

S. 9

A. 9

Twentieth Extraordinary Session

S E N A T E - A S S E M B L Y

November 16, 2009

IN SENATE -- Introduced by Sen. BRESLIN -- (at request of the Governor)
-- read twice and ordered printed, and when printed to be committed to
the Committee on Rules

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- (at request of M. of
A. Morelle, Spano, Weprin, Robinson, Fields, Destito, Hayes, Latimer,
John) -- (at request of the Governor) -- read once and referred to the
Committee on Insurance

AN ACT to amend the insurance law, in relation to the licensure of life
settlement brokers and life settlement providers; 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 ASSEM-
BLY, DO ENACT AS FOLLOWS:

1 Section 1. Subsection (a) of section 308 of the insurance law, as
2 amended by chapter 11 of the laws of 2008, is amended to read as
3 follows:
4 (a) (1) The superintendent may also address to any health maintenance
5 organization, LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT INTERMEDIARY OR
6 ITS OFFICERS, OR any authorized insurer or rate service organization, or
7 officers thereof, any inquiry in relation to its transactions or condi-
8 tion or any matter connected therewith. Every corporation or person so
9 addressed shall reply in writing to such inquiry promptly and truthfully,
10 and such reply shall be, if required by the superintendent,
11 subscribed by such individual, or by such officer or officers of a
12 corporation, as [he] THE SUPERINTENDENT shall designate, and affirmed by
13 them as true under the penalties of perjury.
14 (2) In the event any corporation or person does not provide a good
15 faith response to an inquiry from the superintendent pursuant to this
16 section relating to accident insurance, health insurance, accident and

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

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1 health insurance or health maintenance organization coverage OR WITH
2 RESPECT TO LIFE SETTLEMENTS, within a time period specified by the
3 superintendent of not less than fifteen business days, the superinten-
4 dent is authorized to levy a civil penalty, after notice and hearing,
5 against such corporation or person not to exceed five hundred dollars
6 per day for each day beyond the date specified by the superintendent for
7 response, but in no event shall such penalty exceed seven thousand five
8 hundred dollars.

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

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

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

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

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

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

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

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

37 (3) obtained or attempted to obtain a license through misrepresen-
38 tation or fraud;

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

40 (B) demonstrated incompetence;

41 (C) demonstrated untrustworthiness; or

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

44 (5) improperly withheld, misappropriated or converted any monies or
45 properties received in the course of business in this state or else-
46 where;

47 (6) intentionally misrepresented the terms of an actual or proposed
48 insurance contract, LIFE SETTLEMENT CONTRACT or application for insur-
49 ance;

50 (7) has been convicted of a felony;

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

53 (9) had an insurance producer license, A LIFE SETTLEMENT BROKER
54 LICENSE, or its equivalent, denied, suspended or revoked in any other
55 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[.];

(15) WHILE ACTING AS A LIFE SETTLEMENT BROKER, FAILED TO PROTECT THE PRIVACY OF THE INSURED OR OWNER OR OTHER PERSON FOR WHOM THE LIFE SETTLEMENT BROKER WAS REQUIRED TO PROVIDE PROTECTION PURSUANT TO ARTICLE SEVENTY-EIGHT OF THIS CHAPTER; OR

(16) 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.

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

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

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

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

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

11 (4) LIFE SETTLEMENTS.

12 (b) This section shall not apply to:

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

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

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

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

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

28 (B) ANY SUCH LICENSE ISSUED TO A FIRM OR ASSOCIATION SHALL AUTHORIZE
29 ONLY THE MEMBERS THEREOF, NAMED IN SUCH LICENSE AS SUB-LICENSEES, TO ACT
30 INDIVIDUALLY AS LIFE SETTLEMENT BROKERS THEREUNDER, AND ANY SUCH LICENSE
31 ISSUED TO A CORPORATION SHALL AUTHORIZE ONLY THE OFFICERS AND DIRECTORS
32 THEREOF, WHO ARE NAMED IN SUCH LICENSE AS SUB-LICENSEES, TO ACT INDIVID-
33 UALLY AS LIFE SETTLEMENT BROKERS THEREUNDER. EVERY SUB-LICENSEE, ACTING
34 AS A LIFE SETTLEMENT BROKER PURSUANT TO SUCH A LICENSE SHALL BE AUTHOR-
35 IZED SO TO ACT ONLY IN THE NAME OF THE LICENSEE.

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

39 (D)(1) BEFORE ANY ORIGINAL LIFE SETTLEMENT BROKER'S LICENSE IS ISSUED,
40 THERE SHALL BE ON FILE IN THE OFFICE OF THE SUPERINTENDENT AN APPLICA-
41 TION BY THE PROPOSED LICENSEE IN SUCH FORM OR FORMS, AND SUPPLEMENTS
42 THERETO, AND CONTAINING INFORMATION THE SUPERINTENDENT PRESCRIBES. FOR
43 EACH BUSINESS ENTITY, THE SUB-LICENSEE OR SUB-LICENSEES NAMED IN THE
44 APPLICATION SHALL BE DESIGNATED RESPONSIBLE FOR THE BUSINESS ENTITY'S
45 COMPLIANCE WITH THIS CHAPTER AND REGULATIONS PROMULGATED THEREUNDER. THE
46 APPLICANT SHALL FULLY DISCLOSE THE IDENTITY OF ALL STOCKHOLDERS (EXCEPT
47 STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A
48 LIFE SETTLEMENT BROKER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS,
49 OFFICERS, MEMBERS, DIRECTORS AND PERSONS WITH A CONTROLLING INTEREST AND
50 THE SUPERINTENDENT MAY, IN THE EXERCISE OF THE SUPERINTENDENT'S
51 DISCRETION, REFUSE TO ISSUE A LICENSE IN THE NAME OF A LEGAL ENTITY IF
52 NOT SATISFIED THAT ANY EMPLOYEE, STOCKHOLDER, PARTNER, OFFICER, MEMBER,
53 DIRECTOR OR PERSON WITH A CONTROLLING INTEREST THEREOF WHO MAY MATE-
54 Rially INFLUENCE THE APPLICANT'S CONDUCT MEETS THE STANDARDS OF THIS
55 ARTICLE AND ARTICLE SEVENTY-EIGHT OF THIS CHAPTER. THEREAFTER, THE
56 APPLICANT AND, IF A LICENSE HAS BEEN ISSUED, THE LICENSEE, SHALL PROVIDE

1 TO THE SUPERINTENDENT NEW OR REVISED INFORMATION ABOUT STOCKHOLDERS
2 (EXCEPT STOCKHOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES
3 OF A LIFE SETTLEMENT BROKER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS,
4 OFFICERS, MEMBERS, DIRECTORS AND PERSONS WITH A CONTROLLING INTEREST
5 WITHIN THIRTY DAYS OF THE CHANGE. FOR PURPOSES OF THIS SECTION,
6 "CONTROLLING INTEREST" MEANS A PERSON WHO DIRECTLY OR INDIRECTLY, HAS
7 THE POWER TO CAUSE TO BE DIRECTED THE MANAGEMENT, CONTROL OR ACTIVITIES
8 OF SUCH LICENSEE.

9 (2) THE SUPERINTENDENT MAY REQUIRE ANY INDIVIDUAL NAMED IN THE APPLI-
10 CATION FOR SUCH LICENSE TO SUBMIT A SET OF FINGERPRINTS, UNLESS SUCH
11 APPLICANT IS LICENSED AS AN INSURANCE PRODUCER WITH A LIFE LINE OF
12 AUTHORITY. SUCH FINGERPRINTS SHALL BE SUBMITTED TO THE DIVISION OF CRIM-
13 INAL JUSTICE SERVICES FOR A STATE CRIMINAL HISTORY RECORD CHECK, AS
14 DEFINED IN SUBDIVISION ONE OF SECTION THREE THOUSAND THIRTY-FIVE OF THE
15 EDUCATION LAW, AND MAY BE SUBMITTED TO THE FEDERAL BUREAU OF INVESTI-
16 GATION FOR A NATIONAL CRIMINAL HISTORY RECORD CHECK. ALL SUCH CRIMINAL
17 HISTORY RECORDS SENT TO THE SUPERINTENDENT PURSUANT TO THIS PARAGRAPH
18 SHALL BE CONFIDENTIAL PURSUANT TO THE APPLICABLE FEDERAL AND STATE LAWS,
19 RULES AND REGULATIONS, AND SHALL NOT BE PUBLISHED OR IN ANY WAY
20 DISCLOSED TO PERSONS OTHER THAN THE SUPERINTENDENT, UNLESS OTHERWISE
21 AUTHORIZED BY LAW. THE SUPERINTENDENT SHALL PROVIDE SUCH APPLICANT WITH
22 A COPY OF HIS OR HER CRIMINAL HISTORY RECORD, IF ANY, TOGETHER WITH A
23 COPY OF ARTICLE TWENTY-THREE-A OF THE CORRECTION LAW, AND INFORM SUCH
24 APPLICANT OF HIS OR HER RIGHT TO SEEK CORRECTION OF ANY INCORRECT INFOR-
25 MATION CONTAINED IN SUCH RECORD PURSUANT TO REGULATIONS AND PROCEDURES
26 ESTABLISHED BY THE DIVISION OF CRIMINAL JUSTICE SERVICES. ALL DETERMI-
27 NATIONS TO GRANT OR DENY CLEARANCE FOR LICENSURE PURSUANT TO THIS
28 SECTION SHALL BE IN ACCORDANCE WITH SUBDIVISION SIXTEEN OF SECTION TWO
29 HUNDRED NINETY-SIX OF THE EXECUTIVE LAW AND ARTICLE TWENTY-THREE-A OF
30 THE CORRECTION LAW. WHEN THE SUPERINTENDENT DENIES AN APPLICATION,
31 WRITTEN NOTICE OF SUCH DETERMINATION SHALL BE GIVEN TO THE PROSPECTIVE
32 APPLICANT WHO SHALL BE AFFORDED NOTICE AND THE RIGHT TO BE HEARD AND
33 OFFER PROOF IN OPPOSITION TO SUCH DETERMINATION.

