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**IDAPA 18  
TITLE 01  
CHAPTER 13**

**18.01.13 - LIFE SETTLEMENTS**

**000. LEGAL AUTHORITY.**

This rule is promulgated and adopted pursuant to the authority vested in the director under Sections 41-211 and 41-1965, Idaho Code. (3-29-10)

**001. TITLE AND SCOPE.**

**01. Title.** This Rule shall be cited in full as Idaho Department of Insurance Rule IDAPA 18.01.13, "Life Settlements." (3-29-10)

**02. Scope.** This rule sets forth requirements regarding the sale and settlement of life insurance contracts where the owner of the contract is an Idaho resident. (3-29-10)

**002. WRITTEN INTERPRETATIONS.**

In accordance with Section 67-5201(19)(b)(iv), Idaho Code, this agency may have written statements that pertain to the interpretation of the rules of the chapter, or to the documentation of compliance with the rules of this chapter. These documents will be available for public inspection and copying at cost in the main office and each regional or district office of this agency. (3-29-10)

**003. ADMINISTRATIVE APPEALS.**

All administrative appeals shall be governed by Title 41, Chapter 2, Idaho Code, the Idaho Administrative Procedure Act, Title 67, Chapter 52, Idaho Code, and IDAPA 04.11.01, Idaho Rules of Administrative Procedure of the Attorney General - General Provisions. (3-29-10)

**004. INCORPORATION BY REFERENCE.**

No documents are incorporated by reference. (3-29-10)

**005. OFFICE -- OFFICE HOURS -- MAILING ADDRESS, STREET ADDRESS AND WEB SITE.**

**01. Office Hours.** The Department of Insurance is open from 8 a.m. to 5 p.m. except Saturday, Sunday and legal holidays. (3-29-10)

**02. Mailing Address.** The department's mailing address is: Idaho Department of Insurance, P.O. Box 83720, Boise, ID 83720-0043. (3-29-10)

**03. Street Address.** The principal place of business is 700 West State Street, 3rd Floor, Boise, Idaho 83720-0043. (3-29-10)

**04. Web Site Address.** The department's website is <http://www.doi.idaho.gov>. (3-29-10)

**006. PUBLIC RECORDS ACT COMPLIANCE.**

Any records associated with these rules are subject to the provisions of the Idaho Public Records Act, Chapter 3, Title 9, Idaho Code. (3-29-10)

**007. -- 009. (RESERVED)**

**010. DEFINITIONS.**

**01. Advertising Materials.** (3-29-10)

**a.** Printed and published material, audio visual material, and descriptive literature of a broker or provider used in direct mail, newspapers, magazines, radio scripts, TV scripts, web sites and other internet displays or communications, other forms of electronic communications, billboards and similar displays; (3-29-10)

b. Descriptive literature and sales aids of all kinds issued by a provider or broker for presentation to members of the insurance buying public, including but not limited to circulars, leaflets, booklets, depictions, illustrations, and form letters; and (3-29-10)

c. Prepared sales talks, presentations and material for use by providers and brokers. (3-29-10)

**02. Affiliation.** For purposes of this rule and the Life Settlements Act, an affiliation shall include any contractual relationship outside of the proposed life settlement contract, any ownership interest or relation, any familial relation, an employment relation, any relationship creating financial dependency, any arrangement that provides one party the ability to control or influence the actions of another party, or any other arrangement or relationship that might reasonably result in parties treating one another in a less than arm's length manner. (3-29-10)

**03. Broker.** A life settlement broker as defined at section 41-1951(6), Idaho Code. (3-29-10)

**04. Operating as a Broker.** A person is operating as a broker if the person, for a fee, commission or other valuable consideration, offers or attempts to negotiate a life settlement contract between an owner who is a resident of Idaho and one or more providers. A person working on behalf of a broker by offering or attempting to negotiate a life settlement contract for a fee, commission or other valuable consideration is operating as a broker regardless of whether the person has a direct contractual relationship with the owner. (3-29-10)

**05. Operating as a Provider.** A person is operating as a provider if the person offers to enter into or attempts to effectuate a life settlement contract with an owner who is a resident of Idaho. A person attempting to effectuate a life settlement contract on behalf of a provider is also operating as a provider regardless of whether the person will be a party to the life settlement contract. (3-29-10)

