THE OWNER, INCLUDING A DUTY TO ACT ACCORD- ING TO THE OWNER'S INSTRUCTIONS AND IN THE BEST INTEREST OF THE OWNER;

(15) THE NAME, BUSINESS ADDRESS, TELEPHONE NUMBER AND E-MAIL ADDRESS OF THE INDEPENDENT, THIRD PARTY ESCROW AGENT AND THAT THE OWNER HAS THE RIGHT TO INSPECT OR RECEIVE COPIES OF THE RELEVANT ESCROW OR TRUST AGREEMENTS OR DOCUMENTS;

(16) THAT A CHANGE OF OWNERSHIP COULD IN THE FUTURE LIMIT THE INSURED'S ABILITY TO PURCHASE FUTURE INSURANCE ON THE INSURED'S LIFE BECAUSE THERE IS A LIMIT TO HOW MUCH COVERAGE INSURERS WILL ISSUE ON ONE LIFE;

(17) THE NAME, BUSINESS ADDRESS, TELEPHONE NUMBER AND E-MAIL ADDRESS OF THE LIFE SETTLEMENT PROVIDER; AND

(18) ANY OTHER INFORMATION OR DISCLOSURE THAT THE SUPERINTENDENT MAY REQUIRE.

(B) THE DISCLOSURE DOCUMENT PROVIDED BY THE LIFE SETTLEMENT PROVIDER SHALL CONTAIN THE FOLLOWING LANGUAGE, OR SUCH OTHER LANGUAGE REQUIRED BY THE SUPERINTENDENT BY REGULATION: "ALL MEDICAL, FINANCIAL OR PERSONAL INFORMATION SOLICITED OR OBTAINED BY A LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER ABOUT AN INSURED, INCLUDING THE INSURED'S IDENTITY OR THE IDENTITY OF FAMILY MEMBERS, A SPOUSE OR A SIGNIFICANT OTHER MAY BE DISCLOSED AS NECESSARY TO EFFECT THE LIFE SETTLEMENT CONTRACT BETWEEN THE OWNER AND PROVIDER. IF YOU ARE ASKED TO PROVIDE THIS INFORMATION, YOU WILL BE ASKED TO CONSENT TO THE DISCLOSURE. THE INFORMATION MAY BE PROVIDED TO SOMEONE WHO BUYS THE POLICY OR PROVIDES FUNDS FOR THE PURCHASE. YOU MAY BE ASKED TO RENEW YOUR PERMISSION TO SHARE INFORMATION EVERY TWO YEARS".

(C) THE LIFE SETTLEMENT BROKER SHALL PROVIDE THE OWNER AND INSURED WITH A SEPARATE WRITTEN DOCUMENT CONSPICUOUSLY DISPLAYING THE INFORMATION AND DISCLOSURES REQUIRED BY THIS SUBSECTION. THE SEPARATE DOCUMENT SHALL BE SIGNED BY THE OWNER, INSURED AND LIFE SETTLEMENT BROKER, NO LATER THAN THE DATE THE LIFE SETTLEMENT CONTRACT IS SIGNED BY ALL PARTIES. AT A MINIMUM, THE DOCUMENT SHALL STATE:

(1) THE NAME, BUSINESS ADDRESS, TELEPHONE NUMBER AND E-MAIL ADDRESS OF THE LIFE SETTLEMENT BROKER;

(2) A FULL, COMPLETE AND ACCURATE DESCRIPTION OF ALL THE OFFERS, COUNTER-OFFERS, ACCEPTANCES AND REJECTIONS RELATING TO THE PROPOSED LIFE SETTLEMENT CONTRACT;

(3) ANY AFFILIATIONS OR CONTRACTUAL ARRANGEMENTS WITH ANY LIFE SETTLEMENT PROVIDER, OTHER LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY OR ANY FINANCING ENTITY;

(4) THE NAME OF EACH LIFE SETTLEMENT BROKER AND ANY OTHER PERSON WHO RECEIVES OR WILL RECEIVE COMPENSATION DUE TO THE LIFE SETTLEMENT CONTRACT AND THE AMOUNT OF COMPENSATION RECEIVED OR TO BE RECEIVED BY THAT BROKER OR OTHER PERSON;

(5) A COMPLETE RECONCILIATION OF THE GROSS OFFER OR BID BY THE LIFE SETTLEMENT PROVIDER TO THE NET AMOUNT OF PROCEEDS OR VALUE TO BE RECEIVED BY THE OWNER, PROVIDED THAT FOR THE PURPOSE OF THIS SECTION, "GROSS OFFER OR BID" SHALL MEAN THE TOTAL AMOUNT OR VALUE OFFERED BY THE LIFE SETTLEMENT PROVIDER FOR THE PURCHASE OF ONE OR MORE LIFE INSURANCE POLICIES, INCLUSIVE OF COMMISSIONS AND FEES; AND

(6) ANY OTHER INFORMATION OR DISCLOSURE THAT THE SUPERINTENDENT MAY REQUIRE.

(D) THE FAILURE TO PROVIDE THE DISCLOSURES DESCRIBED IN THIS SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS CHAPTER.

S 7812. LIFE INSURANCE APPLICATIONS. (A) WITHOUT LIMITING THE ABILITY OF AN INSURER TO ASSESS THE INSURABILITY OF A POLICY APPLICANT AND TO DETERMINE WHETHER OR NOT TO ISSUE THE POLICY, AND IN ADDITION TO OTHER QUESTIONS AN INSURER MAY LAWFULLY POSE TO A LIFE INSURANCE APPLICANT, INSURERS MAY INQUIRE IN THE APPLICATION FOR INSURANCE WHETHER THE PROPOSED OWNER INTENDS TO PAY PREMIUMS WITH THE ASSISTANCE OF FINANCING FROM A LENDER THAT WILL USE THE POLICY AS COLLATERAL TO SUPPORT THE FINANCING.

(B) THE INSURER MAY INCLUDE THE FOLLOWING NOTICE TO THE APPLICANT AND THE INSURED, OR OTHER NOTICE ACCEPTABLE TO THE SUPERINTENDENT, ON THE APPLICATION OR AS AN AMENDMENT THERETO: "IF YOU ENTER INTO A LOAN ARRANGEMENT WHERE THE POLICY IS USED AS COLLATERAL, AND THE POLICY CHANGES OWNERSHIP AT SOME POINT IN THE FUTURE IN SATISFACTION OF THE LOAN, THEN THE FOLLOWING MAY BE TRUE:

(1) A CHANGE OF OWNERSHIP MAY LEAD TO A PERSON UNKNOWN TO YOU OWNING AN INTEREST IN THE INSURED'S LIFE;

(2) A CHANGE OF OWNERSHIP MAY LIMIT YOUR ABILITY TO PURCHASE INSURANCE IN THE FUTURE ON THE INSURED'S LIFE BECAUSE THERE IS A LIMIT TO HOW MUCH COVERAGE INSURERS WILL ISSUE ON ONE LIFE;

(3) IF OWNERSHIP OF THE LIFE INSURANCE POLICY CHANGES, AND YOU WISH TO OBTAIN MORE INSURANCE COVERAGE ON THE INSURED'S LIFE IN THE FUTURE, THE INSURED'S HIGHER ISSUE AGE, A CHANGE IN HEALTH STATUS, AND/OR OTHER FACTORS MAY REDUCE THE ABILITY TO OBTAIN COVERAGE AND/OR MAY RESULT IN SIGNIFICANTLY HIGHER PREMIUMS; AND

(4) YOU SHOULD CONSULT A PROFESSIONAL ADVISOR, SINCE A CHANGE IN OWNERSHIP IN SATISFACTION OF THE LOAN MAY RESULT IN TAX CONSEQUENCES TO THE OWNER."

S 7813. GENERAL RULES. (A) A LIFE SETTLEMENT PROVIDER ENTERING INTO A LIFE SETTLEMENT CONTRACT SHALL FIRST OBTAIN A WRITTEN CONSENT FROM THE INSURED TO THE RELEASE OF THE INSURED'S MEDICAL RECORDS SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION SEVEN THOUSAND EIGHT HUNDRED TEN OF THIS ARTICLE.

(B) THE INSURER SHALL RESPOND TO A REQUEST FOR VERIFICATION OF COVERAGE SUBMITTED BY A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER OR LIFE SETTLEMENT INTERMEDIARY WITHIN FIFTEEN DAYS AFTER THE DATE THE REQUEST IS RECEIVED. THE INSURER SHALL COMPLETE AND ISSUE THE VERIFICATION OF COVERAGE OR INDICATE THE SPECIFIC REASONS WHY IT IS UNABLE TO RESPOND. IN ITS RESPONSE, THE INSURER SHALL INDICATE WHETHER, BASED ON THE MEDICAL EVIDENCE AND DOCUMENTS PROVIDED, THE INSURER IS PURSUING OR INTENDS TO PURSUE AN INVESTIGATION REGARDING THE VALIDITY OF THE POLICY.

(C) THE LIFE SETTLEMENT PROVIDER SHALL GIVE WRITTEN NOTICE TO THE INSURER THAT ISSUED THE POLICY WITHIN TEN DAYS AFTER THE LIFE SETTLEMENT CONTRACT IS EXECUTED BY ALL PARTIES.

(D) UNLESS THE INSURER IS PURSUING OR INTENDS TO PURSUE AN INVESTIGATION, THE INSURER SHALL, WITHIN FIFTEEN DAYS OF RECEIPT OF A REQUEST FOR A CHANGE OF OWNERSHIP OR ASSIGNMENT USED TO EFFECTUATE THE TRANSFER OR ASSIGNMENT OF THE OWNER'S RIGHTS OR BENEFITS UNDER A POLICY TO A LIFE SETTLEMENT PROVIDER, PROCESS THE CHANGE OF OWNERSHIP OR ASSIGNMENT AND NOTIFY THE LIFE SETTLEMENT PROVIDER AND THE OWNER THAT THE TRANSFER OR ASSIGNMENT HAS BEEN EFFECTUATED.