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

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

55 (A) OF ANY INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY LICENSED
56 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 OR WHO IS LICENSED AS AN INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY IN THE INDIVIDUAL'S HOME STATE FOR AT LEAST ONE YEAR; 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:

1 (A) REVOKED OR SUSPENDED BY THE SUPERINTENDENT PURSUANT TO THIS ARTI-
2 CLE; OR

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

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

8 (A) FILED A COMPLETED RENEWAL APPLICATION IN SUCH FORM OR FORMS, AND
9 SUPPLEMENTS THERETO, AND CONTAINING SUCH INFORMATION AS THE SUPERINTEN-
10 DENT MAY PRESCRIBE; AND

11 (B) PAID SUCH FEES AS ARE PRESCRIBED BY THE SUPERINTENDENT; PROVIDED,
12 HOWEVER, THAT SUCH FEE SHALL NOT EXCEED THAT WHICH IS REQUIRED FOR THE
13 LICENSING OR RENEWAL FOR AN INSURANCE PRODUCER WITH A LIFE LINE OF
14 AUTHORITY.

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

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

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

42 (8) IN ADDITION TO ANY EXAMINATION FEE REQUIRED BY SUBSECTION (E) OF
43 THIS SECTION, THERE SHALL BE PAID TO THE SUPERINTENDENT FOR EACH INDIV-
44 VIDUAL LICENSE APPLICANT AND EACH PROPOSED SUB-LICENSEE A LICENSING OR
45 RENEWAL FEE TO BE DETERMINED BY THE SUPERINTENDENT; PROVIDED, HOWEVER
46 THAT SUCH FEE SHALL NOT EXCEED THAT WHICH IS REQUIRED FOR THE LICENSING
47 OR RENEWAL FOR AN INSURANCE PRODUCER WITH A LIFE LINE OF AUTHORITY.

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

52 (10) NO LICENSE FEE SHALL BE REQUIRED OF ANY PERSON WHO SERVED AS A
53 MEMBER OF THE ARMED FORCES OF THE UNITED STATES AT ANY TIME AND WHO
54 SHALL HAVE BEEN DISCHARGED THEREFROM, UNDER CONDITIONS OTHER THAN
55 DISHONORABLE, IN A CURRENT LICENSING PERIOD, FOR THE DURATION OF SUCH
56 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.

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

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

14 (2) [This] PARAGRAPH ONE OF THIS subsection shall be construed as
15 declaring the law as it existed prior to its enactment and not as modi-
16 fying it.

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

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

22 ARTICLE 78
23 LIFE SETTLEMENTS

24 SECTION 7801. SHORT TITLE.

25 7802. DEFINITIONS.

26 7803. LICENSE REQUIREMENTS FOR LIFE SETTLEMENT PROVIDERS.

27 7804. REGISTRATION REQUIREMENTS FOR LIFE SETTLEMENT INTERME-
28 DIARIES.

29 7805. LICENSE AND REGISTRATION REVOCATION.

30 7806. LIFE SETTLEMENT CONTRACT FORMS.

31 7807. REPORTING REQUIREMENTS.

32 7808. EXAMINATIONS OR INVESTIGATIONS.

33 7809. ADVERTISING.

34 7810. PRIVACY.

35 7811. DISCLOSURES TO OWNERS AND INSURED.

36 7812. LIFE INSURANCE APPLICATIONS.

37 7813. GENERAL RULES.

38 7814. PROHIBITED PRACTICES.

39 7815. STRANGER-ORIGINATED LIFE INSURANCE.

40 7816. PENALTIES AND CIVIL REMEDIES.

41 7817. AUTHORITY TO PROMULGATE REGULATIONS.

42 7818. NONCONFORMING CONTRACTS.

43 7819. APPLICABILITY AND CHOICE OF LAW.

44 7820. SEVERABILITY.

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

47 S 7802. DEFINITIONS. IN THIS ARTICLE:

48 (A) "ACCREDITED INVESTORS" SHALL BE AS DEFINED IN REGULATION D, RULE
49 501 OF THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED.

50 (B) "ADVERTISEMENT" MEANS ANY WRITTEN, ELECTRONIC OR PRINTED COMMUNI-
51 CATION OR ANY COMMUNICATION BY MEANS OF RECORDED TELEPHONE MESSAGES OR
52 TRANSMITTED ON RADIO, TELEVISION, THE INTERNET OR SIMILAR COMMUNICATIONS
53 MEDIA, INCLUDING FILM STRIPS, MOTION PICTURES AND VIDEOS, PUBLISHED,
54 DISSEMINATED, CIRCULATED OR PLACED BEFORE THE PUBLIC, DIRECTLY OR INDI-
55 RECTLY, FOR THE PURPOSE OF CREATING AN INTEREST IN OR INDUCING A PERSON
56 TO PURCHASE, SELL, ASSIGN, DEVISE, BEQUEST OR TRANSFER THE DEATH BENEFIT

1 OR OWNERSHIP OF, A LIFE INSURANCE POLICY OR AN INTEREST IN A LIFE INSUR-
2 ANCE POLICY PURSUANT TO A LIFE SETTLEMENT CONTRACT.

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

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

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

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

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

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

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

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

23 (F) "FINANCING TRANSACTION" MEANS A TRANSACTION IN WHICH A LICENSED
24 LIFE SETTLEMENT PROVIDER OBTAINS FINANCING FROM A FINANCING ENTITY,
25 INCLUDING ANY SECURED OR UNSECURED FINANCING, ANY SECURITIZATION TRANS-
26 ACTION, OR ANY SECURITIES OFFERING WHICH IS REGISTERED OR EXEMPT FROM
27 REGISTRATION UNDER FEDERAL AND STATE SECURITIES LAWS.

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

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

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

35 (J) "LIFE SETTLEMENT BROKER" MEANS A PERSON WHO, FOR COMPENSATION,
36 SOLICITS, NEGOTIATES OR OFFERS TO NEGOTIATE A LIFE SETTLEMENT CONTRACT;
37 EXCEPT THAT SUCH TERM SHALL NOT INCLUDE A LICENSED LIFE SETTLEMENT
38 PROVIDER, OR REPRESENTATIVE THEREOF, LICENSED ATTORNEY AT LAW, CERTIFIED
39 PUBLIC ACCOUNTANT, OR FINANCIAL PLANNER THAT IS ACCREDITED BY A
40 NATIONALLY RECOGNIZED ACCREDITATION AGENCY ACCEPTABLE TO THE SUPERINTEN-
41 DENT, WHO IS RETAINED IN HIS OR HER PROFESSIONAL CAPACITY, DOES NOT
42 ADVERTISE AS BEING IN THE BUSINESS OF LIFE SETTLEMENTS AND IS COMPEN-
43 SATED WITHOUT REGARD TO WHETHER A LIFE SETTLEMENT CONTRACT IS EFFECTUAT-
44 ED.

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

50 (A) THE DEATH BENEFIT;

51 (B) THE OWNERSHIP OF THE POLICY; OR

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

55 (2) "LIFE SETTLEMENT CONTRACT" SHALL INCLUDE AN AGREEMENT, ENTERED
56 INTO AFTER THE EFFECTIVE DATE OF THIS ARTICLE, DESCRIBED IN PARAGRAPH

1 ONE OF THIS SUBSECTION REGARDLESS OF THE DATE THE COMPENSATION IS
2 PROVIDED AND REGARDLESS OF THE DATE THE ASSIGNMENT, TRANSFER, SALE,
3 DEVISE OR BEQUEST IS EFFECTUATED.