**06. Owner.** A life insurance owner or certificate holder as defined at section 41-1951(9), Idaho Code. (3-29-10)

**07. Provider.** A life settlement provider as defined at section 41-1951(8), Idaho Code. (3-29-10)

**011. REGISTRATION REQUIRED TO OPERATE AS LIFE SETTLEMENT PROVIDER OR LIFE SETTLEMENT BROKER.**

**01. Producer License Required.** No person shall operate as a broker or provider unless the person is first licensed with the Department of Insurance as a producer authorized to transact the business of life insurance in Idaho. (3-29-10)

**02. Registration Required.** Not later than ten (10) days after first operating as a provider or broker a person shall notify the Director that he is acting as a provider or broker by registering with the Department and paying applicable fees as set forth at IDAPA 18.01.44, "Schedule of Fees, Licenses and Miscellaneous Charges". Registration shall be in writing and shall be in the form and include information as required by the Director along with a certification from the applicant that he has read and familiarized himself with the requirements of Sections 41-1950 through 41-1965, Idaho Code, and these rules. (3-29-10)

**03. Renewal of Registration.** Registration as a broker or provider shall continue until the next renewal date of the person's producer license. If the initial registration takes place within ninety (90) calendar days from the producer license expiration date, registration shall continue until the following producer license renewal date. Registration may be renewed by payment of the applicable renewal fee as set forth at IDAPA 18.01.44, "Schedule of Fees, Licenses and Miscellaneous Charges". An insurance producer who allows his registration as a broker or provider to lapse may, within twelve (12) months from the renewal due date, reinstate the registration by paying a penalty in the amount of double the unpaid renewal fee. If a registration is allowed to lapse for more than twelve (12) months without reinstatement, a producer wishing to act a broker or provider shall re-register with the Department and pay the applicable registration fee prior to operating as a broker or provider. (3-29-10)

**012. FILING OF FORMS.**

**01. Filing of Life Settlement Contracts and Disclosure Forms.** No person shall use a life settlement contract or disclosure form in Idaho unless the form is first filed with the Department along with a certification that the form meets the requirements of Sections 41-1950 through 41-1965, Idaho Code. The certification shall be in the form as prescribed by the Director and signed by a person registered as a provider or broker. (3-29-10)

**02. Filing of Advertising Materials.** No person shall use advertising materials promoting or advertising the availability of life settlements or life settlement services in Idaho unless the materials are first filed with the Department. If the advertising is not in written form, a written script shall be filed. All advertising relating to the business of life settlements shall have a unique identifying form number in the lower left hand corner of the advertising piece and shall comply the following standards: (3-29-10)

**a.** Be truthful and not misleading in fact and implication. All information shall be set out conspicuously and in close conjunction with the statements to which such information relates or under appropriate captions of such prominence that it shall not be minimized, rendered obscure or presented in an ambiguous fashion or intermingled with the context of the advertisement so as to be confusing or misleading. (3-29-10)

**b.** Reference the complete form number of any life settlement contract being advertised and clearly identify the full and complete name of the provider or broker using the promotional material. Advertising materials shall not use a trade name, any insurance group designation, name of the parent company of the provider or broker, name of a particular division of the provider or broker, service mark, slogan, symbol or other device which would have the capacity and tendency to mislead or deceive as to the true identity of the provider or broker without disclosing the name of the actual provider or broker using the advertising material. (3-29-10)

**c.** No advertisement shall omit information or use words, phrases, statements, references or illustrations if the omission of such information or use of such words, phrases, statements, references or illustrations has the capacity, tendency or effect of misleading or deceiving sellers or prospective sellers as to the nature or extent of any policy benefit payable. The fact that the contract offered is made available to a prospective seller for inspection prior to consummation of the sale or an offer is made to rescind the life settlement contract if the seller is not satisfied, does not remedy misleading statements. (3-29-10)

**d.** Advertising materials shall not use words or phrases in a manner which exaggerates any benefits beyond the terms of the life settlement contract and shall fairly and accurately describe the negative features as well as the positive features of the life settlement contract and life settlement program. An advertisement shall not represent or imply that life settlements by the provider are “liberal” or “generous,” or use words of similar import, or that benefits of a life settlement are or will be beyond the actual terms of the life settlement contract. (3-29-10)