(E) IF A LIFE SETTLEMENT BROKER PERFORMS ANY ACTIVITY REQUIRED OF THE LIFE SETTLEMENT PROVIDER IN THIS SECTION OR PROVIDES ANY DISCLOSURES REQUIRED BY SECTION SEVEN THOUSAND EIGHT HUNDRED ELEVEN OF THIS ARTICLE, THEN THE LIFE SETTLEMENT PROVIDER IS DEEMED TO HAVE PERFORMED THAT ACTIVITY OR PROVIDED THAT DISCLOSURE.

(F) ALL MEDICAL INFORMATION SOLICITED OR OBTAINED BY ANY LICENSEE OR ANY OTHER PERSON SHALL BE SUBJECT TO THE PROVISIONS APPLICABLE TO HEALTH CARE PROVIDERS UNDER THE PUBLIC HEALTH LAW AND ALL APPLICABLE LAWS RELATING TO CONFIDENTIALITY OF MEDICAL INFORMATION, PROVIDED THAT, TO THE EXTENT THAT THIS CHAPTER PROVIDES FOR GREATER CONFIDENTIALITY OF MEDICAL INFORMATION, THIS CHAPTER SHALL GOVERN.

(G)(1) EVERY LIFE SETTLEMENT CONTRACT SHALL PROVIDE THAT THE OWNER HAS AN UNCONDITIONAL RIGHT TO RESCIND THE LIFE SETTLEMENT CONTRACT FOR FIFTEEN DAYS AFTER THE RECEIPT OF THE LIFE SETTLEMENT PROCEEDS BY THE

OWNER BY GIVING NOTICE OF RESCISSION TO THE LIFE SETTLEMENT PROVIDER BY MIDNIGHT OF THE FIFTEENTH DAY.

(2) WITHIN FIVE DAYS AFTER RECEIPT OF THE NOTICE OF RESCISSION, THE LIFE SETTLEMENT PROVIDER SHALL PROVIDE A WRITTEN STATEMENT TO THE OWNER ITEMIZING THE AMOUNT OF ALL LIFE SETTLEMENT PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID OR TO BE PAID AS OF A DATE CERTAIN AS MAY BE REQUESTED BY THE OWNER.

(3) WITHIN FIFTEEN DAYS AFTER THE RECEIPT OF THE WRITTEN, ITEMIZED STATEMENT BY THE OWNER, THE OWNER MUST REPAY ALL SUCH LIFE SETTLEMENT PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID BY THE LIFE SETTLEMENT PROVIDER.

(4) IF THE INSURED DIES DURING THE RESCISSION PERIOD, THE LIFE SETTLEMENT CONTRACT SHALL BE DEEMED TO HAVE BEEN RESCINDED, SUBJECT TO REPAYMENT OF ALL LIFE SETTLEMENT PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID BY THE LIFE SETTLEMENT PROVIDER.

(5) WITHIN FIVE DAYS AFTER RECEIPT OF NOTICE OF THE INSURED'S DEATH DURING THE RESCISSION PERIOD, THE LIFE SETTLEMENT PROVIDER SHALL PROVIDE A WRITTEN STATEMENT TO THE OWNER OR, IF THE OWNER IS DECEASED, TO THE LEGAL REPRESENTATIVE OF THE OWNER'S ESTATE, ITEMIZING THE AMOUNT OF ALL LIFE SETTLEMENT PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID OR TO BE PAID AS OF A DATE CERTAIN AS MAY BE REQUESTED BY THE OWNER OR THE LEGAL REPRESENTATIVE OF THE OWNER'S ESTATE. AS SOON AS PRACTICABLE, THE OWNER OR THE OWNER'S ESTATE SHALL REPAY ALL SUCH PROCEEDS AND ANY PREMIUMS, LOANS AND LOAN INTEREST PAID BY THE LIFE SETTLEMENT PROVIDER.

(H) WITHIN THREE BUSINESS DAYS AFTER RECEIPT FROM THE OWNER OF DOCUMENTS TO EFFECT THE TRANSFER OF THE INSURANCE POLICY, THE LIFE SETTLEMENT PROVIDER SHALL DEPOSIT THE PROCEEDS OF THE LIFE SETTLEMENT CONTRACT INTO AN ESCROW OR TRUST ACCOUNT MAINTAINED IN AN INSURED BANK LOCATED IN THIS STATE OR OTHER BANK ACCEPTABLE TO THE SUPERINTENDENT. THE ESCROW AGENT OR TRUSTEE SHALL BE REQUIRED TO TRANSFER THE PROCEEDS DUE TO THE OWNER WITHIN THREE BUSINESS DAYS OF ACKNOWLEDGEMENT OF THE TRANSFER FROM THE INSURER.

(I) FAILURE TO TENDER THE LIFE SETTLEMENT CONTRACT PROCEEDS TO THE OWNER BY THE DATE DISCLOSED TO THE OWNER SHALL RENDER THE LIFE SETTLEMENT CONTRACT VOIDABLE BY THE OWNER FOR LACK OF CONSIDERATION UNTIL THE TIME THE PROCEEDS ARE TENDERED TO AND ACCEPTED BY THE OWNER. A FAILURE TO GIVE WRITTEN NOTICE OF THE RIGHT OF RESCISSION HEREUNDER SHALL TOLL THE RIGHT OF RESCISSION UNTIL THIRTY DAYS AFTER THE WRITTEN NOTICE OF THE RIGHT OF RESCISSION HAS BEEN GIVEN.

(J) THE VALUE OF ANY COMPENSATION PROVIDED TO A LIFE SETTLEMENT BROKER IN EXCHANGE FOR SERVICES PROVIDED TO THE OWNER PERTAINING TO A LIFE SETTLEMENT CONTRACT SHALL BE COMPUTED AS A PERCENTAGE OF THE OFFER OBTAINED, NOT THE FACE VALUE OF THE POLICY. A LIFE SETTLEMENT BROKER MAY REDUCE THE COMPENSATION PROVIDED BELOW THIS PERCENTAGE.

(K)(1) NO PERSON, AT ANY TIME PRIOR TO, OR AT THE TIME OF, THE APPLICATION FOR, OR ISSUANCE OF, A POLICY, OR DURING THE TWO-YEAR PERIOD COMMENCING WITH THE DATE OF ISSUANCE OF THE POLICY, SHALL ENTER INTO A LIFE SETTLEMENT CONTRACT, REGARDLESS OF THE DATE THE COMPENSATION IS TO BE PROVIDED AND REGARDLESS OF THE DATE THE ASSIGNMENT, TRANSFER, SALE, DEVISE OR BEQUEST OF THE POLICY IS TO OCCUR. THIS PROHIBITION SHALL NOT APPLY IF THE OWNER CERTIFIES TO THE LIFE SETTLEMENT PROVIDER THAT:

(A) THE POLICY WAS ISSUED UPON THE OWNER'S EXERCISE OF CONVERSION RIGHTS ARISING OUT OF A POLICY, PROVIDED THE TOTAL OF THE TIME COVERED UNDER THE CONVERSION POLICY PLUS THE TIME COVERED UNDER THE PRIOR POLICY IS AT LEAST TWENTY-FOUR MONTHS. THE TIME COVERED UNDER A GROUP POLICY

SHALL BE CALCULATED WITHOUT REGARD TO A CHANGE IN INSURERS, PROVIDED THE COVERAGE HAS BEEN CONTINUOUS AND UNDER THE SAME GROUP SPONSORSHIP; OR

(B) ONE OR MORE OF THE FOLLOWING CONDITIONS, FOR WHICH THE OWNER SUBMITS INDEPENDENT EVIDENCE TO THE LIFE SETTLEMENT PROVIDER, HAVE BEEN MET WITHIN THE TWO-YEAR PERIOD:

(I) THE OWNER OR INSURED IS TERMINALLY OR CHRONICALLY ILL;

(II) THE OWNER OR INSURED DISPOSES OF OWNERSHIP INTERESTS IN A CLOSELY HELD CORPORATION, PURSUANT TO THE TERMS OF A BUYOUT OR OTHER SIMILAR AGREEMENT IN EFFECT AT THE TIME THE INSURANCE POLICY WAS INITIALLY ISSUED;

(III) THE OWNER'S SPOUSE DIES;

(IV) THE OWNER DIVORCES HIS OR HER SPOUSE;

(V) THE OWNER RETIRES FROM FULL-TIME EMPLOYMENT OR INVOLUNTARILY CEASES EMPLOYMENT;

(VI) THE OWNER BECOMES PHYSICALLY OR MENTALLY DISABLED AND A PHYSICIAN DETERMINES THAT THE DISABILITY PREVENTS THE OWNER FROM MAINTAINING FULL-TIME EMPLOYMENT;

(VII) A FINAL ORDER, JUDGMENT OR DECREE IS ENTERED BY A COURT OF COMPETENT JURISDICTION, ON THE APPLICATION OF A CREDITOR OF THE OWNER, ADJUDICATING THE OWNER BANKRUPT OR INSOLVENT, OR APPROVING A PETITION SEEKING REORGANIZATION OF THE OWNER OR APPOINTING A RECEIVER, TRUSTEE OR LIQUIDATOR TO ALL OR A SUBSTANTIAL PART OF THE OWNER'S ASSETS; OR

(VIII) ANY OTHER CONDITION THAT THE SUPERINTENDENT MAY DETERMINE BY REGULATION TO BE AN EXTRAORDINARY CIRCUMSTANCE FOR THE OWNER OR THE INSURED.