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

5 (A) AN ASSIGNMENT OF A POLICY AS COLLATERAL FOR A LOAN BY ANY DEPOSI-
6 TORY INSTITUTION INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR
7 THE NATIONAL CREDIT UNION ADMINISTRATION;

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

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

17 (D) THE MAKING OF A POLICY LOAN, OR THE PAYING OF SURRENDER BENEFITS
18 OR OTHER BENEFITS, BY THE ISSUER OF A POLICY WITH RESPECT TO THAT POLI-
19 CY;

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

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

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

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

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

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

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

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

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

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

54 (L) ANY OTHER AGREEMENT THAT THE SUPERINTENDENT DETERMINES IS SUBSTAN-
55 TIALY SIMILAR TO ANY OF THE FOREGOING.

1 (L) "LIFE SETTLEMENT INTERMEDIARY" MEANS A PERSON WHO MAINTAINS AN
2 ELECTRONIC OR OTHER FACILITY OR SYSTEM, FOR THE DISCLOSURE, THROUGH A
3 FORUM OF OFFERS AND COUNTEROFFERS, TO SELL OR PURCHASE A POLICY PURSUANT
4 TO A LIFE SETTLEMENT CONTRACT; AND DELIVERS TO:
5 (1) A LIFE SETTLEMENT PROVIDER AN OFFER FROM A LIFE SETTLEMENT BROKER
6 OR OWNER TO SELL A POLICY; OR
7 (2) AN OWNER OR LIFE SETTLEMENT BROKER AN OFFER FROM A LIFE SETTLEMENT
8 PROVIDER TO PURCHASE A POLICY.
9 (M) "LIFE SETTLEMENT PROVIDER" MEANS A PERSON WHO ENTERS, OR OFFERS TO
10 ENTER, INTO A LIFE SETTLEMENT CONTRACT WITH THE OWNER.
11 (N) "OWNER" MEANS THE OWNER OF A POLICY WHO ENTERS OR SEEKS TO ENTER
12 INTO A LIFE SETTLEMENT CONTRACT.
13 (O) "PERSON" MEANS ANY NATURAL PERSON OR LEGAL ENTITY, INCLUDING A
14 PARTNERSHIP, LIMITED LIABILITY COMPANY, ASSOCIATION, TRUST OR CORPO-
15 RATION.
16 (P) "POLICY" MEANS AN INDIVIDUAL OR GROUP LIFE INSURANCE POLICY OR
17 CERTIFICATE.
18 (Q) "PREMIUM FINANCE LOAN" MEANS A LOAN MADE FOR THE PURPOSES OF
19 MAKING PREMIUM PAYMENTS ON A LIFE INSURANCE POLICY, WHICH LOAN IS
20 SECURED BY AN INTEREST IN SUCH LIFE INSURANCE POLICY.
21 (R) "QUALIFIED INSTITUTIONAL BUYER" SHALL BE AS DEFINED IN RULE 144A
22 OF THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED.
23 (S) "RELATED PROVIDER TRUST" MEANS A TRUST ESTABLISHED BY A LICENSED
24 LIFE SETTLEMENT PROVIDER OR A FINANCING ENTITY FOR THE SOLE PURPOSE OF
25 HOLDING THE OWNERSHIP OR BENEFICIAL INTEREST IN SETTLED POLICIES IN
26 CONNECTION WITH A FINANCING TRANSACTION; PROVIDED THAT THE TRUST HAS A
27 WRITTEN AGREEMENT WITH THE LICENSED LIFE SETTLEMENT PROVIDER UNDER
28 WHICH:
29 (1) THE LICENSED LIFE SETTLEMENT PROVIDER IS RESPONSIBLE FOR ENSURING
30 COMPLIANCE WITH ALL STATUTORY AND REGULATORY REQUIREMENTS; AND
31 (2) THE TRUST AGREES TO MAKE ALL RECORDS AND FILES RELATING TO LIFE
32 SETTLEMENT TRANSACTIONS AVAILABLE TO THE SUPERINTENDENT AS IF THOSE
33 RECORDS AND FILES WERE MAINTAINED DIRECTLY BY THE LICENSED LIFE SETTLE-
34 MENT PROVIDER.
35 (T) "SETTLED POLICY" MEANS A POLICY THAT AT ANY TIME HAS BEEN ACQUIRED
36 BY A LIFE SETTLEMENT PROVIDER PURSUANT TO A LIFE SETTLEMENT CONTRACT.
37 (U) "SPECIAL PURPOSE ENTITY" MEANS A CORPORATION, PARTNERSHIP, TRUST,
38 LIMITED LIABILITY COMPANY, OR OTHER LEGAL ENTITY FORMED SOLELY TO
39 PROVIDE, EITHER DIRECTLY OR INDIRECTLY, ACCESS TO INSTITUTIONAL CAPITAL
40 MARKETS FOR A FINANCING ENTITY OR LICENSED LIFE SETTLEMENT PROVIDER.
41 S 7803. LICENSE REQUIREMENTS FOR LIFE SETTLEMENT PROVIDERS. (A) NO
42 PERSON SHALL ENGAGE IN THE BUSINESS OF LIFE SETTLEMENTS AS A LIFE
43 SETTLEMENT PROVIDER IN THIS STATE WITHOUT HAVING AUTHORITY TO DO SO BY
44 VIRTUE OF A LIFE SETTLEMENT PROVIDER LICENSE ISSUED AND IN FORCE PURSU-
45 ANT TO THIS ARTICLE.
46 (B)(1) THE SUPERINTENDENT MAY ISSUE A LIFE SETTLEMENT PROVIDER LICENSE
47 TO ANY PERSON WHO IS DEEMED BY THE SUPERINTENDENT TO BE TRUSTWORTHY AND
48 COMPETENT TO ACT AS A LIFE SETTLEMENT PROVIDER AND WHO IS OTHERWISE
49 QUALIFIED AS REQUIRED IN THIS ARTICLE AND WHO HAS COMPLIED WITH THE
50 PREREQUISITES PRESCRIBED IN THIS ARTICLE.
51 (2) EVERY LICENSE ISSUED PURSUANT TO THIS SECTION SHALL EXPIRE ON JUNE
52 THIRTIETH OF ODD-NUMBERED YEARS.
53 (C)(1) APPLICATION FOR A LIFE SETTLEMENT PROVIDER LICENSE SHALL BE
54 MADE TO THE SUPERINTENDENT BY THE APPLICANT ON A FORM PRESCRIBED BY THE
55 SUPERINTENDENT, AND THE APPLICATION SHALL BE ACCOMPANIED BY A FEE IN AN
56 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) THE SUPERINTENDENT MAY REQUIRE AN APPLICANT FOR SUCH LICENSE TO SUBMIT A SET OF FINGERPRINTS. 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. ALL SUCH CRIMINAL HISTORY RECORDS SENT TO THE SUPERINTENDENT PURSUANT TO THIS PARAGRAPH SHALL BE CONFIDENTIAL PURSUANT TO THE APPLICABLE FEDERAL AND STATE LAWS, RULES AND REGULATIONS, AND SHALL NOT BE PUBLISHED OR IN ANY WAY DISCLOSED TO PERSONS OTHER THAN THE SUPERINTENDENT, UNLESS OTHERWISE AUTHORIZED BY LAW. THE SUPERINTENDENT SHALL PROVIDE SUCH APPLICANT WITH A COPY OF HIS OR HER CRIMINAL HISTORY RECORD, IF ANY, TOGETHER WITH A COPY OF ARTICLE TWENTY-THREE-A OF THE CORRECTION LAW, AND INFORM SUCH APPLICANT OF HIS OR HER RIGHT TO SEEK CORRECTION OF ANY INCORRECT INFORMATION CONTAINED IN SUCH RECORD PURSUANT TO REGULATIONS AND PROCEDURES ESTABLISHED BY THE DIVISION OF CRIMINAL JUSTICE SERVICES. ALL DETERMINATIONS TO GRANT OR DENY CLEARANCE FOR LICENSURE PURSUANT TO THIS SECTION SHALL BE IN ACCORDANCE WITH SUBDIVISION SIXTEEN OF SECTION TWO HUNDRED NINETY-SIX OF THE EXECUTIVE LAW AND ARTICLE TWENTY-THREE-A OF THE CORRECTION LAW. WHEN THE SUPERINTENDENT DENIES AN APPLICATION, WRITTEN NOTICE OF SUCH DETERMINATION SHALL BE GIVEN TO THE PROSPECTIVE APPLICANT WHO SHALL BE AFFORDED NOTICE AND THE RIGHT TO BE HEARD AND OFFER PROOF IN OPPOSITION TO SUCH DETERMINATION.