**e.** Advertising materials shall not be designed to encourage or promote the purchase of life insurance for the purpose of transferring ownership to third party investors who lack an insurable interest in the in the life of the insured. (3-29-10)

**f.** An advertisement shall not create the impression directly or indirectly that a provider, a broker, its financial condition or status, a life settlement contract or program, or the payment of life settlement benefits is approved, endorsed, or accredited by any division or agency of this state or the United States Government. (3-29-10)

**g.** Testimonials used in advertisements must be genuine, represent the current opinion of the author, be applicable to the life settlement contract advertised and be accurately reproduced. A provider or broker using a testimonial makes as its own all of the statements contained therein, and the advertisement, including such statement, is subject to all the provisions of these rules. If the person making a testimonial, an endorsement or an appraisal has a financial interest in the provider or broker, or a related entity as a stockholder, director, officer, employee, or otherwise, such fact shall be disclosed in the advertisement. If a person is compensated for making a testimonial, endorsement or appraisal, such fact shall be disclosed in the advertisement by language substantially as follows: “Paid Endorsement.” (3-29-10)

**h.** The source of any statistics used in an advertisement shall be identified in the advertisement. (3-29-10)

**03. Font Size for Printed Materials.** Pertinent text of all printed materials required to be filed with the

director under the Life Settlement Act, including, but not limited to, notices, disclosure forms, contract forms, and advertising material, is required to be formatted using at least a twelve (12) point font. Signature blocks, footnotes or text not relevant to the understanding of the printed material may be printed in a smaller font, but in no case smaller than a ten (10) point font. (3-29-10)

**04. Disapproval of Noncompliant Forms.** The Director may disapprove for use in Idaho any form required to be filed pursuant to this Section if, in the opinion of the Director, the form does not comply with any part of Title 41, Idaho Code, or these rules, or the form is unreasonable in its terms, contrary to the interests of the public, misleading to the public, unfair to the owner, or is printed or provided in a manner making any part of the form substantially illegible. (3-29-10)

**013. ANNUAL REPORTING REQUIREMENTS.**

All persons registered with the Director as a provider shall file with the Director, on or before March 1st of each year, an annual statement in the form and containing information as set forth at Appendix A. The forms are available from the Department of Insurance. An annual report is required regardless of whether any life settlement contracts with Idaho owners were executed during the year. (3-29-10)

**014. EXAMINATION AND RECORDS.**

Brokers and providers are subject to examination by the Director in accordance with Chapter 2, Title 41, Idaho Code, and shall pay, at the direction of the Director, the actual travel expenses, reasonable living expense allowance, and reasonable compensation incurred on account of the examination upon presentation of a detailed account of the charges and expenses. (3-29-10)

**015. REQUIRED DISCLOSURES TO OWNER.**

**01. Disclosure to Owner Upon Application.** A broker or provider shall not provide an owner with an application for a life settlement contract unless the owner has also been provided a disclosure form containing all the information required by Idaho Code, 41-1956 and in substantially the same form as set forth at Appendix B. The disclosures shall be provided in a separate document in at least twelve (12) point font. Each page of the disclosure document shall be initialed by the owner indicating that it has been received and read by the owner, and the final page shall be dated and signed by the owner and the broker or provider that delivered the disclosure document to the owner. (3-29-10)

**02. Disclosures to Owner by Provider Upon Settlement.** Prior to the time an owner signs a life settlement contract, the provider shall provide the owner a disclosure form containing all the information required by Idaho Code 41-1957 and in substantially the same form as set forth at Appendix C. The disclosures may be made by a separate document or included as a part of the life settlement contract. If the disclosures are included in the life settlement contract, they shall be conspicuously displayed in the contract by segregating the disclosures from the rest of the contract on a separate page or as a separate section using at least twelve (12) point font and with a heading in bold font stating: "Important Disclosures Required by Law." Each disclosure page of the life settlement contract shall be initialed by the owner indicating that the owner has read the page. If the disclosures are provided in a separate document, each page of the document must be initialed by the owner and the final page shall be dated and signed by the owner and the provider. (3-29-10)

