§ 7814. Prohibited practices. (a) No person shall:

(1) enter into a life settlement contract if the person knows or reasonably should have known that the policy was obtained in a false, deceptive or misleading way;

(2) engage in any transaction, practice or course of business if the person knows or reasonably should have known that the intent was to avoid the disclosure or other notice requirements of this article;

(3) engage in any fraudulent act or practice in connection with any transaction relating to any life settlement;

(4)(A) enter into a premium finance loan with an applicant for a new policy or an owner, pursuant to which the person providing premium financing, or any affiliate, parent corporation or subsidiary of the person, shall receive any proceeds, fees or other consideration, directly or indirectly, from the policy or owner of the policy or any other person, other than commissions earned by a licensed insurance producer on the policy, with respect to the premium finance loan, that are in addition to the amounts required to pay the principal, interest and any reasonable costs, fees or expenses incurred by the lender or borrower related to the premium finance loan or subsequent sale of such loan; provided, further, that any payments, charges, fees or other amounts in addition to the amounts required to pay the principal, interest and any reasonable costs or expenses incurred by the lender or borrower related to the premium finance loan shall be remitted to the original owner of the policy or to the original owner's estate if the original owner is not living at the time of the determination of the overpayment. For purposes of this paragraph, "owner" means the owner of a policy whether or not entering into, or offering to enter into, a life settlement contract;

(B) If, at any time, a policy that is the subject of a premium finance loan specified in subparagraph (A) of this paragraph is sold, assigned, transferred, devised or bequeathed pursuant to the terms of a premium finance loan, any proceeds or other consideration received other than the amounts specified in subparagraph (A) of this paragraph shall be remitted to the original owner of the policy or to the original owner's estate if the original owner is not then living;

(5) with respect to any life settlement contract, knowingly fail to disclose any affiliation or contractual arrangement as required by this

article;

(6) directly or indirectly, purchase or obtain an interest in any policy that is the subject of a life settlement contract where the person has acted as a life settlement broker or life settlement intermediary with respect to the policy, unless such affiliation has been disclosed to the owner pursuant to paragraph three of subsection (c) of section seven thousand eight hundred eleven of this article; and (A) if a life settlement broker, the broker has provided all offers and counter offers pursuant to paragraph two of subsection (c) of section seven thousand eight hundred eleven of this article, and has conducted the transaction on a fair and equitable arm-length basis; or (B) with respect to a life settlement intermediary, the intermediary complies with subsection (o) of section seven thousand eight hundred thirteen of this article;

(7) directly or indirectly provide any compensation to any person acting in this state as a life settlement broker, and no person shall accept any such compensation, unless the person is a licensed life settlement broker pursuant to the provisions of section two thousand one hundred thirty-seven of this chapter;

(8) directly or indirectly pay any referral or finder's fee or provide any other compensation to any owner's physician, attorney, accountant, insurance producer, insurance consultant, or other person providing medical, legal or financial planning services to the owner, or to any other person, other than a life settlement broker, representing the owner with respect to the life settlement contract, and no person shall accept any such fee or compensation;

(9) directly or indirectly provide compensation to a life settlement broker, except where the compensation is for a specific life settlement contract and is clearly disclosed to the owner as required in this article;

(10) directly or indirectly engage in any act determined by the superintendent to be an unfair or deceptive act or practice pursuant to this chapter;

(11) remove, conceal, alter, destroy or sequester from the superintendent the assets or records of a life settlement provider, life settlement broker, life settlement intermediary or other person engaged in the business of life settlements;

(12) misrepresent or conceal the financial condition of a life settlement provider; or

(13) in relation to the business of life settlements, file with the superintendent a document containing materially false information concerning any fact material thereto or otherwise conceal information about a fact material thereto from the superintendent.

(b) No life settlement provider, life settlement broker, life settlement intermediary, owner or any other person, as a condition of entering into a life settlement contract, shall request or require an insured to submit to a medical examination at any time subsequent to the settlement of the policy.

(c) No life settlement provider shall enter into any life settlement contract in which payments of proceeds are made in installments.

(d) No life settlement provider, life settlement broker or life settlement intermediary shall directly or indirectly:

(1) be a party to or enter into an agreement or understanding limiting or restricting an owner's or life settlement broker's ability to seek competitive bids on policies to the extent that the agreement or understanding unlawfully restrains trade or constitutes 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.