§ 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 financial frauds and consumer protection unit 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.