**03. Disclosure to Owner by Broker Upon Settlement.** Prior to the time an owner signs a life settlement contract, the broker shall provide the owner a disclosure form containing all the information required by Idaho Code 41-1958 and in substantially the same form as set forth at Appendix D. The disclosures may be made by a separate document or included as a part of the life settlement contract. If the disclosures are included in the life settlement contract, they shall be conspicuously displayed in the contract by segregating the disclosures from the rest of the contract on a separate page or as a separate section using at least twelve (12) point font, and a heading in bold font stating: "Important Disclosures Required by Law." Each disclosure page of the life settlement contract shall be initialed by the owner indicating that the owner has read the page. If the disclosures are provided in a separate document, each page of the document must be initialed by the owner and the final page shall be dated and signed by the owner and the broker. (3-29-10)

**04. Affiliations to be Disclosed.** As a part of the disclosures required under this Section, a provider shall disclose in writing to the owner any affiliation between the provider and the issuer of the insurance policy to be

settled, and a broker shall disclose in writing any affiliation or contractual arrangement between the broker and any person making an offer in connection with a proposed life settlement contract. (3-29-10)

**016. ADDITIONAL REQUIREMENTS.**

**01. Owner's Statement.** (3-29-10)

**a.** Prior to entering into a life settlement contract, the provider shall obtain from each owner a written statement in substantially the following form: "I, [owners name], have freely and voluntarily consented to the life settlement contract that accompanies this statement. I have carefully read my insurance policy that is the subject of the life settlement contract and I understand the benefits that are available under the policy. I further understand that by entering into the life settlement contract, the right to benefits under the insurance policy will be sold to another party and I, my heirs or former beneficiaries will no longer have any right to receive those policy benefits." (3-29-10)

**b.** If the owner has a terminal or chronic illness, the following wording shall also be included in the owner's statement: "I am currently suffering from a terminal or chronic illness that was not diagnosed until after the policy that is the subject of the life settlement contract was issued." (3-29-10)

**c.** The statement of the owner must also be acknowledged by a notary public. (3-29-10)

**02. Owner's Right to Rescind Life Settlement Contract.** (3-29-10)

**a.** The life settlement contract shall conspicuously inform the owner in bold type of at least twelve (12) point font that the owner has an absolute right to rescind a life settlement contract within twenty (20) calendar days of the date the contract is executed and shall set forth the manner in which notice is to be given. (3-29-10)

**b.** Upon being informed of the owner's intention or desire to rescind a life settlement contract, the provider shall immediately provide the owner with a full accounting of the amount that must be repaid by the owner in order to rescind the policy. The amount due shall include only amounts actually paid to and received by the owner pursuant to the terms of the life settlement contract along with any premiums, loans and loan interest paid by or on behalf of the provider in connection with or as a direct consequence of the life settlement contract. An owner shall not be required to pay any financial penalties, liquidated damages or other punitive fees or charges in connection with rescission of a life settlement contract. (3-29-10)

**c.** Until the owner receives from the provider an accounting of the full and correct repayment amount needed to rescind the life settlement contract, a tender of payment by the owner of amounts actually received and reasonably believed to be due upon rescission shall be deemed substantial compliance with the requirement of notice and repayment of proceeds within the twenty (20) day rescission period. (3-29-10)

**03. Life Settlements Occurring Within Two Years of Policy Origination.** (3-29-10)

**a.** No broker or provider shall solicit, arrange for or enter into a life settlement contract within two (2) years of the date of issuance of the life insurance policy or certificate being settled unless one (1) or more of the conditions identified in Section 41-1961, Idaho Code, applies. If one (1) or more of the conditions is present, the provider shall obtain from the owner a written statement sworn before a notary public setting forth in detail the circumstances permitting the early settlement of the contract. The sworn statement shall also include the following or substantially similar wording: "I hereby affirm that there was no plan or arrangement in place or under discussion, or any promises made, regarding the settlement of this life insurance policy at the time the policy was purchased." (3-29-10)

**b.** In addition to the sworn statement, the provider shall obtain and retain as a part of its records independent documentation of the circumstances permitting early settlement of the life insurance policy along with all documentation relating to any premium financing arrangements made in connection with the policy being settled. (3-29-10)