(2) COPIES OF THE INDEPENDENT EVIDENCE REQUIRED BY SUBPARAGRAPH (B) OF PARAGRAPH ONE OF THIS SUBSECTION SHALL BE SUBMITTED TO THE INSURER WHEN THE LIFE SETTLEMENT PROVIDER SUBMITS A REQUEST TO THE INSURER FOR VERIFICATION OF COVERAGE. THE COPIES SHALL BE ACCOMPANIED BY A LETTER OF ATTESTATION FROM THE LIFE SETTLEMENT PROVIDER THAT THE COPIES ARE TRUE AND CORRECT COPIES OF THE DOCUMENTS RECEIVED BY THE LIFE SETTLEMENT PROVIDER. NOTHING IN THIS SECTION SHALL PROHIBIT AN INSURER FROM EXERCISING ITS RIGHT TO CONTEST THE VALIDITY OF ANY POLICY.

(3) FOR THE PURPOSES OF THIS SECTION A PERSON IS:

(A) TERMINALLY ILL IF THE INDIVIDUAL HAS AN ILLNESS, SICKNESS OR PHYSICAL CONDITION THAT CAN REASONABLY BE EXPECTED TO RESULT IN DEATH IN TWENTY-FOUR MONTHS OR LESS; OR

(B) CHRONICALLY ILL IF THAT INDIVIDUAL HAS BEEN CERTIFIED BY A LICENSED HEALTH CARE PRACTITIONER AS:

(I) BEING UNABLE TO PERFORM WITHOUT SUBSTANTIAL ASSISTANCE FROM ANOTHER INDIVIDUAL AT LEAST TWO ACTIVITIES OF DAILY LIVING (I.E., EATING, TOILETING, TRANSFERRING, BATHING, DRESSING OR CONTINENCE) FOR A PERIOD OF AT LEAST NINETY DAYS, DUE TO A LOSS OF FUNCTIONAL CAPACITY;

(II) REQUIRING SUBSTANTIAL SUPERVISION TO PROTECT THE INDIVIDUAL FROM THREATS TO HEALTH AND SAFETY DUE TO SEVERE COGNITIVE IMPAIRMENT FOR A PERIOD OF AT LEAST NINETY DAYS, DUE TO A LOSS OF FUNCTIONAL CAPACITY; OR

(III) HAVING A LEVEL OF DISABILITY SIMILAR TO THAT DESCRIBED IN CLAUSE (I) OF THIS SUBPARAGRAPH, AS DETERMINED BY THE UNITED STATES SECRETARY OF HEALTH AND HUMAN SERVICES.

(L) CONTACTS WITH THE INSURED FOR THE PURPOSE OF DETERMINING THE HEALTH STATUS OF THE INSURED BY A LICENSED LIFE SETTLEMENT PROVIDER AFTER THE LIFE SETTLEMENT CONTRACT HAS BEEN EXECUTED SHALL BE MADE ONLY BY THE LICENSED LIFE SETTLEMENT PROVIDER OR LICENSED LIFE SETTLEMENT BROKER, OR ANY AUTHORIZED REPRESENTATIVE THEREOF, AND SHALL BE LIMITED TO ONCE EVERY THREE MONTHS FOR AN INSURED WITH A LIFE EXPECTANCY OF MORE

THAN ONE YEAR, AND TO NO MORE THAN ONCE PER MONTH FOR AN INSURED WITH A LIFE EXPECTANCY OF ONE YEAR OR LESS.

(M) THE LIFE SETTLEMENT BROKER SHALL REPRESENT ONLY THE OWNER AND OWES A FIDUCIARY DUTY TO THE OWNER, INCLUDING A DUTY TO ACT ACCORDING TO THE OWNER'S INSTRUCTIONS AND IN THE BEST INTEREST OF THE OWNER.

(N)(1) A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, OR LIFE SETTLEMENT INTERMEDIARY SHALL BE RESPONSIBLE FOR THE ACTIONS OF ITS AUTHORIZED REPRESENTATIVE.

(2) AN AUTHORIZED REPRESENTATIVE OF A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, OR LIFE SETTLEMENT INTERMEDIARY SHALL NOT HAVE ANY FINANCIAL INTEREST IN THE LIFE SETTLEMENT CONTRACT OR A SETTLED POLICY.

(O)(1) A LIFE SETTLEMENT INTERMEDIARY'S SERVICES SHALL NOT BE LIMITED TO LIFE SETTLEMENT PROVIDERS OR LIFE SETTLEMENT BROKERS THAT ARE AFFILIATES, PARENTS, OR SUBSIDIARIES OF THE LIFE SETTLEMENT INTERMEDIARY.

(2) A LIFE SETTLEMENT INTERMEDIARY SHALL ESTABLISH AND MAINTAIN SYSTEMS, PRACTICES AND PROCEDURES TO ENSURE THAT:

(A) EVERY TRANSACTION WITH AN AFFILIATE, PARENT OR SUBSIDIARY OF THE LIFE SETTLEMENT INTERMEDIARY IS FAIR AND EQUITABLE AND CONDUCTED ON AN ARMS-LENGTH BASIS; AND

(B) AN AFFILIATE, PARENT OR SUBSIDIARY OF THE LIFE SETTLEMENT INTERMEDIARY IS NOT GRANTED OR PROVIDED WITH PREFERENTIAL TREATMENT OR ACCESS TO INFORMATION OR SERVICES THAT ARE NOT GRANTED OR PROVIDED TO AN UNAFFILIATED LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER THAT CONDUCTS BUSINESS WITH THE LIFE SETTLEMENT INTERMEDIARY.

(P) A LIFE SETTLEMENT PROVIDER MAY SELL, ASSIGN, PLEDGE OR OTHERWISE TRANSFER THE OWNERSHIP OF A SETTLED POLICY ONLY TO A LICENSED LIFE SETTLEMENT PROVIDER, AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER, FINANCING ENTITY, SPECIAL PURPOSE ENTITY, OR RELATED PROVIDER TRUST; PROVIDED, HOWEVER, A LIFE SETTLEMENT PROVIDER MAY SELL, ASSIGN, PLEDGE OR OTHERWISE TRANSFER A BENEFICIAL INTEREST IN A SETTLED POLICY TO SOMEONE OTHER THAN A LIFE SETTLEMENT PROVIDER LICENSED IN THIS STATE, AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER, FINANCING ENTITY, SPECIAL PURPOSE ENTITY, OR RELATED PROVIDER TRUST IF A LICENSED LIFE SETTLEMENT PROVIDER CONTINUES TO ADMINISTER AND SERVICE THE SETTLED POLICY AND PROTECTS THE PRIVACY OF THE INSURED AND OWNER PURSUANT TO SECTION SEVEN THOUSAND EIGHT HUNDRED TEN OF THIS ARTICLE.

(Q) THE FAILURE TO FOLLOW THE PROVISIONS OF THIS SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS CHAPTER.

S 7814. PROHIBITED PRACTICES. (A) NO PERSON SHALL:

(1) ENTER INTO A LIFE SETTLEMENT CONTRACT IF THE PERSON KNOWS OR REASONABLY SHOULD HAVE KNOWN THAT THE POLICY WAS OBTAINED BY MEANS OF A FALSE, DECEPTIVE OR MISLEADING APPLICATION FOR SUCH POLICY;

(2) ENGAGE IN ANY TRANSACTION, PRACTICE OR COURSE OF BUSINESS IF THE PERSON KNOWS OR REASONABLY SHOULD HAVE KNOWN THAT THE INTENT WAS TO AVOID THE DISCLOSURE OR OTHER NOTICE REQUIREMENTS OF THIS ARTICLE;

(3) ENGAGE IN ANY FRAUDULENT ACT OR PRACTICE IN CONNECTION WITH ANY TRANSACTION RELATING TO ANY LIFE SETTLEMENT;

(4)(A) ENTER INTO A PREMIUM FINANCE LOAN WITH ANY PERSON OR AGENCY, OR ANY PERSON AFFILIATED WITH SUCH PERSON OR AGENCY, PURSUANT TO WHICH THE PERSON SHALL RECEIVE ANY PROCEEDS, FEES OR OTHER CONSIDERATION, DIRECTLY OR INDIRECTLY, FROM THE POLICY OR OWNER OF THE POLICY OR ANY OTHER PERSON, OTHER THAN COMMISSIONS EARNED BY A LICENSED INSURANCE PRODUCER ON THE POLICY, WITH RESPECT TO THE PREMIUM FINANCE LOAN OR ANY SETTLEMENT CONTRACT OR OTHER TRANSACTION RELATED TO SUCH POLICY THAT ARE IN ADDITION TO THE AMOUNTS REQUIRED TO PAY THE PRINCIPAL, INTEREST AND ANY REASONABLE COSTS OR EXPENSES INCURRED BY THE LENDER OR BORROWER RELATED

TO THE PREMIUM FINANCE LOAN OR SUBSEQUENT SALE OF SUCH LOAN; PROVIDED, FURTHER, THAT ANY PAYMENTS, CHARGES, FEES OR OTHER AMOUNTS IN ADDITION TO THE AMOUNTS REQUIRED TO PAY THE PRINCIPAL, INTEREST AND ANY REASONABLE COSTS OR EXPENSES INCURRED BY THE LENDER OR BORROWER RELATED TO THE PREMIUM FINANCE LOAN SHALL BE REMITTED TO THE ORIGINAL OWNER OF THE POLICY OR TO THE ORIGINAL OWNER'S ESTATE IF THE ORIGINAL OWNER IS NOT LIVING AT THE TIME OF THE DETERMINATION OF THE OVERPAYMENT;

(B) IF, AT ANY TIME, A POLICY THAT IS THE SUBJECT OF A PREMIUM FINANCE LOAN IS SOLD, ASSIGNED, TRANSFERRED, DEVISED OR BEQUEATHED TO A PERSON OR AGENCY SPECIFIED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH OR TO A LIFE SETTLEMENT PROVIDER PURSUANT TO THE TERMS OF A PREMIUM FINANCE LOAN, ANY PROCEEDS OR OTHER CONSIDERATION RECEIVED OTHER THAN THE AMOUNTS SPECIFIED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH SHALL BE REMITTED TO THE ORIGINAL OWNER OF THE POLICY OR TO THE ORIGINAL OWNER'S ESTATE IF THE ORIGINAL OWNER IS NOT THEN LIVING.

