

Department of Insurance

Po Box 83720

Boise, Idaho 83720

208-334-4250

STANDARDS FOR LIFE SETTLEMENT CONTRACTS

This checklist must be submitted with your filing in compliance with Idaho Code 41-1950 through 41-1965. This list includes the relevant statutes and rules cites. The standards are summaries and review of the entire statute or rule may be necessary. Complete each item to confirm that diligent consideration has been given to each and is certified by the signature on the certificate of compliance form. "Not Applicable" can only be used if the item does not apply to the coverage being filed. Any line left blank will cause this filing to be considered incomplete and will be automatically disapproved. Not including required information or policy provisions will result in disapproval of the filing. (If submitting your filings thru SERFF, bookmark the provision(s) in the form(s) that satisfy the requirement and identify the page/paragraph on this form.)

Provider Name _____

Date _____

TOI (type of insurance) code: Life Settlements

Specific requirements for the licensing, form requirements and marketing of life settlement contracts are outlined in Idaho Code 41-1950 through 41-1965 and IDAPA 18.03.02. All submissions are to be made to the following email address: Companies@doi.idaho.gov. in PDF format.

| Review Requirements | Reference | Description of review standards requirements. | Form #, Page # Paragraph # |
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GENERAL REQUIREMENTS

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| <p>Submission Package</p> | <p>41-1953</p> | <p>The following requirements are included with your filing and are located on the Web site: http://www.doi.idaho.gov/company/Life_settlements.aspx.</p> <ol style="list-style-type: none"> 1. Certificate of Compliance Form. 2. Standards for Life Settlement Checklist. 3. All forms to be reviewed completed in John Doe fashion. Including all disclosures, required | |
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| | <p>41-1963 & IDAPA 18.03.02</p> <p>IDAPA 18.01.44</p> | <p>brochures and medical release documents. Notice to insurer that policy has or will be a settled policy.</p> <p>4. Advertising/marketing materials.</p> <p>5. Cover letter describing the market structure.</p> <p>6. See the Rule for required font size.</p> <p>7. All forms are to be in PDF format and submitted by email to companies@doi.idaho.gov.</p> | |
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| <p>Disclosure to Owner Upon Application</p> | <p>41-1956</p> | <p>If the company is not using form DF 41-1956 (07/09) (available on the Department website) the following information must be included in the company developed disclosure form.</p> <ol style="list-style-type: none"> 1. Statement that there are possible alternatives to a life settlement contract including accelerated benefits or policy loans. 2. That a life settlement broker represents the owner exclusively and has a fiduciary responsibility to the owner. 3. Statement that some or all of the proceeds of the life settlement may be taxable under federal or state law, and the owner should consult a professional tax advisor. 4. Notice that the proceeds could be subject to the claims of creditors. 5. Receipt of the proceeds may affect the owner's eligibility for Medicaid or other government benefits or entitlements and advice should be obtained from the appropriate government agencies. 6. A statement that the owner has the right to rescind the life settlement contract within 20 days of the date it is executed by all parties. The rescission is effective only if both the notice is given, and the owner repays all proceeds and any premiums, loans and loan interest paid on account of the contract within the rescission period. If the insured dies during the rescission period, the life settlement contract shall be deemed to have been rescinded, subject to repayment by the owner or the owner's estate of all proceeds and any premiums, loans or loan interest. 7. Statement that funds will be sent to the owner within 3 days after the provider has received the insurer's acknowledgement that ownership of the policy has been transferred and the beneficiary has been designated. 8. Other benefits or rights, including conversion rights and waiver of premium benefits, may be forfeited by owner due to a life settlement contract. 9. The required brochure is provided to the owner. 10. The disclosure contains the statement required by Idaho Code 41-1956(1) (1). 11. A statement that the insured may be contacted to confirm health condition, once every 3 months or no more than once a month if life expectancy is one year or less. | |

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| Disclosure to Owner by Provider | 41-1957 | <p>If the company is not using form DF 41-1957 (07/09) (available on the Department website) the following information must be conspicuously displayed in the life settlement contract or a company developed disclosure form.</p> <ol style="list-style-type: none"> 1. The affiliation, if any, between the life settlement provider and the issuer of the insurance policy to be settled. 2. The name, business address and telephone number of the provider. 3. For joint policies or policies providing coverage for other insured's, a statement for the possible loss of coverage on the other life under the policy, and advise to consult with his/her insurance producer or insurer issuing the policy for advice. 4. The dollar amount of the current death benefit payable under the policy or certificate. Also, the availability of any additional guaranteed insurance benefits, the dollar amount of any accidental death and dismemberment benefits, and the extent to which the owner's interest in those benefits will be transferred. 5. The name, business address and telephone number of the independent third party escrow agent, and the fact the owner may inspect or receive copies of the relevant escrow or trust agreements or documents. | |
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| Disclosure to Owner by Broker | 41-1958 | <p>If the broker is not using form DF 41-1958 (07/09) (available on the Department website) the following information must be conspicuously displayed in the life settlement contract or a company or broker developed disclosure form.</p> <ol style="list-style-type: none"> 1. The name, business address and telephone number of the life settlement broker. 2. A full, complete and accurate description of all offers, counteroffers, acceptances and rejections relating to the proposed contract. 3. A written disclosure of any affiliations or contractual arrangements between the broker and any person making an offer. 4. The amount and method of calculating the broker's compensation. 5. If any portion of the broker's compensation is taken from the settlement offer, the total amount of the life settlement offer and the percentage of the offer comprised by the broker's compensation. | |
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| Verification of Coverage Form | 41-1960 (3)(d) | <p>If the company is not using the NAIC form for verification of coverage, the company may develop a form to include the following information.</p> <ol style="list-style-type: none"> 1. Name and NAIC # of the insurance company verification form is submitted to and policy number. 2. Name of life settlement provider submitting the form, including address, telephone number | |