**c.** The sworn statement and copies of all supporting documentation shall be provided to the insurer at

the time a request for verification of coverage is submitted to the insurer. A request for verification of coverage relating to a policy or certificate that has been in effect for two (2) years or less will be considered incomplete if it is not accompanied by the owner's sworn statement and supporting documentation. An insurer that determines a request for verification of coverage is incomplete shall, without undue delay, inform the broker or provider in writing that the verification is incomplete and identify all items needed to complete the request. (3-29-10)

**017. -- 999. (RESERVED)**

**Appendix A-1**

**Life Settlement Provider Report - Idaho Transactions Only**

**Report year:** \_\_\_\_\_

**Life Settlement provider's name:** \_\_\_\_\_

**Name, address and telephone number of contact person for this report:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**Applications (#'s):**                      **Settled** \_\_\_\_\_                      **Rejected** \_\_\_\_\_

**Pending** \_\_\_\_\_                      **Total applications:** \_\_\_\_\_

	SEE INSTRUCTIONS	Contract #1	Contract #2	Contract #3	Contract #4	Contract #5
1	Life settlement provider settlement number					
2	Life settlement contract purchased date					
3	Date policy initially purchased by owner					
4	Was policy premium financed prior to purchase? Y or N ?					
5	List the ownership type of the policy					
6	Owner's or insured's reason for selling if less than 2 years					
7	Age of insured at time of contract					
8	Each life expectancy (in months) at time of contract					
9	Insurance company name and NAIC number					
10	Total net death benefit (\$)					
11	Net amount paid to the seller of the policy (\$)					
12	Policy type: individual or group					
13	Type of funding for transaction F, P, I, T or RPT (see instructions)					
14	What is the product type?					

15	Date proceeds transferred to escrow/trust account					
16	List escrow agent or trust institution along with account number					
17	Purchase source of policy: B, D, SM, P or O (see instructions)					
18	Name of the source of the transaction					
19	Commission amount paid to source (\$)					
20	Date disclosures per Sections 41-1956 & 41-1957, Idaho Code made to owner					
21	Date ownership transferred by provider and name of new owner					
22	Total premiums paid in report year to maintain policy					
23	Date of authorization for release of medical information					

I \_\_\_\_\_, the undersigned \_\_\_\_\_ of the reporting entity, first being duly sworn, state and affirm that I am the described officer, manager or employee of the reporting entity and that the information contained in this report is complete, true and accurate.

\_\_\_\_\_  
 By (printed name)

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 (title)

State of \_\_\_\_\_

County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public \_\_\_\_\_ My commission expires on: \_\_\_\_\_

**Appendix A-2**

**Life Settlement Provider Report Idaho Insureds Only Instructions**

NOTE: This form must be accompanied by the Life Settlement Provider Certification Form. See Chapter 19 on Idaho Department of Insurance website at <http://www.doi.idaho.gov>.  
 ATTACH A SEPARATE SHEET IF NECESSARY

**Question 1.** List the settlement number, case number or unique identifying number used to identify this specific life settlement transaction.

**Question 2.** List the date the life settlement contract was purchased by the provider during the current calendar year, whether or not the insured is still alive at the end of the calendar year.



