

**State of Connecticut**  
**REGULATION**  
of

NAME OF AGENCY

**INSURANCE DEPARTMENT**

*Concerning*

**Life Settlement Contracts**

**Section 1.** Sections 38a-465-2 to 38a-465-10, inclusive, of the Regulations of Connecticut State Agencies are amended to read as follows:

**Sec. 38a-465-2. Annual statement reporting requirements**

Each provider shall file with the Commissioner on or before March 1 each year, an annual statement containing the following information regarding business transacted in this state for the previous calendar year:

(1) For each policy settled, the date that the life settlement contract was entered into; the life expectancy of the insured at the time of the contract; the face amount of the policy; the amount paid by the provider to settle the policy and the percentage that amount represents of the face amount; and if the insured has died, the date, the total insurance premiums paid by the provider to maintain the policy in force and the primary ICD diagnosis code, in numeric format, as defined by the International Classification of Diseases, as published by the U.S. Department of Health and Human Services;

(2) a breakdown of applications received, accepted, and rejected, by disease category;

(3) a breakdown of purchased policies by issuer, year of policy issuance and policy type;

(4) the number of secondary market versus primary market transactions;

(5) the total number of policies settled, the total policy premiums paid, the total paid to all owners, and the total commissions paid to brokers;

(6) the source and amount of outside borrowing or financing; and

(7) the name and address of each broker through whom the reporting company purchased a policy from an owner who resided in Connecticut at the time of contract.

**Sec. 38a-465-3. Verification of license status of providers**

Each licensed broker shall file on or before March 1 of each year, a notarized statement, signed under oath or affirmation, verifying that each provider from which such broker receives a commission or other payment or benefit is licensed in the State of Connecticut.

**Sec. 38a-465-4. Confidentiality of identity of insured's information**

Except as otherwise permitted under Section 38a-465d of the Connecticut General Statutes:

(f) As used in this section, "gender identity or expression" has the same meaning as provided in section 1-1n of the Connecticut General Statutes.

**Sec. 38a-465-8. Advertising practices**

(a) Advertising related to the life settlement contract shall be truthful and not misleading by fact or implication.

(b) If the advertiser references the speed with which the settlement will occur, the advertising shall disclose the average time frame from completed application to the date of offer and from acceptance of the offer to receipt of the funds by the owner.

(c) If the advertising references the dollar amounts available to owners, the advertising shall disclose the average purchase price as a percentage of face value obtained by owners contracting with the advertiser during the past six (6) months.

**Sec. 38a-465-9. Interest retained by owner**

(a) If a provider enters a life settlement contract that allows the owner to retain an interest in the policy, the life settlement contract shall contain the following provisions:

(1) A provision that the provider will effect the transfer of the amount of the death benefit only to the extent or portion of the amount settled. Benefits in excess of the amount settled shall be paid directly to the owner or the owner's beneficiary by the insurance company;

(2) a provision that the provider will, upon acknowledgment of the perfection of the transfer, either

(A) advise the insured, in writing that the insurance company has confirmed the owner's interest in the policy or

(B) send a copy of the instrument sent from the insurance company to the provider that acknowledges the owner's interest in the policy; and

(3) a provision that apportions the premiums to be paid by the provider and the owner. It is permissible for the life settlement contract to specify that all premiums shall be paid by the provider. The contract may also require that the owner reimburse the provider for the premiums attributable to the retained interest.

(b) If a provider enters a life settlement contract that pertains to a contract with benefits that are in addition to the basic face amount of the life insurance, including but not limited to, benefits such as accidental death or double indemnity, the owner shall retain an interest in the policy to the extent of such rights. The owner may sell these additional rights to the provider if the life insurance policy does not prohibit the sale of such rights and the life settlement contract discloses or acknowledges the purchase of such rights.

**Sec. 38a-465-10. Disclosure requirements**

A disclosure document containing the disclosures required in section 38a-465f of the Connecticut General Statutes and sections 38a-465-2 to 38a-465-10, inclusive, of the Regulations of Connecticut State Agencies shall be provided before or concurrent with taking an application for a life settlement contract.

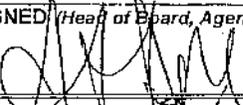
**Sec. 2.** Section 38a-465-1 of the Regulations of Connecticut State Agencies is repealed.

R-39 Rev. 03/2012  
(Certification page—see Instructions on back)

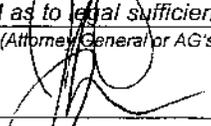
### CERTIFICATION

*This certification statement must be completed in full, including items 3 and 4, if they are applicable.*

- 1) I hereby certify that the above (check one)  Regulations  Emergency Regulations
- 2) are (check all that apply)  adopted  amended  repealed by this agency pursuant to the following authority(ies): (complete all that apply)
  - a. Connecticut General Statutes section(s) 38a-465m.
  - b. Public Act Number(s) N/A.  
(Provide public act number(s) if the act has not yet been codified in the Connecticut General Statutes.)
- 3) And I further certify that notice of intent to adopt, amend or repeal said regulations was published in the Connecticut Law Journal on December 4, 2012;  
(Insert date of notice publication if publication was required by CGS Section 4-168.)
- 4) And that a public hearing regarding the proposed regulations was held on N/A;  
(Insert date(s) of public hearing(s) held pursuant to CGS Section 4-168(a)(7), if any, or pursuant to other applicable statute.)
- 5) And that said regulations are **EFFECTIVE** (check one, and complete as applicable)
  - When filed with the Secretary of the State
  - OR  on (insert date) \_\_\_\_\_

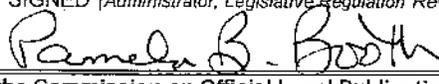
DATE	SIGNED (Head of Board, Agency or Commission) 	OFFICIAL TITLE, DULY AUTHORIZED Deputy Insurance Commissioner
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*APPROVED by the Attorney General as to legal sufficiency in accordance with CGS Section 4-169, as amended*

DATE <u>4/15/13</u>	SIGNED (Attorney General or AG's designated representative)  Joseph Rubin	OFFICIAL TITLE, DULY AUTHORIZED ASSOC. ATTY. GENERAL
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*Proposed regulations are DEEMED APPROVED by the Attorney General in accordance with CGS Section 4-169, as amended, if the attorney General fails to give notice to the agency of any legal insufficiency within thirty (30) days of the receipt of the proposed regulation.  
(For Regulation Review Committee Use ONLY)*

- Approved  Rejected without prejudice
- Approved with technical corrections  Disapproved in part, (Indicate Section Numbers disapproved only)
- Deemed approved pursuant to CGS Section 4-170(c)

By the Legislative Regulation Review Committee in accordance with CGS Section 4-170, as amended	DATE <u>6/25/2013</u>	SIGNED (Administrator, Legislative Regulation Review Committee) 
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*Two certified copies received and filed and one such copy forwarded to the Commission on Official Legal Publications in accordance with CGS Section 4-172, as amended.*

DATE	SIGNED (Secretary of the State)	BY
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*(For Secretary of the State Use ONLY)*