(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. SERVICE OF LEGAL

1 DOCUMENTS OR PROCESS SO MADE SHALL BE DEEMED MADE WITHIN THE TERRITORIAL
2 JURISDICTION OF ANY COURT IN THIS STATE.

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

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

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

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

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

31 (I) A LIFE SETTLEMENT PROVIDER LICENSEE SHALL PROVIDE TO THE SUPER-
32 INTENDENT NEW OR REVISED INFORMATION ABOUT STOCKHOLDERS (EXCEPT STOCK-
33 HOLDERS OWNING FEWER THAN TEN PERCENT OF THE VOTING SHARES OF A LIFE
34 SETTLEMENT PROVIDER WHOSE SHARES ARE PUBLICLY TRADED), PARTNERS, OFFI-
35 CERS, MEMBERS, DIRECTORS, DESIGNATED EMPLOYEES OR PERSONS WITH A
36 CONTROLLING INTEREST WITHIN THIRTY DAYS OF THE CHANGE.

37 (J) EVERY INDIVIDUAL APPLICANT FOR A LICENSE UNDER THIS SECTION SHALL
38 BE EIGHTEEN YEARS OF AGE OR OLDER AT THE TIME OF THE ISSUANCE OF SUCH
39 LICENSE.

40 S 7804. REGISTRATION REQUIREMENTS FOR LIFE SETTLEMENT INTERMEDIARIES.

41 (A) NO PERSON SHALL ACT AS A LIFE SETTLEMENT INTERMEDIARY IN THIS STATE
42 WITHOUT HAVING AUTHORITY TO DO SO BY VIRTUE OF A REGISTRATION ISSUED AND
43 IN FORCE PURSUANT TO THIS ARTICLE.

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

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

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

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

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

52 (C)(1) APPLICATION FOR A LIFE SETTLEMENT INTERMEDIARY REGISTRATION
53 SHALL BE MADE TO THE SUPERINTENDENT BY THE APPLICANT ON A FORM
54 PRESCRIBED BY THE SUPERINTENDENT, AND THE APPLICATION SHALL BE ACCOMPA-
55 NIED 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;

(D) A DETAILED PLAN OF OPERATION; AND

(E) 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 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. 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 AN APPLICANT FOR SUCH REGISTRATION TO SUBMIT A SET OF FINGERPRINTS. 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. ALL SUCH CRIMINAL HISTORY RECORDS SENT TO THE SUPERINTENDENT PURSUANT TO THIS PARAGRAPH SHALL BE CONFIDENTIAL PURSUANT TO THE APPLICABLE FEDERAL AND STATE LAWS, RULES AND REGULATIONS, AND SHALL NOT BE PUBLISHED OR IN ANY WAY DISCLOSED TO PERSONS OTHER THAN THE SUPERINTENDENT, UNLESS OTHERWISE AUTHORIZED BY LAW. THE SUPERINTENDENT SHALL PROVIDE SUCH APPLICANT WITH A COPY OF HIS OR HER CRIMINAL HISTORY RECORD, IF ANY, TOGETHER WITH A COPY OF ARTICLE TWENTY-THREE-A OF THE CORRECTION LAW, AND INFORM SUCH APPLICANT OF HIS OR HER RIGHT TO SEEK CORRECTION OF ANY INCORRECT INFORMATION CONTAINED IN SUCH RECORD PURSUANT TO REGULATIONS

1 AND PROCEDURES ESTABLISHED BY THE DIVISION OF CRIMINAL JUSTICE SERVICES.
2 ALL DETERMINATIONS TO GRANT OR DENY CLEARANCE FOR REGISTRATION PURSUANT
3 TO THIS SECTION SHALL BE IN ACCORDANCE WITH SUBDIVISION SIXTEEN OF
4 SECTION TWO HUNDRED NINETY-SIX OF THE EXECUTIVE LAW AND ARTICLE TWENTY-
5 THREE-A OF THE CORRECTION LAW. WHEN THE SUPERINTENDENT DENIES AN APPLI-
6 CATION, WRITTEN NOTICE OF SUCH DETERMINATION SHALL BE GIVEN TO THE
7 PROSPECTIVE APPLICANT WHO SHALL BE AFFORDED NOTICE AND THE RIGHT TO BE
8 HEARD AND OFFER PROOF IN OPPOSITION TO SUCH DETERMINATION.

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

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

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

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

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

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

42 (K) EVERY INDIVIDUAL APPLICANT FOR REGISTRATION UNDER THIS SECTION
43 SHALL BE EIGHTEEN YEARS OF AGE OR OLDER AT THE TIME OF THE ISSUANCE OF
44 SUCH REGISTRATION.

45 S 7805. LICENSE AND REGISTRATION REVOCATION. (A) THE SUPERINTENDENT
46 MAY SUSPEND, REVOKE OR REFUSE TO RENEW THE LICENSE OF ANY LIFE SETTLE-
47 MENT PROVIDER OR THE REGISTRATION OF ANY LIFE SETTLEMENT INTERMEDIARY,
48 IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT THE
49 LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT INTERMEDIARY, OR ANY OFFI-
50 CER, PARTNER, MEMBER, OR KEY MANAGEMENT PERSONNEL THEREOF, HAS:

51 (1) VIOLATED ANY INSURANCE LAWS OR ANY REGULATION PROMULGATED THERE-
52 UNDER, ANY SUBPOENA OR ORDER OF THE SUPERINTENDENT OR OF ANOTHER STATE'S
53 INSURANCE COMMISSIONER, OR ANY OTHER LAW IN THE COURSE OF THE LICENSEE'S
54 DEALINGS IN SUCH CAPACITY;

1 (2) PROVIDED MATERIALLY INCORRECT, MATERIALLY MISLEADING, MATERIALLY
2 INCOMPLETE OR MATERIALLY UNTRUE INFORMATION IN THE LICENSE OR REGISTRA-
3 TION APPLICATION;
4 (3) OBTAINED OR ATTEMPTED TO OBTAIN A LICENSE OR REGISTRATION THROUGH
5 MISREPRESENTATION OR FRAUD;
6 (4)(A) USED FRAUDULENT, COERCIVE OR DISHONEST PRACTICES;
7 (B) DEMONSTRATED INCOMPETENCE;
8 (C) DEMONSTRATED UNTRUSTWORTHINESS; OR
9 (D) DEMONSTRATED FINANCIAL IRRESPONSIBILITY IN THE CONDUCT OF BUSINESS
10 IN THIS STATE OR ELSEWHERE;
11 (5) IMPROPERLY WITHHELD, MISAPPROPRIATED OR CONVERTED ANY MONIES OR
12 PROPERTIES RECEIVED IN THE COURSE OF BUSINESS IN THIS STATE OR ELSE-
13 WHERE;
14 (6) INTENTIONALLY MISREPRESENTED THE TERMS OF ANY INSURANCE CONTRACT
15 OR LIFE SETTLEMENT CONTRACT OR ANY APPLICATION THEREFOR;
16 (7) BEEN CONVICTED OF A FELONY, OR HAS BEEN GUILTY OF FRAUDULENT OR
17 DISHONEST PRACTICES OR OTHER MISCONDUCT OR MALFEASANCE;
18 (8) ADMITTED OR BEEN FOUND TO HAVE COMMITTED ANY INSURANCE UNFAIR
19 TRADE PRACTICE OR FRAUD;
20 (9) HAD A LIFE SETTLEMENT PROVIDER LICENSE OR LIFE SETTLEMENT INTERME-
21 DIARY REGISTRATION, OR AN EQUIVALENT DENIED, SUSPENDED OR REVOKED IN ANY
22 OTHER STATE, PROVINCE, DISTRICT OR TERRITORY;
23 (10) FORGED ANOTHER PERSON'S NAME TO AN APPLICATION FOR INSURANCE OR
24 LIFE SETTLEMENT CONTRACT OR TO ANY DOCUMENT RELATED TO AN INSURANCE OR
25 LIFE SETTLEMENT TRANSACTION;
26 (11) KNOWINGLY CONDUCTED THE BUSINESS OF LIFE SETTLEMENTS WITH A
27 PERSON WHO IS NOT LICENSED OR REGISTERED UNLESS SUCH PERSON IS NOT
28 REQUIRED TO BE LICENSED OR REGISTERED;
29 (12) DEMONSTRATED A PATTERN OF UNREASONABLE PAYMENTS TO OWNERS OR
30 INSURED;S;
31 (13) FAILED TO HONOR CONTRACTUAL OBLIGATIONS SET OUT IN A LIFE SETTLE-
32 MENT CONTRACT;
33 (14) SOLD, ASSIGNED, PLEDGED OR OTHERWISE TRANSFERRED THE OWNERSHIP OF
34 A SETTLED POLICY TO A PERSON OTHER THAN AS PROVIDED IN THIS ARTICLE; OR
35 (15) FAILED TO PROTECT THE PRIVACY OF THE INSURED OR OWNER OR OTHER
36 PERSON FOR WHOM THE LICENSEE OR REGISTRANT WAS REQUIRED TO PROVIDE
37 PROTECTION PURSUANT TO THIS ARTICLE.
38 (B)(1) BEFORE THE SUPERINTENDENT SUSPENDS, REVOKES OR REFUSES TO RENEW
39 THE LICENSE OF A LIFE SETTLEMENT PROVIDER OR THE REGISTRATION OF A LIFE
40 SETTLEMENT INTERMEDIARY, THE SUPERINTENDENT SHALL GIVE NOTICE TO THE
41 LICENSEE OR REGISTRANT AND SHALL HOLD, OR CAUSE TO BE HELD, A HEARING
42 NOT LESS THAN TEN DAYS AFTER THE GIVING OF SUCH NOTICE, EXCEPT THAT
43 WHERE, IN THE JUDGMENT OF THE SUPERINTENDENT, THE PUBLIC HEALTH, SAFETY
44 OR WELFARE SO REQUIRES, A LICENSE OR REGISTRATION MAY BE SUSPENDED FOR
45 UP TO TEN DAYS PRIOR TO A HEARING.
46 (2) IN LIEU OF REVOKING OR SUSPENDING THE LICENSE OR REGISTRATION FOR
47 ANY OF THE CAUSES ENUMERATED IN SUBSECTION (A) OF THIS SECTION, THE
48 SUPERINTENDENT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED TEN THOUSAND
49 DOLLARS FOR EACH VIOLATION.
50 (3) UPON THE FAILURE OF SUCH LICENSEE OR REGISTRANT TO PAY SUCH PENAL-
51 TY ORDERED PURSUANT TO PARAGRAPH TWO OF THIS SUBSECTION WITHIN TWENTY
52 DAYS AFTER THE MAILING OF SUCH ORDER, POSTAGE PREPAID, REGISTERED, AND
53 ADDRESSED TO THE LAST KNOWN PLACE OF BUSINESS OF SUCH LICENSEE OR REGIS-
54 TRANT, UNLESS SUCH ORDER IS STAYED BY A COURT OF COMPETENT JURISDICTION,
55 THE SUPERINTENDENT MAY REVOKE THE LICENSE OF SUCH LICENSEE OR THE REGIS-

