

PROJECT HISTORY - 2013

VIATICAL SETTLEMENTS MODEL REGULATION (#698)

1. Description of the Project, Issues Addressed, etc.

The guideline revisions to the *Viatical Settlements Model Regulation* (#698) were made to update the model for consistency with the 2007 revisions to the *Viatical Settlements Model Act* (#697). Specifically, the guideline revisions eliminate several reports that are no longer required as a result of the 2007 revisions to Model #697. The guideline revisions add a specific provision requiring viatical settlement providers and brokers to provide information about viatical settlements to a viator, and provide that, at a minimum, unless another form is developed or approved by the commissioner, the viatical settlement provider or broker must provide the consumer with a copy of the Viatical Settlement Informational Brochure in Appendix A to satisfy this requirement. The guideline revisions also clarify the policy owner's right to receive information about the insurance policy from the insurer either before or after completion of the viatical settlement contract. The guideline revisions also update the Viatical Settlement Informational Brochure in Appendix A.

2. Name of Group Responsible for Drafting the Model and States Participating.

The Viatical Settlements (A) Working Group was responsible for drafting the guideline revisions. The members of the Working Group were: Iowa, Chair; New Hampshire, Vice Chair; Florida; Georgia; Kansas; Louisiana; Nebraska; and Tennessee.

3. Project Authorized by What Charge and Date First Given to the Group.

The Viatical Settlements (A) Working Group was given an existing Life Insurance and Annuities (A) Committee charge in 2011 to review and consider revisions to the *Viatical Settlements Model Regulation* (#698) for consistency with the 2007 revisions made to the *Viatical Settlements Model Act* (#697), including reviewing and considering revisions to or replacement of, as appropriate, the Informational Brochure in Appendix A. *Important*

4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated.

The guideline revisions were drafted by the Viatical Settlements (A) Working Group, which developed four drafts of the proposed guideline revisions to Model #698 prior to its adoption. The Working Group discussed the drafts and the comments received on the drafts at in-person meetings during the 2012 Spring National Meeting, 2012 Summer National Meeting and 2012 Fall National Meeting. The Working Group also held conference calls Sept. 18, Nov. 7 and Dec. 18, 2012, during which the drafts and comments received on the drafts were discussed. The guideline revisions were adopted by the Working Group during the Dec. 18, 2012, conference call and adopted by the Life Insurance and Annuities (A) Committee at the J0 Tc 0 Tw 19.a2 (d1.4 (i)10.4 (i))-0.8 (y)k5i) Citnuitie A.1 (at)-2.9g9

working group did not agree with this reasoning because of concerns about the conflict of interest that could arise when a person got a commission for selling a policy to an individual and another commission for viaticating the policy. In addition, the working group added educational and testing requirements for viatical brokers to be sure they were knowledgeable about the business they were undertaking. The A Committee decided to amend the model to allow any licensed life insurance producer to serve as a viatical settlement broker without additional licensing, with a requirement that the producer notify the department and agree to comply with the requirements in the model.

Standards for evaluation of reasonable payments: This issue has been controversial since the first model regulation was adopted in 1994. The model includes minimum payouts for those who are terminally or chronically ill. Segments of the viatical industry have urged the deletion of this section with the argument that it reduces the availability of offers by requiring a minimum payment. At 1 3Td()Tj0.001 d((in)21 0.239 0 Td(A)htTw 0.228 c Td(

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