(5) WITH RESPECT TO ANY LIFE SETTLEMENT CONTRACT, KNOWINGLY FAIL TO DISCLOSE ANY AFFILIATION OR CONTRACTUAL ARRANGEMENT AS REQUIRED BY THIS ARTICLE;

(6) DIRECTLY OR INDIRECTLY, PURCHASE OR OBTAIN AN INTEREST IN ANY POLICY THAT IS THE SUBJECT OF A LIFE SETTLEMENT CONTRACT WHERE THE PERSON HAS ACTED AS A LIFE SETTLEMENT BROKER OR LIFE SETTLEMENT INTERMEDIARY WITH RESPECT TO THE POLICY;

(7) DIRECTLY OR INDIRECTLY PROVIDE OR OFFER TO PROVIDE ANY COMPENSATION TO ANY PERSON ACTING IN THIS STATE AS A LIFE SETTLEMENT BROKER, UNLESS THE PERSON IS A LICENSED LIFE SETTLEMENT BROKER PURSUANT TO THE PROVISIONS OF SECTION TWO THOUSAND ONE HUNDRED THIRTY-SEVEN OF THIS CHAPTER;

(8) DIRECTLY OR INDIRECTLY PAY OR OFFER TO PAY ANY REFERRAL OR FINDER'S FEE OR PROVIDE OR OFFER TO PROVIDE ANY OTHER COMPENSATION TO ANY OWNER'S PHYSICIAN, ATTORNEY, ACCOUNTANT OR OTHER PERSON PROVIDING MEDICAL, LEGAL OR FINANCIAL PLANNING SERVICES TO THE OWNER, OR TO ANY OTHER PERSON, OTHER THAN A LIFE SETTLEMENT BROKER, REPRESENTING THE OWNER WITH RESPECT TO THE LIFE SETTLEMENT CONTRACT;

(9) DIRECTLY OR INDIRECTLY PROVIDE OR OFFER TO PROVIDE COMPENSATION TO A LIFE SETTLEMENT BROKER, EXCEPT WHERE THE COMPENSATION IS FOR A SPECIFIC LIFE SETTLEMENT CONTRACT AND IS CLEARLY DISCLOSED TO THE OWNER AS REQUIRED IN THIS ARTICLE;

(10) DIRECTLY OR INDIRECTLY ENGAGE IN ANY ACT DETERMINED BY THE SUPERINTENDENT TO BE AN UNFAIR OR DECEPTIVE ACT OR PRACTICE PURSUANT TO THIS CHAPTER;

(11) REMOVE, CONCEAL, ALTER, DESTROY OR SEQUESTER FROM THE SUPERINTENDENT THE ASSETS OR RECORDS OF A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY OR OTHER PERSON ENGAGED IN THE BUSINESS OF LIFE SETTLEMENTS;

(12) MISREPRESENT OR CONCEAL THE FINANCIAL CONDITION OF A LIFE SETTLEMENT PROVIDER; OR

(13) IN RELATION TO THE BUSINESS OF LIFE SETTLEMENTS, FILE WITH THE SUPERINTENDENT A DOCUMENT CONTAINING MATERIALLY FALSE INFORMATION CONCERNING ANY FACT MATERIAL THERETO OR OTHERWISE CONCEAL INFORMATION ABOUT A FACT MATERIAL THERETO FROM THE SUPERINTENDENT.

(B) NO LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY, OWNER OR ANY OTHER PERSON, AS A CONDITION OF ENTERING INTO A LIFE SETTLEMENT CONTRACT, SHALL REQUEST OR REQUIRE AN INSURED TO SUBMIT TO A MEDICAL EXAMINATION AT ANY TIME SUBSEQUENT TO THE SETTLEMENT OF THE POLICY.

(C) NO LIFE SETTLEMENT PROVIDER SHALL ENTER INTO ANY LIFE SETTLEMENT CONTRACT IN WHICH PAYMENTS OF PROCEEDS ARE MADE IN INSTALLMENTS.

(D) NO LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER OR LIFE SETTLEMENT INTERMEDIARY SHALL DIRECTLY OR INDIRECTLY:

(1) BE A PARTY TO OR ENTER INTO AN AGREEMENT OR UNDERSTANDING LIMITING OR RESTRICTING AN OWNER'S OR LIFE SETTLEMENT BROKER'S ABILITY TO SEEK COMPETITIVE BIDS ON POLICIES TO THE EXTENT THAT THE AGREEMENT OR UNDERSTANDING UNLAWFULLY RESTRAINS TRADE OR CONSTITUTES ANTICOMPETITIVE BEHAVIOR;

(2) MONOPOLIZE OR ATTEMPT TO MONOPOLIZE, OR COMBINE OR CONSPIRE WITH ANY OTHER PERSON OR PERSONS TO MONOPOLIZE, IN THIS STATE, THE BUSINESS OF LIFE SETTLEMENTS;

(3) BE A PARTY TO OR ENTER INTO AN AGREEMENT WITH A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER OR LIFE SETTLEMENT INTERMEDIARY TO THE EXTENT THAT THE AGREEMENT FIXES OR LIMITS THE VALUE PAID TO OWNERS;

(4) BE A PARTY TO OR ENTER INTO ANY AGREEMENT OR COMMUNICATION WITH A LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT INTERMEDIARY WITH RESPECT TO THE TERMS TO BE OFFERED TO AN OWNER TO THE EXTENT THAT THE AGREEMENT OR UNDERSTANDING UNLAWFULLY RESTRAINS TRADE OR CONSTITUTES ANTICOMPETITIVE BEHAVIOR;

(5) BE A PARTY TO OR ENTER INTO ANY AGREEMENT WITH A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY OR OTHER PERSON TO RESTRAIN TRADE OR ENGAGE IN ANY OTHER ANTICOMPETITIVE BEHAVIOR;

(6) BE PARTY TO OR ENTER INTO ANY AGREEMENT WITH A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY OR OTHER PERSON THE EFFECT OF WHICH MAY BE SUBSTANTIALLY TO LESSEN COMPETITION IN THE BUSINESS OF LIFE SETTLEMENTS SUBJECT TO THIS CHAPTER; OR

(7) BE A PARTY TO OR ENTER INTO ANY AGREEMENT WITH A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY OR OTHER PERSON TO REFUSE TO CONDUCT BUSINESS WITH ANY PERSON IN THE BUSINESS OF LIFE SETTLEMENTS.

(E) NO LIFE SETTLEMENT INTERMEDIARY SHALL:

(1) REPRESENT, SOLICIT, NEGOTIATE OR ACT ON BEHALF OF, AN OWNER, A LIFE SETTLEMENT PROVIDER, OR A LIFE SETTLEMENT BROKER; OR

(2) ACT AS A LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER.

(F) NO INSURER SHALL PROHIBIT AN INSURANCE AGENT FROM DISCLOSING TO A CLIENT THE AVAILABILITY OF A LIFE SETTLEMENT CONTRACT.

(G) THE FAILURE TO FOLLOW THE PROVISIONS OF THIS SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS CHAPTER.

S 7815. STRANGER-ORIGINATED LIFE INSURANCE. (A) NO LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, OR ANY REPRESENTATIVE THEREOF, SHALL DIRECTLY OR INDIRECTLY ENGAGE IN ANY ACT, PRACTICE OR ARRANGEMENT, AT OR PRIOR TO POLICY ISSUANCE, TO FACILITATE THE ISSUANCE OF A POLICY FOR THE INTENDED BENEFIT OF A PERSON WHO, AT THE TIME OF POLICY ORIGINATION, HAS NO INSURABLE INTEREST IN THE LIFE OF THE INSURED.

(B) THE FAILURE TO FOLLOW THE PROVISION OF THIS SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS CHAPTER.

S 7816. PENALTIES AND CIVIL REMEDIES. (A)(1) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY INFORMATION REQUIRED BY SUBSECTION (C) OF SECTION SEVEN THOUSAND EIGHT HUNDRED ELEVEN OF THIS ARTICLE WAS NOT PROVIDED OR WAS DELAYED IN BEING PROVIDED TO THE MATERIAL DETRIMENT OF THE OWNER, THEN THE SUPERINTENDENT, IN ADDITION TO ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE LIFE SETTLEMENT BROKER TO PAY THE OWNER AN AMOUNT NOT TO EXCEED THE COMPENSATION DUE OR PROVIDED TO THE LIFE SETTLEMENT BROKER.

(2) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY INFORMATION REQUIRED BY SUBSECTION (B) OF SECTION SEVEN THOUSAND EIGHT HUNDRED ELEVEN OF THIS ARTICLE WAS NOT PROVIDED OR WAS DELAYED IN BEING PROVIDED TO THE MATERIAL DETRIMENT OF THE OWNER, THEN THE SUPERINTENDENT, IN ADDITION TO ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE LIFE SETTLEMENT PROVIDER TO PAY THE OWNER AN AMOUNT NOT TO EXCEED THE DEATH BENEFIT UNDER THE POLICY AT THE TIME THE POLICY WAS SETTLED.