1 TRATION OF SUCH REGISTRANT, OR MAY SUSPEND THE SAME FOR SUCH PERIOD AS
2 THE SUPERINTENDENT DETERMINES.

3 S 7806. LIFE SETTLEMENT CONTRACT FORMS. (A) NO LICENSED LIFE SETTLE-
4 MENT PROVIDER SHALL ENTER INTO A LIFE SETTLEMENT CONTRACT SUBJECT TO
5 THIS CHAPTER UNLESS THE LIFE SETTLEMENT CONTRACT FORM, APPLICATION FORM,
6 AND ANY OTHER FORM AS MAY BE PRESCRIBED BY REGULATION, HAS BEEN FILED
7 WITH AND APPROVED BY THE SUPERINTENDENT. THE SUPERINTENDENT MAY DISAP-
8 PROVE ANY SUCH FORM IF THE SUPERINTENDENT FINDS THE FORM OR ANY
9 PROVISIONS CONTAINED THEREIN TO BE UNREASONABLE, CONTRARY TO LAW OR THE
10 INTERESTS OF THE PEOPLE OF THIS STATE, OR OTHERWISE MISLEADING OR
11 UNFAIR.

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

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

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

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

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

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

44 S 7808. EXAMINATIONS OR INVESTIGATIONS. THE SUPERINTENDENT MAY MAKE AN
45 EXAMINATION OR INVESTIGATION INTO THE AFFAIRS OF ANY LIFE SETTLEMENT
46 PROVIDER, LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY, APPLI-
47 CANT FOR LICENSURE AS A LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT
48 BROKER, OR APPLICANT FOR REGISTRATION AS A LIFE SETTLEMENT INTERMEDIARY
49 AS PRESCRIBED UNDER ARTICLE THREE OF THIS CHAPTER.

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

55 (B) ADVERTISEMENTS SHALL BE ACCURATE, TRUTHFUL AND NOT MISLEADING IN
56 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 OR TRANSFER OF A LIFE SETTLEMENT CONTRACT OR A SETTLED POLICY, OR INTEREST THEREIN, PROVIDED THAT EVERY SALE IS CONDUCTED IN ACCORDANCE WITH APPLICABLE STATE AND FEDERAL 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 ADMINISTER THE INSURANCE POLICY, OR TO MAKE CONTACTS FOR THE PURPOSE OF DETERMINING HEALTH STATUS AS AUTHORIZED BY SUBSECTION (K) OF SECTION SEVEN THOUSAND EIGHT HUNDRED THIRTEEN OF THIS ARTICLE. FOR THE PURPOSES OF THIS ARTICLE, 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 (EXCEPT THE STATE OF RESIDENCE) 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 THE OWNER WITH A SEPARATE WRITTEN DOCUMENT CONSPICUOUSLY DISPLAYING THE INFORMATION AND DISCLOSURES REQUIRED BY THIS SUBSECTION. THE SEPARATE DOCUMENT SHALL BE SIGNED BY THE OWNER 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 RESCIND A LIFE SETTLEMENT CONTRACT FROM THE TIME OF EXECUTION OF THE CONTRACT UNTIL FIFTEEN DAYS AFTER 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 GROSS OFFER OR BID THAT THE LIFE SETTLEMENT PROVIDER SHALL PAY PURSUANT TO THE LIFE SETTLEMENT CONTRACT; THE NET AMOUNT TO BE PAID TO THE OWNER PURSUANT TO THE LIFE SETTLEMENT CONTRACT; THE NAME OF EACH LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY, INSURANCE PRODUCER OR INSURANCE CONSULTANT THAT WILL BE COMPENSATED BY THE LIFE SETTLEMENT PROVIDER, OR ANY AFFILIATE, PARENT CORPORATION, OR SUBSIDIARY OF THE LIFE SETTLEMENT PROVIDER; AND THE AMOUNT OF COMPENSATION THAT THE LIFE SETTLEMENT PROVIDER, OR ANY AFFILIATE, PARENT CORPORATION OR SUBSIDIARY OF THE LIFE SETTLEMENT PROVIDER, SHALL PROVIDE TO A LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERMEDIARY, INSURANCE PRODUCER OR INSURANCE CONSULTANT, OR ANY AFFILIATE, PARENT CORPORATION OR SUBSIDIARY

1 OF SUCH BROKER, INTERMEDIARY, PRODUCER, OR CONSULTANT, PURSUANT TO THE
2 LIFE SETTLEMENT CONTRACT. FOR THE PURPOSES OF THIS PARAGRAPH, "GROSS
3 OFFER OR BID" MEANS THE TOTAL AMOUNT OR VALUE OFFERED BY THE LIFE
4 SETTLEMENT PROVIDER FOR THE PURCHASE OF ONE OR MORE LIFE INSURANCE POLI-
5 CIES, INCLUSIVE OF COMMISSIONS AND FEES;

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

8 (10) THAT THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER IS
9 REQUIRED TO PROVIDE AN OWNER DURING THE SOLICITATION PROCESS WITH A
10 CONSUMER INFORMATION BOOKLET IN A FORM PRESCRIBED BY THE SUPERINTENDENT,
11 OR OTHER SIMILAR MATERIAL, SUBJECT TO THE APPROVAL OF THE SUPERINTEN-
12 DENT;

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

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

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

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

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

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

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

39 (B) THE LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER SHALL
40 PROVIDE TO THE INSURED IN A SEPARATE WRITTEN DOCUMENT CONSPICUOUSLY
41 DISPLAYING THE INFORMATION AND DISCLOSURES REQUIRED BY THIS SUBSECTION.
42 THE SEPARATE DOCUMENT SHALL BE SIGNED BY THE INSURED NO LATER THAN THE
43 DATE THE LIFE SETTLEMENT CONTRACT IS SIGNED BY ALL PARTIES. THE DOCUMENT
44 SHALL:

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

52 (2) STATE THAT A CHANGE OF OWNERSHIP COULD IN THE FUTURE LIMIT THE
53 INSURED'S ABILITY TO PURCHASE ADDITIONAL INSURANCE ON THE INSURED'S LIFE
54 BECAUSE THERE IS A LIMIT TO HOW MUCH COVERAGE INSURERS WILL ISSUE ON ONE
55 LIFE; AND

