

Senate Amendment 5134

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1 1 Amend Senate File 2392 as follows:
1 2 #1. Page 3, by inserting after line 14 the
1 3 following:
1 4 <(____) Entering into any practice or plan which
1 5 involves stranger-originated life insurance.
1 6 (____) Failing to disclose to the insurer when
1 7 requested by the insurer that the prospective insured
1 8 has undergone a life expectancy evaluation by any
1 9 person or entity other than the insurer or its
1 10 authorized representative in connection with the
1 11 issuance of the policy.>
1 12 #2. Page 5, by inserting after line 26 the
1 13 following:
1 14 <____. "Stranger-originated life insurance" means a
1 15 practice or a plan to initiate a life insurance policy
1 16 for the benefit of a third-party investor who, at the
1 17 time of policy origination, has no insurable interest
1 18 in the insured.
1 19 a. Stranger-originated life insurance practices
1 20 include cases in which life insurance is purchased
1 21 with resources or guarantees from or through a person
1 22 or entity who, at the time of the policy inception,
1 23 could not lawfully initiate the policy by the person
1 24 or entity, and where, at the time of the policy's
1 25 inception, there is an arrangement or agreement,
1 26 whether verbal or written, to directly or indirectly
1 27 transfer the ownership of the policy or the policy
1 28 benefits to a third party. Trusts that are created to
1 29 give the appearance of an insurable interest, and are
1 30 used to initiate policies for investors, violate
1 31 insurable interest laws and the prohibition against
1 32 wagering on life.
1 33 b. Stranger-originated life insurance arrangements
1 34 do not include those practices set forth in subsection
1 35 14, paragraph "d".>
1 36 #3. Page 5, line 32, by striking the word <who>
1 37 and inserting the following: <who, >.
1 38 #4. Page 7, line 26, by inserting after the words
1 39 <provided that> the following: <neither>.
1 40 #5. Page 7, line 27, by striking the words <is
1 41 not> and inserting the following: <nor the transfer
1 42 of the policy in connection with such default is>.
1 43 #6. Page 13, line 15, by striking the words <two
1 44 hundred fifty> and inserting the following: <one
1 45 hundred>.
1 46 #7. Page 13, lines 21 and 22, by striking the
1 47 words <two hundred fifty> and inserting the following:
1 48 <one hundred>.
1 49 #8. Page 17, line 2, by striking the word <Each>
1 50 and inserting the following: <For any policy settled
2 1 within five years of policy issuance, each>.
2 2 #9. Page 17, line 5, by inserting after the word
2 3 <rule.> the following: <In addition to any other
2 4 requirements, the annual statement shall specify the
2 5 total number, aggregate face amount, and life
2 6 settlement proceeds of policies settled during the
2 7 immediately preceding calendar year, together with a
2 8 breakdown of the information by policy issue year.
2 9 The annual statement shall also include the names of
2 10 the insurance companies whose policies have been
2 11 settled and the viatical settlement brokers that have
2 12 settled said policies.>
2 13 #10. Page 40, by inserting after line 7 the
2 14 following:
2 15 <(____). Other circumstances as established as
2 16 eligible exemptions by the commissioner by rule.>
2 17 #11. Page 40, by striking line 18 and inserting
2 18 the following: <508E.2, subsection 14, paragraph
2 19 "d".>
2 20 #12. Page 42, by inserting after line 30 the
2 21 following:
2 22 <____. A person shall not issue, solicit, market,
2 23 or otherwise promote the purchase of an insurance
2 24 policy for the purpose of or with an emphasis on

2 25 settling the policy.
2 26 _____. A person shall not enter into a premium
2 27 finance agreement with any other person or agency, or
2 28 any person affiliated with such person or agency,
2 29 pursuant to which such person shall receive any
2 30 proceeds, fees, or other consideration, directly or
2 31 indirectly, from the policy or owner of the policy or
2 32 any other person with respect to the premium finance
2 33 agreement or any viatical settlement contract or other
2 34 transaction related to such policy that are in
2 35 addition to the amounts required to pay the principal,
2 36 interest, and service charges related to policy
2 37 premiums pursuant to the premium finance agreement or
2 38 subsequent sale of such agreement. Any payments,
2 39 charges, fees, or other amounts in addition to the
2 40 amounts required to pay the principal, interest, and
2 41 service charges related to policy premiums paid under
2 42 the premium finance agreement shall be remitted to the
2 43 original owner of the policy or to the original
2 44 owner's estate if the original owner is not living at
2 45 the time of the determination of overpayment.
2 46 _____. In the solicitation, application for, or
2 47 issuance of a life insurance policy, a person shall
2 48 not employ any device, scheme, or artifice to create
2 49 an insurable interest in the life of a person except
2 50 as provided in sections 511.39 and 511.40.>
3 1 [#13](#). By renumbering as necessary.
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3 6 THOMAS RIELLY
3 7 SF 2392.202 82
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