<b>Question 3.</b> List the date the owner of the policy originally initiated coverage.
<b>Question 4.</b> Was the policy being purchased previously financed? Yes or No.
<b>Question 5.</b> List the ownership type of the policy, such as trust, corporate or individually owned.
<b>Question 6.</b> If the difference between the date shown in question 3 and the date shown in question 2 is less than 2 years, provide the reason the contract was sold. In accordance with Section 41-1961, Idaho Code, use "a" if exercise of conversion rights, "bi" if terminally/chronically ill, "bii" if owner's spouse dies, "biii" if owner divorces spouse, "biv" if owner retires, "bv" if owner becomes disabled and cannot work fulltime, "bvi" if owner decreed bankrupt or insolvent, or "O" for other and provide an explanation.
<b>Question 7.</b> List the age (in years) of the person insured by the policy being sold at the time of the life settlement contract.
<b>Question 8.</b> List the life expectancy (LE) in months of the person insured at the time of the life settlement contract. If more than one LE was ordered, provide individual information on each LE.
<b>Question 9.</b> List the name of the insurance company along with its NAIC company code number.
<b>Question 10.</b> List the net amount (in dollars) for the policy being sold.
<b>Question 11.</b> List the net amount (in dollars) paid to the seller of the policy.
<b>Question 12.</b> Identify whether the policy was an individual policy (I) or a group policy (G).
<b>Question 13.</b> List the type of funding for the transaction: "F" for a licensed financial institution (policies collateralized), "P" for private (purchaser) funding, "I" for internal funding, "T" for trust, and "RPT" for related provider trust.
<b>Question 14.</b> What is the product type? Term, UL, SUL, VUL, SVUL, WL, SWL, etc.
<b>Question 15.</b> List the date the proceeds of the agreement are paid or transferred to an escrow or trust account
<b>Question 16.</b> List the name of the escrow agent and the account number, or provide the trust institution and account number.
<b>Question 17.</b> Indicate the purchase source of the policy. Use "B" for life settlement broker, "D" for direct from the insured or owner, "I" for insurance agent/producer, "SM" for a secondary market or life settlement provider, "P" for private (purchaser) funding or "O" for other and provide an explanation.
<b>Question 18.</b> List the name of the source of the life settlement transaction. If it is a broker, producer or other licensee, name that person; if it is direct, from a relative, from the corporation of the insured or any other entity that could possibly reveal the insured, designate by writing "Direct," "Relative," "Corporation" or other non-designating word.
<b>Question 19.</b> List the amount of commissions (in dollars) paid to the source involved in the transaction whether that is a life settlement broker, an insurance producer or other licensed entity authorized to be a life settlement source.
<b>Question 20.</b> List the date the disclosures required by Idaho Code §§41-1956 and 1957 were made to the owner/seller of the policy. This includes but is not limited to alternatives to life settlement contracts, tax consequences and rights of owners.
<b>Question 21.</b> If the provider transferred ownership of life settlement contract, list the date the transfer occurred and provide the name of the new owner. If not applicable show "N/A".
<b>Question 22.</b> List the total amount of premiums (in dollars) paid to the insurer to maintain the policy during the report period.
<b>Question 23.</b> Date the authorization for release of medical information was signed by the insured.

**Appendix A-3**

<b>Life Settlement Provider Report- Idaho Transactions Only</b>						
<b>SUPPLEMENTAL REPORT</b>						
Complete this section ONLY if death benefit proceeds were paid						
Report year: _____						
Life Settlement provider's name: _____						
Name, address and telephone number of contact person for this report:						
Email address:						
SEE INSTRUCTIONS	Contract #1	Contract #2	Contract #3	Contract #4	Contract #5	
1	Life settlement provider settlement number					
2	Life settlement contract purchased date					
3	Age of insured at time of contract					
4	Life expectancy at time of contract					
5	Net amount paid to owner/ seller (\$)					
6	Insured's date of death					
7	Number of months between contract date and date of death.					
8	Number of months between life expectancy at time of contract and date of death (+/-)					
9	Death benefit collected					
10	Total premiums paid to maintain policy (\$)					

I \_\_\_\_\_, the undersigned \_\_\_\_\_ of the reporting entity, first being duly sworn, state and affirm that I am the described officer, manager or employee of the reporting entity and that the information contained in this report is complete, true and accurate.

Signature \_\_\_\_\_  
 (title)

By (printed name) \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

My Commission expires on:

**Appendix A- 4**

**SUPPLEMENTAL REPORT INSTRUCTIONS**

Complete this section ONLY if death benefit proceeds were paid

- Question S1.** List the settlement number, case number or unique identifying number used to identify this specific life settlement transaction.
- Question S2.** List the date the life settlement contract was purchased by the provider.
- Question S3.** List the age (in years) of the person insured by the policy being sold at the time of the life settlement contract.
- Question S4.** List the life expectancy (in months) of the person insured by the policy being sold at the time of the life settlement contract.
- Question S5.** List the net amount (in dollars) paid to the policy owner/seller.
- Question S6.** Date of death of the person insured by the policy.
- Question S7.** List the difference (in months) between the date shown in question S2 and the date shown in question S6.
- Question S8.** List the number of months between the life expectancy of the Insured at the time of contract and the insured's date of death. This should be noted as a plus (+) figure if the insured died after the estimated life expectancy or a minus (-) if the insured died prior to the estimated life expectancy.
- Question S9.** Total amount of death benefit collected.
- Question S10.** List the total amount of premiums (in dollars) paid to the insurer to maintain the policy, from the Life Settlement contract date to the date of death.