(B)(1) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY LIFE SETTLEMENT BROKER OR ANY REPRESENTATIVE THEREOF VIOLATES SUBSECTION (A) OF SECTION SEVEN THOUSAND EIGHT HUNDRED FIFTEEN OF THIS ARTICLE, THEN THE SUPERINTENDENT, IN ADDITION TO ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE LIFE SETTLEMENT BROKER TO PAY THE OWNER AN AMOUNT NOT TO EXCEED THE COMPENSATION DUE OR PROVIDED TO THE LIFE SETTLEMENT BROKER.

(2) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES ANY LIFE SETTLEMENT PROVIDER OR ANY REPRESENTATIVE THEREOF VIOLATES SUBSECTION (A) OF SECTION SEVEN THOUSAND EIGHT HUNDRED FIFTEEN OF THIS ARTICLE, THEN THE SUPERINTENDENT, IN ADDITION TO ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE LIFE SETTLEMENT PROVIDER TO PAY THE OWNER AN AMOUNT NOT TO EXCEED THE DEATH BENEFIT UNDER THE POLICY AT THE TIME THE POLICY WAS SETTLED.

(C) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY PERSON VIOLATED SECTION SEVEN THOUSAND EIGHT HUNDRED TEN OF THIS ARTICLE, THEN THE SUPERINTENDENT, IN ADDITION TO ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE PERSON TO PAY THE INSURED AN AMOUNT NOT TO EXCEED TWENTY THOUSAND DOLLARS.

(D)(1) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY PERSON THAT ACTED AS A LIFE SETTLEMENT PROVIDER WITHOUT A LICENSE IN VIOLATION OF SUBSECTION (A) OF SECTION SEVEN THOUSAND EIGHT HUNDRED THREE OF THIS ARTICLE, THEN THE SUPERINTENDENT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED TWENTY THOUSAND DOLLARS FOR EACH POLICY SETTLED IN VIOLATION THEREOF; AND, IN ADDITION, THE SUPERINTENDENT MAY REQUIRE THE LIFE SETTLEMENT PROVIDER TO PAY THE INSURED AN AMOUNT NOT TO EXCEED THE DEATH BENEFIT UNDER THE POLICY AT THE TIME THE POLICY WAS SETTLED.

(2) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY PERSON ACTED AS A LIFE SETTLEMENT BROKER WITHOUT A LICENSE IN VIOLATION OF SUBSECTION (A) OF SECTION TWO THOUSAND ONE HUNDRED THIRTY-SEVEN OF THIS CHAPTER, THEN THE SUPERINTENDENT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED TEN THOUSAND DOLLARS FOR EACH POLICY AND REQUIRE THE LIFE SETTLEMENT BROKER TO PAY THE OWNER AN AMOUNT NOT TO EXCEED THE COMPENSATION DUE OR PROVIDED TO THE LIFE SETTLEMENT BROKER.

(3) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT ANY PERSON ACTED AS A LIFE SETTLEMENT INTERMEDIARY WITHOUT A REGISTRATION IN VIOLATION OF SUBSECTION (A) OF SECTION SEVEN THOUSAND EIGHT HUNDRED FOUR OF THIS ARTICLE, THEN THE SUPERINTENDENT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED TEN THOUSAND DOLLARS FOR EACH TRANSACTION AND REQUIRE THE LIFE SETTLEMENT INTERMEDIARY TO PAY THE OWNER AN AMOUNT NOT TO EXCEED THE COMPENSATION DUE OR PROVIDED TO THE LIFE SETTLEMENT INTERMEDIARY.

(E) NOTHING PROVIDED IN THIS ARTICLE SHALL LIMIT OR RESTRICT ANY COMMON LAW, CONTRACTUAL OR OTHER RIGHT OF ACTION.

S 7817. AUTHORITY TO PROMULGATE REGULATIONS. THE SUPERINTENDENT MAY PROMULGATE REGULATIONS IMPLEMENTING THIS ARTICLE, INCLUDING REGULATING ACTIVITIES AND RELATIONSHIPS OF LIFE SETTLEMENT PROVIDERS, LIFE SETTLE-

MENT BROKERS AND INSURERS; PROMOTING A FAIR, TRANSPARENT AND COMPETITIVE LIFE SETTLEMENTS MARKET; PROTECTING THE PRIVACY OF OWNERS, INSUREDS AND OTHER PERSONS; AND SAFEGUARDING THE PUBLIC POLICY GOALS EMBODIED IN THE INSURABLE INTEREST REQUIREMENTS OF THIS CHAPTER.

S 7818. NONCONFORMING CONTRACTS. (A) EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS CHAPTER, ANY LIFE SETTLEMENT CONTRACT SUBJECT TO THIS CHAPTER THAT IS IN VIOLATION OF ANY OF THE PROVISIONS OF THIS CHAPTER SHALL BE VALID AND BINDING UPON THE LIFE SETTLEMENT PROVIDER, BUT IN ALL RESPECTS IN WHICH THE CONTRACT'S PROVISIONS ARE IN VIOLATION OF THE REQUIREMENTS OR PROHIBITIONS OF THIS CHAPTER IT SHALL BE ENFORCEABLE AS IF IT CONFORMED WITH SUCH REQUIREMENTS OR PROHIBITIONS.

(B) IN ANY ACTION TO RECOVER UNDER THE PROVISIONS OF ANY LIFE SETTLEMENT CONTRACT THAT THE SUPERINTENDENT IS AUTHORIZED BY THIS CHAPTER TO APPROVE, IF IN THE SUPERINTENDENT'S OPINION ITS PROVISIONS ARE MORE FAVORABLE TO OWNERS, THE COURT SHALL ENFORCE SUCH CONTRACT AS IF ITS PROVISIONS WERE THE SAME AS THOSE SPECIFIED IN THIS CHAPTER UNLESS THE COURT FINDS THAT ITS ACTUAL PROVISIONS WERE MORE FAVORABLE TO OWNERS AT THE DATE WHEN THE CONTRACT WAS ENTERED INTO.

S 7819. APPLICABILITY. (A) THE PROVISIONS OF THIS ARTICLE SHALL APPLY TO ANY LIFE SETTLEMENT CONTRACT MADE, PROPOSED TO BE MADE, OR SOLICITED:

(1) INSIDE THIS STATE; OR

(2) OUTSIDE THIS STATE BY A LICENSED LIFE SETTLEMENT PROVIDER WITH RESPECT TO A RESIDENT OF THIS STATE.

(B)(1) IF THERE IS MORE THAN ONE OWNER ON A SINGLE POLICY, AND THE OWNERS ARE RESIDENTS OF DIFFERENT STATES, THEN THE STATE OF RESIDENCY SHALL BE THE STATE IN WHICH THE OWNER HAVING THE LARGEST PERCENTAGE OF OWNERSHIP RESIDES OR, IF THE OWNERS HOLD EQUAL OWNERSHIP, THE STATE OF RESIDENCE OF ONE OWNER, AGREED UPON IN WRITING BY ALL OF THE OWNERS.

(2) A LIFE SETTLEMENT CONTRACT ENTERED INTO WITH AN OWNER WHO IS A RESIDENT OF ANOTHER STATE MAY BE GOVERNED BY THE LAWS OF THE OTHER STATE; PROVIDED THAT:

(A) THE OTHER STATE HAS ENACTED STATUTES OR ADOPTED REGULATIONS GOVERNING LIFE SETTLEMENT CONTRACTS;

(B) THE LIFE SETTLEMENT PROVIDER AND THE LIFE SETTLEMENT BROKER ARE LICENSED IN THE OTHER STATE;

(C) THE OWNER ELECTS IN WRITING TO BE GOVERNED BY THE STATUTES AND REGULATIONS OF THE OTHER STATE AFTER THE LIFE SETTLEMENT PROVIDER OR THE LIFE SETTLEMENT BROKER HAS ADVISED THE OWNER OF THE RIGHT TO SELECT THE GOVERNING LAW; AND

(D) IF THE OWNER IS ALSO A RESIDENT OF THIS STATE, THE LIFE SETTLEMENT CONTRACT IS MADE, PROPOSED TO BE MADE AND SOLICITED OUTSIDE THIS STATE.

(C) FOR THE PURPOSES OF THIS SECTION, THE STATE OF RESIDENCE SHALL BE:

(1) WITH RESPECT TO ANY PERSON OTHER THAN A NATURAL PERSON OR A TRUST, A STATE IN WHICH THE PERSON MAINTAINS AN OFFICE; OR

(2) WITH RESPECT TO A TRUST, A STATE IN WHICH THE GRANTOR RESIDES.

S 7820. SEVERABILITY. IF ANY CLAUSE, SENTENCE, PARAGRAPH, SECTION OR PART OF THIS ARTICLE SHALL BE ADJUDGED BY ANY COURT OF COMPETENT JURISDICTION TO BE INVALID AND AFTER EXHAUSTION OF ALL FURTHER JUDICIAL REVIEW, THE JUDGMENT SHALL NOT AFFECT, IMPAIR OR INVALIDATE THE REMAINDER THEREOF, BUT SHALL BE CONFINED IN ITS OPERATION TO THE CLAUSE, SENTENCE, PARAGRAPH, SECTION OR PART OF THIS ARTICLE DIRECTLY INVOLVED IN THE CONTROVERSY IN WHICH THE JUDGMENT SHALL HAVE BEEN RENDERED.

S 12. Subsection (b) of section 403 of the insurance law, as amended by chapter 805 of the laws of 1984, is amended to read as follows:

(b) For the purpose of section one hundred nine of this chapter, it is a violation of this chapter for any individual, firm, association or corporation subject to the provisions of this chapter to commit a fraudulent insurance act OR A FRAUDULENT LIFE SETTLEMENT ACT.

