

MAINE STATE LEGISLATURE

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INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1411, L.D. 1907, Bill, "An Act To Govern and Regulate Life Settlements"

Amend the bill in section 5 in that part designated "§6802-A." in subsection 1 in the last line (page 1, line 46 in L.D.) by striking out the following: "viatical or life"

Further amend the bill in section 5 in that part designated "§6802-A." by striking out all of subsection 11 and inserting in its place the following:

'11. Settlement provider. "Settlement provider" means a person other than the viator that enters into or effectuates a settlement contract. "Settlement provider" does not include:

A. A supervised lender, as defined in Title 9-A, section 1-301, subsection 39, that takes an assignment of a life insurance policy as collateral for a loan;

B. The issuer of a life insurance policy providing accelerated benefits under section 2555 and pursuant to the contract;

C. An authorized or eligible insurer that provides stop-loss coverage to a settlement provider, purchaser, financing entity, special purpose entity or related provider trust;

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2 D. A viator's friend or family member or other natural
3 person who enters into no more than one agreement in a
4 calendar year for the assignment, transfer, sale, devise or
5 bequest of a life insurance policy for any value less than
6 the expected death benefit;

7 E. A financing entity;

8 F. A special purpose entity;

9 G. A related provider trust; or

10 H. An accredited investor or qualified institutional buyer
11 as defined respectively in Regulation D, Rule 501 and Rule
12 144A of the Federal Securities Act of 1933, as amended, and
13 who acquires a policy from a settlement provider.'

14 Further amend the bill in section 10 in that part designated
15 "~~§6807.~~" in subsection 4 in the first paragraph by striking out
16 all of the last underlined sentence (page 16, lines 1 and 2 in
17 L.D.) and inserting in its place the following: 'A cause of
18 action may not arise against any person for the act of
19 communicating or delivering information or data to the
20 superintendent or the superintendent's authorized representative
21 or examiner pursuant to an examination made under this chapter if
22 the act of communication or delivery was performed in good faith
23 and without fraudulent intent or the intent to deceive. This
24 subsection does not abrogate or modify in any way any common law
25 or statutory privilege or immunity heretofore enjoyed by the
26 superintendent, the superintendent's authorized representatives
27 or any examiner appointed by the superintendent.'

28 Further amend the bill in section 13 in that part designated
29 "~~§6810.~~" in subsection 1 in the 3rd line (page 27, line 27 in
30 L.D.) by striking out the following: "viatical"

31 Further amend the bill in section 17 in that part designated
32 "~~§6818.~~" in subsection 5 by striking out all of paragraph C.

33 Further amend the bill in section 17 in that part designated
34 "~~§6818.~~" in subsection 5 by relettering the paragraphs to read
35 consecutively.

36 Further amend the bill by inserting after section 17 the
37 following:

38 '**Sec. 18. Bureau of Insurance report.** The Superintendent of
39 Insurance shall prepare a report that addresses the market
40 conditions for life settlements in this State and identifies any
41 problem areas or issues within the market for life settlements,
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2 including any consumer complaints received by the Bureau of
Insurance. The superintendent shall submit the report no later
4 than February 1, 2006 to the joint standing committee of the
Legislature having jurisdiction over insurance and financial
6 services matters. The committee may report out legislation to
the Second Regular Session of the 122nd Legislature to make any
changes to the laws regulating life settlements.'

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SUMMARY

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This amendment makes the following changes to the bill.

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1. It deletes language referring to an award of attorney's
fees and costs to a prevailing party in a tort action arising out
16 of activities related to the regulation of viatical or life
settlements.

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2. It makes a change to the definition of settlement
provider to correct a reference to supervised lenders and to
delete a reference to a settlement purchaser.

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3. It corrects 2 inadvertent references to a viatical
settlement.

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4. It requires the Bureau of Insurance to submit a report
by February 1, 2006 to the joint standing committee of the
Legislature having jurisdiction over insurance and financial
services matters on the market conditions for life settlements
and any problems related to the regulation of life settlements.

FISCAL NOTE REQUIRED
(See attached)

121st Maine Legislature
Office of Fiscal and Program Review

LD 1907

An Act To Govern and Regulate Life Settlements



LR 2724(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Minor cost increase - General Fund

Minor cost increase - Other Special Revenue Funds

Minor revenue increase - General Fund

Minor revenue increase - Other Special Revenue Funds

Correctional and Judicial Impact Statements:

Increases the number of civil suits

Fiscal Detail and Notes

Additional costs to the Department of Professional and Financial Regulation in implementing this legislation can be absorbed utilizing existing budgetary resources and the additional resources provided in the legislation.