**Appendix B**

**DISCLOSURE TO OWNER**

(To be provided no later than at time of application for any life settlement agreement)

(With acknowledgement of life settlement provider or broker)

**IMPORTANT – READ THIS DISCLOSURE FORM AND THE ENCLOSED LIFE SETTLEMENT INFORMATION BROCHURE BEFORE SIGNING ANY LIFE SETTLEMENT AGREEMENT.**

You should carefully read all of the following points and seek financial, insurance, tax and other advice where appropriate.

1. Possible alternatives to life settlement contracts include any accelerated death benefits or policy loans offered under your life insurance policy.
2. A life settlement broker exclusively represents you, the owner, and not the insurer or the life settlement provider, and owes a fiduciary duty to the owner, including a duty to act according to the owner's instructions and in the best interest of the owner.
3. Some or all of the proceeds of the life settlement may be taxable under federal and state law, and assistance should be sought from a professional tax advisor.
4. Proceeds of the life settlement could be subject to the claims of your creditors.
5. Receipt of the proceeds of a life settlement may adversely affect your eligibility for Medicaid or other government benefits or entitlements, and advice should be obtained from the appropriate government agencies.

- You have the right to rescind (cancel) a life settlement contract within twenty (20) days of the date it is signed by all parties. If you want to rescind the contract, you must provide notice to the life settlement provider and repay all proceeds and any premiums, loans and loan interest paid on account of the life settlement contract within the twenty (20) day rescission period. If the insured dies during the twenty (20) day rescission period, the life settlement contract will be deemed to have been rescinded, subject to repayment by the owner or the owner's estate of all life settlement proceeds and any premiums, loans and loan interest.
6. Funds will be sent to you within three (3) business days after the life settlement provider has received the insurer or group administrator's written acknowledgment that ownership of the policy or interest in the certificate has been transferred and the beneficiary has been designated.
  7. Entering into a life settlement contract may cause you to forfeit other rights or benefits including conversion rights and waiver of premium benefits that may exist under the policy or certificate. Assistance should be sought from a financial adviser.
  8. Policy Owner's Initials: \_\_\_\_\_
  9. You will be provided a brochure approved for use by the Department of Insurance that describes the process of life settlements. You should review this brochure carefully.
  10. All medical, financial or personal information solicited or obtained by a life settlement provider or life settlement broker about an insured, including the insured's identity or the identity of family members, a spouse or a significant other may be disclosed as necessary to effect the life settlement between the owner and the life settlement provider. If you are asked to provide this information, you will be asked to consent to the disclosure. The information may be provided to someone who buys the policy or provides funds for the purchase. You may be asked to renew your permission to share information every two (2) years.
  11. Following execution of a life settlement contract, the insured may be contacted for the purpose of determining the insured's health status and to confirm the insured's residential or business street address and telephone number, or as otherwise provided in sections 41-1950 through 41-1965, Idaho Code. This contact shall be limited to once every three (3) months if the insured has a life expectancy of more than one (1) year, and no more than once per month if the insured has a life expectancy of one (1) year or less. All such contacts shall be made only by a life settlement provider licensed in the state of Idaho.
  12. If you have any questions, you may call the Idaho Department of Insurance at 800-721-3272 or 208-334-4250.

**LIFE INSURANCE POLICY OWNER'S ACKNOWLEDGMENT:** I have read and fully understand this disclosure form. I have received copies of this disclosure form and the life settlement information brochure to keep for my records.

**LIFE INSURANCE POLICY OWNER**  
By: \_\_\_\_\_  
Printed Name  
Date: \_\_\_\_\_

**LIFE SETTLEMENT PROVIDER OR BROKER**  
By: \_\_\_\_\_  
Printed Name/Title  
Date: \_\_\_\_\_

**JOINT LIFE INSURANCE POLICY OWNER**  
By: \_\_\_\_\_  
Printed Name  
Date: \_\_\_\_\_

Appendix C

**LIFE SETTLEMENT PROVIDER'S DISCLOSURE TO OWNER UPON SETTLEMENT**

**IMPORTANT – READ THIS DISCLOSURE FORM BEFORE  
SIGNING ANY LIFE SETTLEMENT CONTRACT.**

The life settlement provider must provide you with at least the following disclosures prior to signing of the life settlement contract. You should carefully read all of the following points and seek financial, insurance, tax and other advice where appropriate.