S 13. Section 403 of the insurance law is amended by adding a new subsection (f) to read as follows:

(F) IN THIS ARTICLE, "FRAUDULENT LIFE SETTLEMENT ACT" MEANS A FRAUD AS DEFINED IN SECTION 176.40 OF THE PENAL LAW.

S 14. Subsection (c) of section 403 of the insurance law, as amended by chapter 262 of the laws of 1998, is amended to read as follows:

(c) In addition to any criminal liability arising under the provisions of this section, the superintendent shall be empowered to levy a civil penalty not exceeding five thousand dollars and the amount of the claim for each violation upon any person, including those persons and their employees licensed pursuant to this chapter, who is found to have: (i) committed a fraudulent insurance act, FRAUDULENT LIFE SETTLEMENT ACT or otherwise violates the provisions of this section; or (ii) knowingly and with intent to defraud files, makes, or assists, solicits or conspires with another to file or make an application for a premium reduction, pursuant to subsection (a) of section two thousand three hundred thirty-six of this chapter, containing any materially false information or which, for the purpose of misleading, conceals information concerning any fact material thereto.

S 15. Subsection (a) of section 404 of the insurance law is amended to read as follows:

(a) If the insurance frauds bureau has reason to believe that a person has engaged in, or is engaging in, an act defined in section 155.05 of the penal law, with respect to personal or commercial insurance transactions [or], THE BUSINESS OF LIFE SETTLEMENTS, section 176.05 OR SECTION 176.40 of such law, the superintendent may make such investigation within or without this state as [he] THE SUPERINTENDENT deems necessary to aid in the enforcement of this chapter or to determine whether any person has violated or is about to violate any such provision of the penal law.

S 16. Section 405 of the insurance law, subsection (a) as amended by chapter 635 of the laws of 1996, subsection (d) as added by chapter 57 of the laws of 1993, the opening paragraph of subsection (d) as amended by chapter 191 of the laws of 2008, paragraphs 9 and 10 of subsection (d) as amended and paragraph 11 of subsection (d) as added by chapter 678 of the laws of 1997, is amended to read as follows:

S 405. Reports. (a) Any person licensed OR REGISTERED pursuant to the provisions of this chapter, and any person engaged in the business of insurance OR LIFE SETTLEMENT in this state who is exempted from compliance with the licensing requirements of this chapter, including the state insurance fund of this state, who has reason to believe that an insurance transaction OR LIFE SETTLEMENT ACT may be fraudulent, or has knowledge that a fraudulent insurance transaction OR FRAUDULENT LIFE SETTLEMENT ACT is about to take place, or has taken place shall, within thirty days after determination by such person that the transaction appears to be fraudulent, send to the insurance frauds bureau on a form prescribed by the superintendent, the information requested by the form and such additional information relative to the factual circumstances of the transaction and the parties involved as the superintendent may require. The insurance frauds bureau shall accept reports of suspected fraudulent insurance transactions OR FRAUDULENT LIFE SETTLEMENT ACTS from any self insurer, including but not limited to self insurers providing health insurance coverage or those defined in section fifty of the workers' compensation law, and shall treat such reports as any other received pursuant to this section.

(b) The insurance frauds bureau shall review each report and undertake such further investigation as it deems necessary and proper to determine the validity of the allegations.

(c) Whenever the superintendent is satisfied that a material fraud, deceit, or intentional misrepresentation has been committed in an insurance transaction OR IN THE BUSINESS OF LIFE SETTLEMENTS or purported insurance transaction OR BUSINESS OF LIFE SETTLEMENTS, he OR SHE shall report any such violation of law to the appropriate licensing agency, the district attorney of the county in which such acts were committed, when authorized by law, to the attorney general, and where appropriate, to the person who submitted the report of fraudulent activity, as provided by the provisions of this article. Within one hundred twenty days of receipt of the superintendent's report, the attorney general or the district attorney concerned shall inform the superintendent as to the status of the reported violations.

(d) No later than March fifteenth of each year, beginning in nineteen hundred ninety-four, the superintendent shall furnish to the governor, the speaker of the assembly and the president pro tem of the senate a report containing:

(1) a comprehensive summary and assessment of the frauds bureau's efforts in discovering, investigating and halting fraudulent activities and assisting in the prosecution of persons who are parties to insurance fraud OR LIFE SETTLEMENT FRAUD;

(2) the number of reports received from any person or persons engaged in the business of insurance OR LIFE SETTLEMENTS, the number of investigations undertaken by the bureau pursuant to any reports received, the number of investigations undertaken not as a result of reports received, the number of investigations that resulted in a referral to a licensing agency, a local prosecutor or the attorney general, the number of such referrals pursued by a licensing agency, a local prosecutor or the attorney general, and the disposition of such cases;

(3) a delineation of the number of reported and investigated cases by line of insurance AND THOSE THAT RELATE TO LIFE SETTLEMENTS;

(4) a comparison of the frauds bureau's experience, with regard to paragraphs two and three of this [subdivision] SUBSECTION, to the bureau's experience of years past;

(5) the total number of employees assigned to the frauds bureau delineated by title and location of bureau assigned;

(6) an assessment of THE ACTIVITIES OF insurance [company] COMPANIES AND LIFE SETTLEMENT PROVIDERS activities in regard to detecting, investigating and reporting fraudulent activities, including a list of companies which maintain special investigative units for the sole purpose of detecting, investigating and reporting fraudulent activities and the number of investigators assigned to such units per every thirty thousand policies OR LIFE SETTLEMENT CONTRACTS in force with such company OR PROVIDER;

(7) the amount of technical and monetary assistance requested and received by the frauds bureau from any insurance company or companies, ANY LIFE SETTLEMENT PROVIDER OR PROVIDERS, or any organization funded by insurance companies OR LIFE SETTLEMENT PROVIDERS;

(8) the amount of money returned by the frauds bureau to insurance companies pursuant to any fraudulent claims that were recouped by the bureau;

(9) the number and amount of civil penalties levied by the frauds bureau pursuant to chapter four hundred eighty of the laws of nineteen hundred ninety-two;

(10) recommendations for further statutory or administrative changes designed to meet the objectives of this article; and

(11) an assessment of law enforcement and insurance company activities to detect and curtail the incidence of operating a motor vehicle without proper insurance coverage as required by this chapter.

S 17. Section 406 of the insurance law, as amended by chapter 6 of the laws of 2007, is amended to read as follows:

S 406. Immunity. (A) In the absence of fraud or bad faith, no person shall be subject to civil liability, and no civil cause of action of any nature shall arise against such person [(i)] for any: (1) information relating to suspected fraudulent insurance transactions OR FRAUDULENT LIFE SETTLEMENT ACTS furnished to law enforcement officials, their agents and employees; [and (ii) for any] (2) information relating to suspected fraudulent insurance transactions OR FRAUDULENT LIFE SETTLEMENT ACTS furnished to other persons subject to the provisions of this chapter; and [(iii) for any] (3) such information furnished in reports to the insurance frauds bureau, its agents or employees or any state agency investigating fraud or misconduct relating to workers' compensation insurance, its agents or employees. Nor shall the superintendent or any employee of the insurance frauds bureau, in the absence of fraud or bad faith, be subject to civil liability and no civil cause of action of any nature shall arise against them by virtue of the publication of any report or bulletin related to the official activities of the insurance frauds bureau. Nothing herein is intended to abrogate or modify in any way any common law privilege of immunity heretofore enjoyed by any person.

(B) A PERSON IDENTIFIED IN SUBSECTION (A) OF THIS SECTION SHALL BE ENTITLED TO AN AWARD OF ATTORNEY'S FEES AND COSTS IF HE OR SHE IS THE PREVAILING PARTY IN A CIVIL CAUSE OF ACTION FOR LIBEL, SLANDER OR ANY OTHER RELEVANT TORT ARISING OUT OF ACTIVITIES IN CARRYING OUT THE PROVISIONS OF THIS ARTICLE AND THE PARTY BRINGING THE ACTION WAS NOT SUBSTANTIALLY JUSTIFIED IN DOING SO. FOR PURPOSES OF THIS SECTION A PROCEEDING IS "SUBSTANTIALLY JUSTIFIED" IF IT HAD A REASONABLE BASIS IN LAW OR FACT AT THE TIME THAT IT WAS INITIATED.

(C)(1) THE DOCUMENTS AND EVIDENCE PROVIDED PURSUANT TO SUBSECTION (A) OF SECTION FOUR HUNDRED FIVE OF THIS ARTICLE OR OBTAINED BY THE SUPERINTENDENT IN AN INVESTIGATION OF SUSPECTED OR ACTUAL FRAUDULENT INSURANCE ACTS OR FRAUDULENT LIFE SETTLEMENT ACTS SHALL BE PRIVILEGED AND CONFIDENTIAL AND SHALL NOT BE A PUBLIC RECORD.

(2) PARAGRAPH ONE OF THIS SUBSECTION SHALL NOT PROHIBIT RELEASE BY THE SUPERINTENDENT OF DOCUMENTS AND EVIDENCE OBTAINED IN AN INVESTIGATION OF SUSPECTED OR ACTUAL FRAUDULENT INSURANCE ACTS OR LIFE SETTLEMENT ACTS:

(A) IN ADMINISTRATIVE OR JUDICIAL PROCEEDINGS TO ENFORCE LAWS ADMINISTERED BY THE SUPERINTENDENT; OR

(B) TO FEDERAL, STATE OR LOCAL LAW ENFORCEMENT OR REGULATORY AGENCIES; ANY ORGANIZATION ESTABLISHED FOR THE PURPOSE OF DETECTING AND PREVENTING FRAUDULENT INSURANCE ACTS OR FRAUDULENT LIFE SETTLEMENT ACTS; OR THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

(3) RELEASE OF DOCUMENTS AND EVIDENCE UNDER PARAGRAPH TWO OF THIS SUBSECTION DOES NOT ABROGATE OR MODIFY THE PRIVILEGE GRANTED IN PARAGRAPH ONE OF THIS SUBSECTION.