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

12 (C) THE LIFE SETTLEMENT BROKER SHALL PROVIDE THE OWNER WITH A SEPARATE
13 WRITTEN DOCUMENT CONSPICUOUSLY DISPLAYING THE INFORMATION AND DISCLO-
14 SURES REQUIRED BY THIS SUBSECTION. THE SEPARATE DOCUMENT SHALL BE SIGNED
15 BY THE OWNER AND LIFE SETTLEMENT BROKER, NO LATER THAN THE DATE THE LIFE
16 SETTLEMENT CONTRACT IS SIGNED BY ALL PARTIES. AT A MINIMUM, THE DOCUMENT
17 SHALL STATE:

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

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

23 (3) ANY AFFILIATIONS OR CONTRACTUAL ARRANGEMENTS WITH ANY LIFE SETTLE-
24 MENT PROVIDER, OTHER LIFE SETTLEMENT BROKER, LIFE SETTLEMENT INTERME-
25 DIARY OR ANY FINANCING ENTITY;

26 (4) THE GROSS AMOUNT TO BE PAID PURSUANT TO THE LIFE SETTLEMENT
27 CONTRACT, THE NET AMOUNT OF THE PROCEEDS TO BE PAID TO THE OWNER PURSU-
28 ANT TO THE LIFE SETTLEMENT CONTRACT, THE AMOUNT OF COMPENSATION TO BE
29 PAID TO THE LIFE SETTLEMENT BROKER PURSUANT TO THE LIFE SETTLEMENT
30 CONTRACT, AND THE NAME OF SUCH LIFE SETTLEMENT BROKER. FOR PURPOSES OF
31 THIS PARAGRAPH, "GROSS AMOUNT TO BE PAID" MEANS THE TOTAL AMOUNT OR
32 VALUE TO BE PAID BY THE LIFE SETTLEMENT PROVIDER FOR THE PURCHASE OF ONE
33 OR MORE LIFE INSURANCE POLICIES, INCLUSIVE OF COMMISSIONS AND FEES; AND

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

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

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

54 (1) A CHANGE OF OWNERSHIP MAY LEAD TO A PERSON UNKNOWN TO YOU OWNING
55 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 FROM THE TIME OF EXECUTION OF THE CONTRACT UNTIL 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 POLICY THAT IS THE SUBJECT OF A LIFE SETTLEMENT CONTRACT, THE LIFE SETTLEMENT PROVIDER SHALL DEPOSIT THE PROCEEDS OF THE LIFE SETTLEMENT CONTRACT INTO AN ESCROW OR TRUST ACCOUNT IN A STATE OR FEDERALLY CHARTERED FINANCIAL INSTITUTION. 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)(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.

(K) 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.

(L) 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.

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

(N)(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:

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

4 (B) AN AFFILIATE, PARENT OR SUBSIDIARY OF THE LIFE SETTLEMENT INTERME-
5 DIARY IS NOT GRANTED OR PROVIDED WITH PREFERENTIAL TREATMENT OR ACCESS
6 TO INFORMATION OR SERVICES THAT ARE NOT GRANTED OR PROVIDED TO AN UNAF-
7 FILIATED LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER THAT
8 CONDUCTS BUSINESS WITH THE LIFE SETTLEMENT INTERMEDIARY.

9 (O) A LIFE SETTLEMENT PROVIDER MAY SELL, ASSIGN, PLEDGE OR OTHERWISE
10 TRANSFER THE OWNERSHIP OF A SETTLED POLICY ONLY TO A LICENSED LIFE
11 SETTLEMENT PROVIDER, AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL
12 BUYER, FINANCING ENTITY, SPECIAL PURPOSE ENTITY, OR RELATED PROVIDER
13 TRUST; PROVIDED, HOWEVER, A LIFE SETTLEMENT PROVIDER MAY SELL, ASSIGN,
14 PLEDGE OR OTHERWISE TRANSFER A BENEFICIAL INTEREST IN A SETTLED POLICY
15 TO SOMEONE OTHER THAN A LIFE SETTLEMENT PROVIDER LICENSED IN THIS STATE,
16 AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER, FINANCING ENTI-
17 TY, SPECIAL PURPOSE ENTITY, OR RELATED PROVIDER TRUST IF A LICENSED LIFE
18 SETTLEMENT PROVIDER CONTINUES TO ADMINISTER AND SERVICE THE SETTLED
19 POLICY AND PROTECTS THE PRIVACY OF THE INSURED AND OWNER PURSUANT TO
20 SECTION SEVEN THOUSAND EIGHT HUNDRED TEN OF THIS ARTICLE.

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

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

24 (1) ENTER INTO A LIFE SETTLEMENT CONTRACT IF THE PERSON KNOWS OR
25 REASONABLY SHOULD HAVE KNOWN THAT THE POLICY WAS OBTAINED IN A FALSE,
26 DECEPTIVE OR MISLEADING WAY;

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

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

32 (4)(A) ENTER INTO A PREMIUM FINANCE LOAN WITH AN APPLICANT FOR A NEW
33 POLICY OR AN OWNER, PURSUANT TO WHICH THE PERSON PROVIDING PREMIUM
34 FINANCING, OR ANY AFFILIATE, PARENT CORPORATION OR SUBSIDIARY OF THE
35 PERSON, SHALL RECEIVE ANY PROCEEDS, FEES OR OTHER CONSIDERATION, DIRECT-
36 LY OR INDIRECTLY, FROM THE POLICY OR OWNER OF THE POLICY OR ANY OTHER
37 PERSON, OTHER THAN COMMISSIONS EARNED BY A LICENSED INSURANCE PRODUCER
38 ON THE POLICY, WITH RESPECT TO THE PREMIUM FINANCE LOAN, THAT ARE IN
39 ADDITION TO THE AMOUNTS REQUIRED TO PAY THE PRINCIPAL, INTEREST AND ANY
40 REASONABLE COSTS, FEES OR EXPENSES INCURRED BY THE LENDER OR BORROWER
41 RELATED TO THE PREMIUM FINANCE LOAN OR SUBSEQUENT SALE OF SUCH LOAN;
42 PROVIDED, FURTHER, THAT ANY PAYMENTS, CHARGES, FEES OR OTHER AMOUNTS IN
43 ADDITION TO THE AMOUNTS REQUIRED TO PAY THE PRINCIPAL, INTEREST AND ANY
44 REASONABLE COSTS OR EXPENSES INCURRED BY THE LENDER OR BORROWER RELATED
45 TO THE PREMIUM FINANCE LOAN SHALL BE REMITTED TO THE ORIGINAL OWNER OF
46 THE POLICY OR TO THE ORIGINAL OWNER'S ESTATE IF THE ORIGINAL OWNER IS
47 NOT LIVING AT THE TIME OF THE DETERMINATION OF THE OVERPAYMENT. FOR
48 PURPOSES OF THIS PARAGRAPH, "OWNER" MEANS THE OWNER OF A POLICY WHETHER
49 OR NOT ENTERING INTO, OR OFFERING TO ENTER INTO, A LIFE SETTLEMENT
50 CONTRACT;

51 (B) IF, AT ANY TIME, A POLICY THAT IS THE SUBJECT OF A PREMIUM FINANCE
52 LOAN SPECIFIED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH IS SOLD, ASSIGNED,
53 TRANSFERRED, DEVEISED OR BEQUEATHED PURSUANT TO THE TERMS OF A PREMIUM
54 FINANCE LOAN, ANY PROCEEDS OR OTHER CONSIDERATION RECEIVED OTHER THAN
55 THE AMOUNTS SPECIFIED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH SHALL BE

1 REMITTED TO THE ORIGINAL OWNER OF THE POLICY OR TO THE ORIGINAL OWNER'S
2 ESTATE IF THE ORIGINAL OWNER IS NOT THEN LIVING;

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

6 (6) DIRECTLY OR INDIRECTLY, PURCHASE OR OBTAIN AN INTEREST IN ANY
7 POLICY THAT IS THE SUBJECT OF A LIFE SETTLEMENT CONTRACT WHERE THE
8 PERSON HAS ACTED AS A LIFE SETTLEMENT BROKER OR LIFE SETTLEMENT INTERME-
9 DIARY WITH RESPECT TO THE POLICY, UNLESS SUCH AFFILIATION HAS BEEN
10 DISCLOSED TO THE OWNER PURSUANT TO PARAGRAPH THREE OF SUBSECTION (C) OF
11 SECTION SEVEN THOUSAND EIGHT HUNDRED ELEVEN OF THIS ARTICLE; AND (A) IF
12 A LIFE SETTLEMENT BROKER, THE BROKER HAS PROVIDED ALL OFFERS AND COUNTER
13 OFFERS PURSUANT TO PARAGRAPH TWO OF SUBSECTION (C) OF SECTION SEVEN
14 THOUSAND EIGHT HUNDRED ELEVEN OF THIS ARTICLE, AND HAS CONDUCTED THE
15 TRANSACTION ON A FAIR AND EQUITABLE ARM-LENGTH BASIS; OR (B) WITH
16 RESPECT TO A LIFE SETTLEMENT INTERMEDIARY, THE INTERMEDIARY COMPLIES
17 WITH SUBSECTION (O) OF SECTION SEVEN THOUSAND EIGHT HUNDRED THIRTEEN OF
18 THIS ARTICLE;