1. The person or entity identified on this form is acting as a life settlement provider and does not represent you.
2. The affiliation, if any, between the life settlement provider and the issuer of the insurance policy to be settled is:

None

\_\_\_\_\_

3. The name, business address and telephone number of the life settlement provider are as follows:

4. If an insurance policy to be settled has been issued as a joint policy or involves family riders or any coverage of a life other than the insured under the policy to be settled, the possibility of loss of coverage on the other lives under the policy exists. If this is the case, the insurance producer or the insurer issuing the policy should be consulted for advice on the proposed life settlement.

The insurance policy DOES NOT provide coverage to any person other than the insured.

The insurance policy DOES provide coverage to other persons as follow:

\_\_\_\_\_

\_\_\_\_\_

Policy Owner's Initials: \_\_\_\_\_

5. The current death benefit payable under insurance policy or certificate number \_\_\_\_\_ issued by \_\_\_\_\_ is: \$ \_\_\_\_\_

The availability of additional guaranteed insurance benefits, the dollar amount of any accidental death and dismemberment benefits under the policy or certificate, and the extent to which your interest in these benefits will be transferred as a result of the life settlement contact are:

Unknown

\_\_\_\_\_

\_\_\_\_\_

6. You may inspect or receive copies of the relevant escrow, trust agreements or other documents by contacting the independent third party escrow agent. You may contact that agent at (name, business address, telephone number):

\_\_\_\_\_

\_\_\_\_\_

INSURANCE POLICY OWNER'S ACKNOWLEDGMENT: I have read and fully understand this Disclosure form, and I have received a copy of this form to keep for my records.

LIFE INSURANCE POLICY OWNER

JOINT LIFE INSURANCE POLICY OWNER

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name \_\_\_\_\_

Printed Name \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**LIFE SETTLEMENT PROVIDER**

This form was prepared by: \_\_\_\_\_

Printed Name/Title

Date: \_\_\_\_\_

**Appendix D**

**LIFE SETTLEMENT BROKER'S DISCLOSURE FORM**

**IMPORTANT – READ THIS DISCLOSURE FORM BEFORE SIGNING ANY LIFE SETTLEMENT CONTRACT.**

The life settlement broker is representing you in this transaction and has a duty to act in your best interest. The life settlement broker must provide you with at least the following disclosures prior to the time you sign the life settlement contract. You should carefully read all the following points and seek financial, insurance, tax and other advice where appropriate.

1. The name, business address and telephone number of the life settlement broker are as follows:

\_\_\_\_\_

2. A full, complete and accurate description of all offers, counteroffers, acceptances and rejections relating to the proposed life settlement contract (including name of party, date made, price and any other material terms) is:

Attached

As follows:

\_\_\_\_\_

3. The affiliation or contractual arrangements between the life settlement broker and any person making an offer in connection with a proposed life settlement contract are as follows:

None

Attached

\_\_\_\_\_

Policy Owner's Initials: \_\_\_\_\_

4. The amount, method of calculation and the party who is responsible for paying the broker's compensation are listed below. The term "compensation" includes anything of value to be paid or given to a life settlement broker for the placement of a policy.

5. Where any portion of the life settlement broker's compensation is taken from a proposed life settlement offer, the total amount of the life settlement offer and the percentage of the life settlement offer comprised by the life settlement broker's compensation are:

\_\_\_\_\_

N/A

\_\_\_\_\_

LIFE INSURANCE POLICY OWNER'S ACKNOWLEDGMENT: I have read and fully understand this disclosure form and have received a copy to keep for my records.

LIFE INSURANCE POLICY OWNER

JOINT LIFE INSURANCE POLICY OWNER

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name \_\_\_\_\_

Printed Name \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

LIFE SETTLEMENT BROKER

This form was prepared by: \_\_\_\_\_

Printed Name/Title \_\_\_\_\_

Date: \_\_\_\_\_

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