S 18. The insurance law is amended by adding a new section 411 to read as follows:

S 411. LIFE SETTLEMENTS FRAUD PREVENTION PLANS. (A) EVERY LIFE SETTLEMENT PROVIDER SHALL FILE WITH THE SUPERINTENDENT A PLAN FOR THE DETECTION, INVESTIGATION AND PREVENTION OF FRAUDULENT LIFE SETTLEMENT ACTS IN THIS STATE AND THOSE FRAUDULENT LIFE SETTLEMENT ACTS AFFECTING LIFE SETTLEMENT CONTRACTS IN THIS STATE.

(1) THE PLAN SHALL PROVIDE THE TIME AND MANNER IN WHICH SUCH PLAN SHALL BE IMPLEMENTED, INCLUDING PROVISIONS FOR A SPECIAL INVESTIGATIONS UNIT AND STAFFING LEVELS WITHIN SUCH UNIT. SUCH INVESTIGATORS SHALL BE RESPONSIBLE FOR INVESTIGATING INFORMATION ON OR CASES OF SUSPECTED FRAUDULENT ACTIVITY AND FOR EFFECTIVELY IMPLEMENTING FRAUD PREVENTION AND REDUCTION ACTIVITIES PURSUANT TO THE PLAN FILED WITH THE SUPERINTENDENT. A LIFE SETTLEMENT PROVIDER SHALL INCLUDE IN SUCH PLAN STAFFING LEVELS AND ALLOCATIONS OF RESOURCES OF SUCH SPECIAL INVESTIGATIONS UNIT THAT SHALL BE SUFFICIENT AND APPROPRIATE FOR THE PROPER IMPLEMENTATION OF THE PLAN AND APPROVAL OF SUCH PLAN PURSUANT TO SUBSECTION (C) OF THIS SECTION.

(2) IN LIEU OF A SPECIAL INVESTIGATIONS UNIT, A LIFE SETTLEMENT PROVIDER MAY CONTRACT WITH A PROVIDER OF SERVICES RELATED TO THE INVESTIGATION OF INFORMATION ON OR CASES OF SUSPECTED FRAUDULENT ACTIVITIES; PROVIDED, HOWEVER, THAT A LIFE SETTLEMENT PROVIDER THAT OPTS FOR CONTRACTING WITH A SEPARATE PROVIDER OF SERVICES, SHALL PROVIDE TO THE SUPERINTENDENT A DETAILED PLAN THEREFOR, PURSUANT TO REQUIREMENTS SET FORTH IN REGULATION BY THE SUPERINTENDENT.

(3) A PERSON EMPLOYED BY A SPECIAL INVESTIGATIONS UNIT OR AN INDEPENDENT PROVIDER OF INVESTIGATIVE SERVICES UNDER CONTRACT WITH A LIFE SETTLEMENT PROVIDER SHALL BE QUALIFIED BY EDUCATION OR EXPERIENCE TO ACT IN SUCH CAPACITY, SUBJECT TO REQUIREMENTS ESTABLISHED BY THE SUPERINTENDENT IN A REGULATION.

(B) THE PLAN SHALL PROVIDE FOR THE FOLLOWING:

(1) INTERFACE OF SPECIAL INVESTIGATIONS UNIT PERSONNEL WITH LAW ENFORCEMENT AND PROSECUTORIAL AGENCIES, INCLUDING THE INSURANCE FRAUDS BUREAU IN THE DEPARTMENT;

(2) REPORTING OF FRAUD DATA TO A CENTRAL ORGANIZATION APPROVED BY THE SUPERINTENDENT;

(3) IN-SERVICE EDUCATION AND TRAINING FOR PERSONNEL IN IDENTIFYING AND EVALUATING INSTANCES OF SUSPECTED FRAUDULENT ACTIVITY;

(4) COORDINATION WITH OTHER UNITS OF A LIFE SETTLEMENT PROVIDER FOR THE INVESTIGATION AND INITIATION OF CIVIL ACTIONS BASED UPON INFORMATION RECEIVED BY OR THROUGH THE SPECIAL INVESTIGATION UNIT;

(5) PUBLIC AWARENESS OF THE COST AND FREQUENCY OF FRAUDULENT ACTIVITIES, AND THE METHODS OF PREVENTING FRAUD;

(6) DEVELOPMENT AND USE OF A FRAUD DETECTION AND PROCEDURES MANUAL TO ASSIST IN THE DETECTION AND ELIMINATION OF FRAUDULENT ACTIVITY; AND

(7) THE TIME AND MANNER IN WHICH SUCH PLAN SHALL BE IMPLEMENTED AND A DEMONSTRATION THAT THE FRAUD PREVENTION AND REDUCTION MEASURES OUTLINED IN THE PLAN WILL BE FULLY IMPLEMENTED.

(C)(1) A FRAUD DETECTION AND PREVENTION PLAN FILED BY A LIFE SETTLEMENT PROVIDER WITH THE SUPERINTENDENT PURSUANT TO THIS SECTION SHALL BE DEEMED APPROVED BY THE SUPERINTENDENT IF NOT RETURNED BY THE SUPERINTENDENT FOR REVISION WITHIN ONE HUNDRED TWENTY DAYS OF THE DATE OF FILING. IF THE SUPERINTENDENT RETURNS A PLAN FOR REVISION, THE SUPERINTENDENT SHALL STATE THE POINTS OF OBJECTION WITH SUCH PLAN, AND ANY AMENDMENTS AS THE SUPERINTENDENT MAY REQUIRE CONSISTENT WITH THE PROVISIONS OF THIS SECTION, INCLUDING STAFFING LEVELS, RESOURCE ALLOCATION, OR OTHER POLICY OR OPERATIONAL CONSIDERATIONS. AN AMENDED PLAN REFLECTING THE CHANGES

SHALL BE FILED WITH THE SUPERINTENDENT WITHIN FORTY-FIVE DAYS FROM THE DATE OF RETURN.

(2) IF THE SUPERINTENDENT HAS RETURNED A PLAN FOR REVISION MORE THAN ONE TIME, THEN THE LIFE SETTLEMENT PROVIDER SHALL BE ENTITLED TO A HEARING PURSUANT TO THE PROVISIONS OF ARTICLE THREE OF THIS CHAPTER AND REGULATIONS PROMULGATED THEREUNDER.

(3) IF A LIFE SETTLEMENT PROVIDER FAILS TO SUBMIT A FINAL PLAN WITHIN THIRTY DAYS AFTER A DETERMINATION OF THE SUPERINTENDENT AFTER THE HEARING HELD PURSUANT TO PARAGRAPH TWO OF THIS SUBSECTION, OR OTHERWISE FAILS TO SUBMIT A PLAN, OR FAILS TO IMPLEMENT THE PROVISIONS OF A PLAN IN A TIME AND MANNER PROVIDED FOR IN SUCH PLAN, OR OTHERWISE REFUSES TO COMPLY WITH THE PROVISIONS OF THIS SECTION, THE SUPERINTENDENT MAY IMPOSE:

(A) A FINE OF NOT MORE THAN TWO THOUSAND DOLLARS PER DAY FOR SUCH FAILURE BY A LIFE SETTLEMENT PROVIDER UNTIL THE SUPERINTENDENT DEEMS THE LIFE SETTLEMENT PROVIDER TO BE IN COMPLIANCE;

(B) UPON THE LIFE SETTLEMENT PROVIDER A FRAUD DETECTION AND PREVENTION PLAN DEEMED TO BE APPROPRIATE BY THE SUPERINTENDENT, WHICH SHALL BE IMPLEMENTED BY THE LIFE SETTLEMENT PROVIDER; OR

(C) BOTH A FINE AND A FRAUD DETECTION AND PREVENTION PLAN PURSUANT TO SUBPARAGRAPHS (A) AND (B) OF THIS PARAGRAPH.

(D) ANY PLAN, THE INFORMATION CONTAINED THEREIN, OR CORRESPONDENCE RELATED THERETO, OR ANY OTHER INFORMATION FURNISHED PURSUANT TO THIS SECTION SHALL BE DEEMED TO BE A CONFIDENTIAL COMMUNICATION AND SHALL NOT BE OPEN FOR REVIEW OR BE SUBJECT TO A SUBPOENA EXCEPT BY A COURT ORDER OR BY REQUEST FROM ANY LAW ENFORCEMENT AGENCY OR AUTHORITY.

(E) EVERY LIFE SETTLEMENT PROVIDER REQUIRED TO FILE A FRAUD PREVENTION PLAN SHALL REPORT TO THE SUPERINTENDENT ON AN ANNUAL BASIS, NO LATER THAN MARCH FIFTEENTH, DESCRIBING THE PROVIDER'S EXPERIENCE, PERFORMANCE AND COST EFFECTIVENESS IN IMPLEMENTING THE PLAN, UTILIZING SUCH FORMS AS THE SUPERINTENDENT MAY PRESCRIBE. UPON CONSIDERATION OF SUCH REPORTS, THE SUPERINTENDENT MAY REQUIRE AMENDMENTS TO THE PROVIDER'S FRAUD DETECTION AND PREVENTION PLAN AS DEEMED NECESSARY.

S 19. The penal law is amended by adding seven new sections 176.40, 176.45, 176.50, 176.55, 176.60, 176.65 and 176.70 to read as follows:

S 176.40 FRAUDULENT LIFE SETTLEMENT ACT; DEFINED.