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| | <p>and contact name and title.</p> <p>3. Information that must be included by either the life settlement broker and/or provider and the insurance company includes:</p> <ul style="list-style-type: none"> a. Owners Name and address b. Tax ID or Social Security Number c. Insured's Name. d. Insured's date of birth. e. Second insured's name (if applicable) f. Second insured's date of birth (if applicable) g. Attestation and signature to release information requested by the form to the broker/provider. h. Question as to whether the policy is in force. i. List type of contract, term, whole life, universal life, or variable life, and for each type, list: <ul style="list-style-type: none"> i. Original issue date. ii. Maturity date of the policy. iii. State of issue. iv. Does the policy have irrevocable beneficiary? v. Is the policy currently assigned? vi. Was the policy ever converted or reinstated? vii. Is the policy in the contestability period? viii. Is the policy in the suicide period? ix. List all riders and indicate if they are in the contestability or suicide period. <p>4. Requirements to list policy values, for both company and broker/provider:</p> <ul style="list-style-type: none"> a. Policy value as of (insert date). b. Current face amount of policy. c. Amount of accumulated dividends. d. Current face amount of riders. e. Amount of any outstanding loan. f. Amount of outstanding interest on policy loans. g. Current net death benefit. h. Current account value. i. Current cash surrender value. j. Is policy participating? If yes, what is the current dividend option? <p>5. Requirements for premium information, for both company and broker/provider:</p> <ul style="list-style-type: none"> a. Current payment mode. b. Current modal premium. c. Date last premium paid. | |
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| | | <p>d. Date next premium due.</p> <p>e. Currently monthly cost of insurance as of (insert date).</p> <p>f. Date of last cost of insurance deduction.</p> <p>Certification of correct and accurate information.</p> <p>6. Information to be completed by the insurance company:</p> <p>a. Date.</p> <p>b. Insurance company, NAIC #.</p> <p>c. Printed name and title.</p> <p>d. Telephone number, fax number.</p> <p>e. Signature.</p> <p>f. Name, address, overnight address, telephone number, fax number of where the forms listed above need to be submitted for processing.</p> <p>g. List of forms being requested from the insurance company that must be included:</p> <p>i. Absolute Assignment/Change of Ownership/Viatical Assignment</p> <p>ii. Change of Beneficiary</p> <p>iii. Release of Irrevocable Beneficiary (if applicable)</p> <p>iv. Waiver of Premium Claim Form.</p> <p>v. Disability Waiver of Premium Approval Letter.</p> <p>vi. Release of Assignment.</p> <p>vii. Change of Death Benefit Option Form (if UL)</p> <p>viii. Allocation Charge form (if variable)</p> <p>ix. Annual Report</p> <p>x. Current In-force Illustration.</p> | |
| Witnessed Document | 41-1960(5) | <p>This owner consent document must be obtained prior to or at the time of execution of the life settlement contract. The form must include the following information:</p> <p>1. Statement the owner consents to the life settlement contract.</p> <p>2. Statement the owner has a full and complete understanding of the life settlement contract.</p> <p>3. That he or she has a full and complete understanding of the benefits of the life insurance policy.</p> <p>4. Acknowledgement that he or she is entering into the life settlement contract freely and voluntarily.</p> <p>5. For persons with a terminal or chronic illness or condition, an acknowledgement that the insured has a terminal or chronic illness and that the terminal or chronic illness or condition was diagnosed after the life insurance policy was issued.</p> | |
| Right to Rescind | 41-1960(8) | All life settlement contracts entered into in this state, or covering a resident of this state as | |

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| | | owner, shall provide the owner with the absolute right to rescind the contract within 20 calendar days of the date upon which the life settlement contract is executed by all parties. | |
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| Advertising Materials | 41-1953 41-1963 IDAPA 18.03.02 | The Director has requested that all advertising materials be filed with the Department. The advertisement is not misleading or false. The advertisement does not include any wording such as “free”, “no cost”, or words of similar import in any promotion or marketing of life settlements. | |