

R590. Insurance, Administration.

R590-222. Life Settlements.

R590-222-5. License Requirements.

(1) Life Settlement Provider License.

(a) A person may not perform, or advertise any service as a life settlement provider in Utah, without a valid license.

(b) A life settlement provider license shall be issued on an annual basis upon:

(i) the submission of a complete initial or renewal application; and

(ii) the payment of the applicable fees under Section 31A-3-103.

(c) An applicant for a license shall:

(i) use the application form prescribed by the commissioner and available on the department's website. For the initial application, see Appendix A and for the renewal application, see Appendix E;

(ii) with an initial application, provide a copy of the applicant's plan of operation that is to:

(A) describe the market the applicant intends to target;

(B) explain who will produce business for the applicant and how these people will be recruited, trained, and compensated;

(C) estimate the applicant's projected Utah business over the next 5 years;

(D) describe the corporate organizational structure of the applicant, its parent company, and all affiliates;

(E) describe the procedures used by the applicant to insure that life settlement proceeds will be sent to the owner within three business days as required by Subsection 31A-36-110 (3); and

(F) describe the procedures used by the applicant to insure that the identity, financial information, and medical information of an insured are not disclosed except as authorized under Section 31A-36-106;

(iii) with an initial application, provide the antifraud plan as required by Section 31A-36-117;

(iv) with both an initial and renewal application, provide any other information requested by the commissioner; and

(v) with both an initial and renewal application, provide evidence of financial responsibility in the amount of \$250,000 in the form of a surety bond issued by an insurer authorized in this state. The surety bond shall be in the favor of this state and shall specifically authorize recovery by the commissioner on behalf of any person in this state who sustained damages as the result of erroneous acts, failure to act, conviction of fraud or conviction of unfair practices by the life settlement provider;

(A) The evidence of financial responsibility shall remain in force for as long as the licensee is active.

(B) The bond shall not be terminated or reduced without 30 days prior written notice to the licensee and the commissioner.

(C) The commissioner may accept as evidence of financial responsibility, proof that a surety bond, in accordance with the requirements in subsection 1(c)(v), has been filed with the commissioner of any other state where the life settlement provider is licensed as a life settlement provider as long as the benefits

provided by the surety bond extend to this state.

(d) The commissioner may refuse to issue or renew a license of a life settlement provider if any officer, one who is a holder of more than 10% of the provider's stock, partner, or director fails to meet the standards of Title 31A, Chapter 36.

(e) If, within the time prescribed, a life settlement provider fails to pay the renewal fee [~~within the time prescribed or~~], fails to submit the renewal application, or fails to submit the reports required in Section R590-222-6, the nonpayment or failure to submit [~~the required reports~~] shall:

(i) result in lapse of the license; and

(ii) subject the provider to administrative penalties and forfeitures.

(f) If a life settlement provider has, at the time of license renewal, life settlements where the insured has not died, the life settlement provider shall:

(i) renew or maintain its current license status until the earlier of the following events:

(A) the date the life settlement provider properly assigns, sells, or otherwise transfers the life settlements where the insured has not died; or

(B) the date that the last insured covered by a life settlement transaction has died;

(ii) designate, in writing, either the life settlement provider that entered into the life settlement or the producer who received commission from the life settlement, if applicable, or any other life settlement provider or producer licensed in this state, to make all inquiries to the owner, or the owner's designee, regarding health status of the insured or any other matters.

(g) The commissioner shall not issue a license to a nonresident life settlement provider unless a written designation of an agent for service of process is filed and maintained with the commissioner.

(2) Life Settlement Producer license.

Life settlement producers shall be licensed in accordance with Title 31A, Chapter 23a with a life insurance line of authority.

KEY: insurance, life settlement

Date of Enactment or Last Substantive Amendment: [June 25, 2009] 2010

Notice of Continuation: June 2, 2008

Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-36-119