19 (7) DIRECTLY OR INDIRECTLY PROVIDE ANY COMPENSATION TO ANY PERSON
20 ACTING IN THIS STATE AS A LIFE SETTLEMENT BROKER, AND NO PERSON SHALL
21 ACCEPT ANY SUCH COMPENSATION, UNLESS THE PERSON IS A LICENSED LIFE
22 SETTLEMENT BROKER PURSUANT TO THE PROVISIONS OF SECTION TWO THOUSAND ONE
23 HUNDRED THIRTY-SEVEN OF THIS CHAPTER;

24 (8) DIRECTLY OR INDIRECTLY PAY ANY REFERRAL OR FINDER'S FEE OR PROVIDE
25 ANY OTHER COMPENSATION TO ANY OWNER'S PHYSICIAN, ATTORNEY, ACCOUNTANT,
26 INSURANCE PRODUCER, INSURANCE CONSULTANT, OR OTHER PERSON PROVIDING
27 MEDICAL, LEGAL OR FINANCIAL PLANNING SERVICES TO THE OWNER, OR TO ANY
28 OTHER PERSON, OTHER THAN A LIFE SETTLEMENT BROKER, REPRESENTING THE
29 OWNER WITH RESPECT TO THE LIFE SETTLEMENT CONTRACT, AND NO PERSON SHALL
30 ACCEPT ANY SUCH FEE OR COMPENSATION;

31 (9) DIRECTLY OR INDIRECTLY PROVIDE COMPENSATION TO A LIFE SETTLEMENT
32 BROKER, EXCEPT WHERE THE COMPENSATION IS FOR A SPECIFIC LIFE SETTLEMENT
33 CONTRACT AND IS CLEARLY DISCLOSED TO THE OWNER AS REQUIRED IN THIS ARTI-
34 CLE;

35 (10) DIRECTLY OR INDIRECTLY ENGAGE IN ANY ACT DETERMINED BY THE SUPER-
36 INTENDENT TO BE AN UNFAIR OR DECEPTIVE ACT OR PRACTICE PURSUANT TO THIS
37 CHAPTER;

38 (11) REMOVE, CONCEAL, ALTER, DESTROY OR SEQUESTER FROM THE SUPERINTEN-
39 DENT THE ASSETS OR RECORDS OF A LIFE SETTLEMENT PROVIDER, LIFE SETTLE-
40 MENT BROKER, LIFE SETTLEMENT INTERMEDIARY OR OTHER PERSON ENGAGED IN THE
41 BUSINESS OF LIFE SETTLEMENTS;

42 (12) MISREPRESENT OR CONCEAL THE FINANCIAL CONDITION OF A LIFE SETTLE-
43 MENT PROVIDER; OR

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

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

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

55 (D) NO LIFE SETTLEMENT PROVIDER, LIFE SETTLEMENT BROKER OR LIFE
56 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 ANTI-COMPETITIVE 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 ANTI-COMPETITIVE 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 ANTI-COMPETITIVE 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) IN THIS CHAPTER, "STRANGER-ORIGINATED LIFE INSURANCE" MEANS ANY ACT, PRACTICE OR ARRANGEMENT, AT OR PRIOR TO POLICY ISSUANCE, TO INITIATE OR 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 UNDER THE LAWS OF THIS STATE, INCLUDING:

(1) THE PURCHASE OF LIFE INSURANCE WITH RESOURCES OR GUARANTEES FROM OR THROUGH A PERSON THAT, AT THE TIME OF POLICY INITIATION, COULD NOT LAWFULLY INITIATE THE POLICY;

(2) AN ARRANGEMENT OR OTHER AGREEMENT TO TRANSFER THE OWNERSHIP OF THE POLICY OR THE POLICY BENEFITS TO ANOTHER PERSON; OR

(3) A TRUST OR SIMILAR ARRANGEMENT THAT IS USED, DIRECTLY OR INDIRECTLY, FOR THE PURPOSE OF PURCHASING ONE OR MORE POLICIES FOR THE INTENDED BENEFIT OF ANOTHER PERSON IN A MANNER THAT VIOLATES THE INSURABLE INTEREST LAWS OF THIS STATE.

(B) STRANGER-ORIGINATED LIFE INSURANCE ARRANGEMENTS DO NOT INCLUDE LAWFUL LIFE SETTLEMENT CONTRACTS AS PERMITTED BY THIS ARTICLE OR THOSE PRACTICES SET FORTH IN PARAGRAPH THREE OF SUBSECTION (K) OF SECTION SEVEN THOUSAND EIGHT HUNDRED TWO OF THIS ARTICLE, PROVIDED THAT SUCH

1 CONTRACTS OR PRACTICES ARE NOT FOR THE PURPOSE OF EVADING REGULATION
2 UNDER THIS ARTICLE.

3 (C) NO PERSON SHALL DIRECTLY OR INDIRECTLY ENGAGE IN ANY ACT, PRACTICE
4 OR ARRANGEMENT THAT CONSTITUTES STRANGER-ORIGINATED LIFE INSURANCE.

5 (D) THE FAILURE TO FOLLOW THE PROVISION OF SUBSECTION (C) OF THIS
6 SECTION SHALL BE A DEFINED VIOLATION UNDER ARTICLE TWENTY-FOUR OF THIS
7 CHAPTER.

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

17 (2) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT
18 ANY INFORMATION REQUIRED BY SUBSECTION (A) OF SECTION SEVEN THOUSAND
19 EIGHT HUNDRED ELEVEN OF THIS ARTICLE KNOWINGLY WAS NOT PROVIDED OR KNOW-
20 INGLY WAS DELAYED IN BEING PROVIDED BY THE LIFE SETTLEMENT PROVIDER TO
21 THE MATERIAL DETRIMENT OF THE OWNER, THEN THE SUPERINTENDENT, IN ADDI-
22 TION TO ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE LIFE
23 SETTLEMENT PROVIDER TO PAY TO THE PEOPLE OF THIS STATE AN AMOUNT NOT TO
24 EXCEED FORTY-FIVE THOUSAND DOLLARS.

25 (B) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES ANY
26 PERSON KNOWINGLY VIOLATED SUBSECTION (C) OF SECTION SEVEN THOUSAND EIGHT
27 HUNDRED FIFTEEN OF THIS ARTICLE, THEN THE SUPERINTENDENT, IN ADDITION TO
28 ANY OTHER PENALTY PRESCRIBED BY LAW, MAY REQUIRE THE PERSON TO PAY TO
29 THE PEOPLE OF THIS STATE AN AMOUNT NOT TO EXCEED ONE HUNDRED THOUSAND
30 DOLLARS.

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

36 (D)(1) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES
37 THAT ANY PERSON KNOWINGLY AND WILLFULLY ACTED AS A LIFE SETTLEMENT
38 PROVIDER WITHOUT A LICENSE IN VIOLATION OF SUBSECTION (A) OF SECTION
39 SEVEN THOUSAND EIGHT HUNDRED THREE OF THIS ARTICLE, THEN THE SUPERINTEN-
40 DENT MAY IMPOSE A CIVIL PENALTY PAYABLE TO THE PEOPLE OF THIS STATE NOT
41 TO EXCEED ONE HUNDRED THOUSAND DOLLARS FOR EACH POLICY SETTLED IN
42 VIOLATION THEREOF.

43 (2) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT
44 ANY PERSON KNOWINGLY AND WILLFULLY ACTED AS A LIFE SETTLEMENT BROKER
45 WITHOUT A LICENSE IN VIOLATION OF SUBSECTION (A) OF SECTION TWO THOUSAND
46 ONE HUNDRED THIRTY-SEVEN OF THIS CHAPTER, THEN THE SUPERINTENDENT MAY
47 IMPOSE A CIVIL PENALTY PAYABLE TO THE PEOPLE OF THIS STATE NOT TO EXCEED
48 FIFTY THOUSAND DOLLARS FOR EACH POLICY SETTLED IN VIOLATION THEREOF.

49 (3) IF, AFTER NOTICE AND HEARING, THE SUPERINTENDENT DETERMINES THAT
50 ANY PERSON KNOWINGLY AND WILLFULLY ACTED AS A LIFE SETTLEMENT INTERME-
51 DIARY WITHOUT A REGISTRATION IN VIOLATION OF SUBSECTION (A) OF SECTION
52 SEVEN THOUSAND EIGHT HUNDRED FOUR OF THIS ARTICLE, THEN THE SUPERINTEN-
53 DENT MAY IMPOSE A CIVIL PENALTY PAYABLE TO THE PEOPLE OF THIS STATE NOT
54 TO EXCEED FIFTY THOUSAND DOLLARS FOR EACH TRANSACTION.