A FRAUDULENT LIFE SETTLEMENT ACT IS COMMITTED BY ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD, PRESENTS, CAUSES TO BE PRESENTED, OR PREPARES WITH KNOWLEDGE OR BELIEF THAT IT WILL BE PRESENTED TO, OR BY, A LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY, OR PURCHASER OF A SETTLED LIFE INSURANCE POLICY OR ANY INTEREST THEREIN, OR ANY AGENT THEREOF, OR TO ANY OWNER ANY WRITTEN STATEMENT OR OTHER PHYSICAL EVIDENCE AS PART OF, OR IN SUPPORT OF, AN APPLICATION FOR A LIFE SETTLEMENT CONTRACT, A CLAIM FOR PAYMENT OR OTHER BENEFIT UNDER A LIFE SETTLEMENT CONTRACT OR THE SALE OF A SETTLED LIFE INSURANCE POLICY OR ANY INTEREST THEREIN, WHICH THE PERSON KNOWS TO:

(1) CONTAIN MATERIALLY FALSE INFORMATION CONCERNING ANY MATERIAL FACT THERETO; OR

(2) CONCEAL, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO.

S 176.45 LIFE SETTLEMENT FRAUD IN THE FIFTH DEGREE.

A PERSON IS GUILTY OF LIFE SETTLEMENT FRAUD IN THE FIFTH DEGREE WHEN HE OR SHE COMMITS A FRAUDULENT LIFE SETTLEMENT ACT.

LIFE SETTLEMENT FRAUD IN THE FIFTH DEGREE IS A CLASS A MISDEMEANOR.

S 176.50 LIFE SETTLEMENT FRAUD IN THE FOURTH DEGREE.

A PERSON IS GUILTY OF LIFE SETTLEMENT FRAUD IN THE FOURTH DEGREE WHEN HE OR SHE COMMITS A FRAUDULENT LIFE SETTLEMENT ACT AND THEREBY WRONGFULLY TAKES, OBTAINS OR WITHHOLDS, OR ATTEMPTS TO WRONGFULLY TAKE, OBTAIN OR WITHHOLD PROPERTY WITH A VALUE IN EXCESS OF TWENTY-FIVE THOUSAND DOLLARS.

LIFE SETTLEMENT FRAUD IN THE FOURTH DEGREE IS A CLASS E FELONY.

S 176.55 LIFE SETTLEMENT FRAUD IN THE THIRD DEGREE.

A PERSON IS GUILTY OF LIFE SETTLEMENT FRAUD IN THE THIRD DEGREE WHEN HE OR SHE COMMITS A FRAUDULENT LIFE SETTLEMENT ACT AND THEREBY WRONGFULLY TAKES, OBTAINS OR WITHHOLDS, OR ATTEMPTS TO WRONGFULLY TAKE, OBTAIN OR WITHHOLD PROPERTY WITH A VALUE IN EXCESS OF FIFTY THOUSAND DOLLARS.

LIFE SETTLEMENT FRAUD IN THE THIRD DEGREE IS A CLASS D FELONY.

S 176.60 LIFE SETTLEMENT FRAUD IN THE SECOND DEGREE.

A PERSON IS GUILTY OF LIFE SETTLEMENT FRAUD IN THE SECOND DEGREE WHEN HE OR SHE COMMITS A FRAUDULENT LIFE SETTLEMENT ACT AND THEREBY WRONGFULLY TAKES, OBTAINS OR WITHHOLDS, OR ATTEMPTS TO WRONGFULLY TAKE, OBTAIN OR WITHHOLD PROPERTY WITH A VALUE IN EXCESS OF ONE HUNDRED THOUSAND DOLLARS.

LIFE SETTLEMENT FRAUD IN THE SECOND DEGREE IS A CLASS C FELONY.

S 176.65 LIFE SETTLEMENT FRAUD IN THE FIRST DEGREE.

A PERSON IS GUILTY OF LIFE SETTLEMENT FRAUD IN THE FIRST DEGREE WHEN HE OR SHE COMMITS A FRAUDULENT LIFE SETTLEMENT ACT AND THEREBY WRONGFULLY TAKES, OBTAINS OR WITHHOLDS, OR ATTEMPTS TO WRONGFULLY TAKE, OBTAIN OR WITHHOLD PROPERTY WITH A VALUE IN EXCESS OF ONE MILLION DOLLARS.

LIFE SETTLEMENT FRAUD IN THE FIRST DEGREE IS A CLASS B FELONY.

S 176.70 AGGRAVATED LIFE SETTLEMENT FRAUD.

A PERSON IS GUILTY OF AGGRAVATED LIFE SETTLEMENT FRAUD WHEN HE OR SHE COMMITS A FRAUDULENT LIFE SETTLEMENT ACT, AND HAS BEEN PREVIOUSLY CONVICTED WITHIN THE PRECEDING FIVE YEARS OF ANY OFFENSE, AN ESSENTIAL ELEMENT OF WHICH IS THE COMMISSION OF A FRAUDULENT LIFE SETTLEMENT ACT.

AGGRAVATED LIFE SETTLEMENT FRAUD IS A CLASS D FELONY.

S 20. Section 570 of the banking law, as added by chapter 488 of the laws of 1960, is amended to read as follows:

S 570. Restrictions on premium finance agreements. 1. No premium finance agreement shall contain any provision by which:

(a) In the absence [of] OR default of the insured, the premium finance agency holding the agreement may, arbitrarily and without reasonable cause, accelerate the maturity of any part or all of the amount owing thereunder;

(b) A power of attorney is given to confess judgment in this state; or

(c) The insured relieves the insurance agent or broker or the premium finance agency holding the agreement from liability for any legal rights or remedies [which] THAT the insured may otherwise have against [him] THE INSURANCE AGENT OR BROKER.

2. NO PERSON MAY USE A PREMIUM FINANCE AGREEMENT IN A MANNER DESIGNED TO EVADE ANY REQUIREMENT OF ARTICLE SEVENTY-EIGHT OF THE INSURANCE LAW.

3. EVERY PERSON OR PREMIUM FINANCE AGENCY THAT ENTERS INTO A PREMIUM FINANCE AGREEMENT, AS SUCH TERMS ARE DEFINED PURSUANT TO ARTICLE TWELVE-B OF THIS CHAPTER, SHALL FILE IN THE OFFICE OF THE SUPERINTENDENT OF INSURANCE, ON OR BEFORE THE FIRST DAY OF MARCH, A STATEMENT, TO BE KNOWN AS ITS ANNUAL STATEMENT, VERIFIED BY THE OATH OF AT LEAST TWO OF ITS PRINCIPAL OFFICERS, SHOWING ITS CONDITION AT THE END OF THE PRECEDING CALENDAR YEAR. THE STATEMENT SHALL BE IN SUCH FORM AND SHALL CONTAIN SUCH OTHER MATTERS AS THE SUPERINTENDENT OF INSURANCE SHALL PRESCRIBE. IN ADDITION TO ANY OTHER REQUIREMENTS, THE ANNUAL STATEMENT SHALL SPECIFY THE TOTAL NUMBER, AGGREGATE FACE AMOUNT AND LIFE SETTLEMENT PROCEEDS

OF, POLICIES SETTLED DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR, TOGETHER WITH A BREAKDOWN OF THE INFORMATION BY POLICY ISSUE YEAR.

S 21. This act shall take effect on the one hundred eightieth day after it shall have become a law, provided that:

(1) a person lawfully operating as a life settlement provider, life settlement broker or life settlement intermediary in this state with respect to life settlement transactions not heretofore regulated under the insurance law may, with respect to such transactions, continue to do so after such one hundred eightieth day, pending approval or disapproval of the person's application for a license or registration, as applicable, if the appropriate application is filed with the superintendent of insurance not later than 30 days after the superintendent publishes, on the insurance department's website, the application form for such licensure or registration, and provided further that such person certifies in the application that such person shall comply with all applicable provisions of the insurance law and regulations thereunder;

(2) a person licensed as a viatical settlement company or a viatical settlement broker immediately prior to the effective date of this act may act as a life settlement provider or a life settlement broker after such one hundred eightieth day, for the duration of the term of the provider or the broker's license, without having to file a new application, including with respect to transactions not heretofore regulated under the insurance law;

(3) with respect to life settlement transactions not heretofore regulated under the insurance law, a person licensed as a viatical settlement company immediately prior to the effective date of this act or a person lawfully operating as a life settlement provider in this state, as described in subdivision one of this section, that has filed, no later than 30 days prior to the effective date of this act, specimen copies of the contract forms, application forms and other forms that it intends to use, and certified to the superintendent of insurance that such forms are in compliance with the insurance law and any regulations promulgated thereunder, may use the unapproved forms until the superintendent of insurance has either approved or disapproved the forms;

(4) with respect to viatical settlement transactions heretofore regulated under the insurance law, a person licensed as a viatical settlement company immediately prior to the effective date of the act, as described in subdivision two of this section, shall not continue to issue contract forms, application forms and other forms approved by the superintendent of insurance prior to the effective date of this act, after the effective date of this act. Any such person that has filed, no later than thirty days prior to the effective date of this act, specimen copies of the contract forms, application forms and other forms that it intends to use, and that has certified to the superintendent of insurance that such forms are in compliance with the insurance law and any regulations promulgated thereunder, as of the effective date of this act, may use such unapproved forms until the superintendent of insurance has either approved or disapproved the forms;

(5) sections 7810, 7811 and 7815 of the insurance law, as added by section eleven of this act, shall take effect immediately; and

(6) effective immediately, the superintendent of insurance may promulgate any rules and regulations necessary for the implementation of the provisions of this act on its effective date.