55 (E) ANY PERSON WHO HAS BEEN INJURED BY REASON OF A VIOLATION OF
56 SUBSECTION (A), (B) OR (C) OF THIS SECTION MAY BRING AN ACTION TO

1 RECOVER DAMAGES SUFFERED BY REASON OF SUCH VIOLATION. IN ANY ACTION
2 BROUGHT UNDER THIS SECTION, THE COURT MAY AWARD REASONABLE ATTORNEY'S
3 FEES TO A PREVAILING PLAINTIFF.

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

6 S 7817. AUTHORITY TO PROMULGATE REGULATIONS. THE SUPERINTENDENT MAY
7 PROMULGATE REGULATIONS IMPLEMENTING THIS ARTICLE.

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

15 (B) IN ANY ACTION TO RECOVER UNDER THE PROVISIONS OF ANY LIFE SETTLE-
16 MENT CONTRACT THAT THE SUPERINTENDENT IS AUTHORIZED BY THIS CHAPTER TO
17 APPROVE, IF IN THE SUPERINTENDENT'S OPINION THE PROVISIONS OF THIS CHAP-
18 TER ARE MORE FAVORABLE TO OWNERS, THE COURT SHALL ENFORCE SUCH CONTRACT
19 AS IF ITS PROVISIONS WERE THE SAME AS THOSE SPECIFIED IN THIS CHAPTER
20 UNLESS THE COURT FINDS THAT THE ACTUAL PROVISIONS OF THE CONTRACT WERE
21 MORE FAVORABLE TO OWNERS AT THE DATE WHEN THE CONTRACT WAS ENTERED INTO.

22 S 7819. APPLICABILITY AND CHOICE OF LAW. (A) THE PROVISIONS OF THIS
23 ARTICLE SHALL APPLY TO ANY LIFE SETTLEMENT CONTRACT MADE, PROPOSED TO BE
24 MADE, OR SOLICITED WITH A RESIDENT OF THIS STATE OR ANY OWNER PHYSICALLY
25 IN THIS STATE.

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

31 (2) A LIFE SETTLEMENT CONTRACT ENTERED INTO WITH AN OWNER WHO IS A
32 RESIDENT OF ANOTHER STATE MAY BE GOVERNED BY THE LAWS OF THE OTHER STATE
33 PROVIDED THAT THE OWNER ELECTS IN WRITING TO BE GOVERNED BY THE LAWS OF
34 THE OTHER STATE, AND IF THE OWNER IS ALSO A RESIDENT OF THIS STATE, THE
35 LIFE SETTLEMENT CONTRACT IS MADE, PROPOSED TO BE MADE AND SOLICITED
36 OUTSIDE THIS STATE.

37 (C) FOR THE PURPOSES OF THIS SECTION, WITH RESPECT TO ANY PERSON OTHER
38 THAN A NATURAL PERSON, THE STATE OF RESIDENCE SHALL BE:

39 (1) THE STATE IN WHICH THE PERSON MAINTAINS ITS PRINCIPAL PLACE OF
40 BUSINESS; OR

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

42 S 7820. SEVERABILITY. IF ANY CLAUSE, SENTENCE, PARAGRAPH, SECTION OR
43 PART OF THIS ARTICLE SHALL BE ADJUDGED BY ANY COURT OF COMPETENT JURIS-
44 DICTION TO BE INVALID AND AFTER EXHAUSTION OF ALL FURTHER JUDICIAL
45 REVIEW, THE JUDGMENT SHALL NOT AFFECT, IMPAIR OR INVALIDATE THE REMAIN-
46 DER THEREOF, BUT SHALL BE CONFINED IN ITS OPERATION TO THE CLAUSE,
47 SENTENCE, PARAGRAPH, SECTION OR PART OF THIS ARTICLE DIRECTLY INVOLVED
48 IN THE CONTROVERSY IN WHICH THE JUDGMENT SHALL HAVE BEEN RENDERED.

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

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

55 S 13. Section 403 of the insurance law is amended by adding a new
56 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.

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

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

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

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

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

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

34 (5) the total number of employees assigned to the frauds bureau delin-
35 eated by title and location of bureau assigned;

36 (6) an assessment of THE ACTIVITIES OF insurance [company] COMPANIES
37 AND LIFE SETTLEMENT PROVIDERS activities in regard to detecting, inves-
38 tigating and reporting fraudulent activities, including a list of compa-
39 nies which maintain special investigative units for the sole purpose of
40 detecting, investigating and reporting fraudulent activities and the
41 number of investigators assigned to such units per every thirty thousand
42 policies OR LIFE SETTLEMENT CONTRACTS in force with such company OR
43 PROVIDER;

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

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

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

54 (10) recommendations for further statutory or administrative changes
55 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. 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: (I) 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] (II) 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] (III) 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.

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 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, 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:

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

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

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

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

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

14 3. EVERY PERSON OR PREMIUM FINANCE AGENCY THAT ENTERS INTO A PREMIUM
15 FINANCE AGREEMENT, AS SUCH TERMS ARE DEFINED PURSUANT TO ARTICLE
16 TWELVE-B OF THIS CHAPTER, SHALL FILE IN THE OFFICE OF THE SUPERINTENDENT
17 OF INSURANCE, ON OR BEFORE THE FIRST DAY OF MARCH, A STATEMENT, TO BE
18 KNOWN AS ITS ANNUAL STATEMENT, VERIFIED BY THE OATH OF AT LEAST TWO OF
19 ITS PRINCIPAL OFFICERS, SHOWING ITS CONDITION AT THE END OF THE PRECED-
20 ING CALENDAR YEAR. THE STATEMENT SHALL BE IN SUCH FORM AND SHALL CONTAIN
21 SUCH OTHER MATTERS AS THE SUPERINTENDENT OF INSURANCE SHALL PRESCRIBE.
22 IN ADDITION TO ANY OTHER REQUIREMENTS, THE ANNUAL STATEMENT SHALL SPECI-
23 FY THE TOTAL NUMBER, AGGREGATE FACE AMOUNT AND LIFE SETTLEMENT PROCEEDS
24 OF, POLICIES SETTLED DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR,
25 TOGETHER WITH A BREAKDOWN OF THE INFORMATION BY POLICY ISSUE YEAR.

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

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

40 (2) a person licensed as a viatical settlement company or a viatical
41 settlement broker immediately prior to the effective date of this act
42 may act as a life settlement provider or a life settlement broker after
43 such one hundred eightieth day, for the duration of the term of the
44 provider or the broker's license, without having to file a new applica-
45 tion, including with respect to transactions not heretofore regulated
46 under the insurance law, provided, however, such company or broker shall
47 thereafter be subject to a renewal of such license as a life settlement
48 provider or life settlement broker and shall be required, with such
49 renewal, to provide evidence to the superintendent of insurance that
50 such licensee is in compliance with the licensing requirements set forth
51 in sections 2102 and 7803 of the insurance law, for life settlement
52 brokers and life settlement providers, respectively;

53 (3) with respect to life settlement transactions not heretofore regu-
54 lated under the insurance law, a person licensed as a viatical settle-
55 ment company immediately prior to the effective date of this act or a
56 person lawfully operating as a life settlement provider in this state,

1 as described in subdivision one of this section, that has filed, no
2 later than 30 days prior to the effective date of this act, specimen
3 copies of the contract forms, application forms and other forms that it
4 intends to use, and certified to the superintendent of insurance that
5 such forms are in compliance with the insurance law and any regulations
6 promulgated thereunder, may use the unapproved forms until the super-
7 intendent of insurance has either approved or disapproved the forms;
8 (4) with respect to viatical settlement transactions heretofore regu-
9 lated under the insurance law, a person licensed as a viatical settle-
10 ment company immediately prior to the effective date of this act, as
11 described in subdivision two of this section, shall not continue to
12 issue contract forms, application forms and other forms approved by the
13 superintendent of insurance prior to the effective date of this act,
14 after the effective date of this act. Any such person that has filed, no
15 later than thirty days prior to the effective date of this act, specimen
16 copies of the contract forms, application forms and other forms that it
17 intends to use, and that has certified to the superintendent of insur-
18 ance that such forms are in compliance with the insurance law and any
19 regulations promulgated thereunder, as of the effective date of this
20 act, may use such unapproved forms until the superintendent of insurance
21 has either approved or disapproved the forms;
22 (5) sections 7810, 7811 and 7815 of the insurance law, as added by
23 section eleven of this act, shall take effect immediately; and
24 (6) effective immediately, the superintendent of insurance may promul-
25 gate any rules and regulations necessary for the implementation of the
26 provisions of this act on its effective date.