

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**

Senate Bill 742

Senator Kelley)

Finance

Economic Matters

**Insurance - Viatical Settlement Providers and Viatical Settlement Brokers**

This bill provides for registration of “viatical settlement providers” and “viatical settlement brokers” by the Maryland Insurance Administration (MIA).

**Fiscal Summary**

**State Effect:** Special fund expenditures could increase by \$20,000 in FY 2002 to upgrade MIA’s computer licensing system. Special fund revenues could increase beginning in FY 2002 from registration and renewal fees. Any such increase is assumed to be minimal.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	-	-	-	-	-
SF Expenditure	20,000	0	0	0	0
Net Effect	(\$20,000)	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

**Analysis**

**Bill Summary:** Under the bill, a “viatical settlement contract” is a written agreement that establishes the terms under which an insurance policy holder or owner (a “viator”) will receive compensation in exchange for an assignment, sale, transfer, devise, or bequest of the death benefit or ownership of the insurance policy. A “viatical settlement

broker” is one who, for a fee on and on behalf of a viator, offers or attempts to negotiate viatical settlement contracts. Attorneys, certified public accountants, or accredited financial planners are excluded from the bill’s provisions. A “viatical settlement provider” is one who agrees to pay compensation to the viator under the viatical settlement contract.

A viatical settlement broker owes a fiduciary duty to a viator and must provide the viator with the disclosures required under the bill. A viator may not be limited to an owner or certificate holder of a policy that insures the life of an individual with a terminal or chronic illness or condition. The bill: (1) authorizes a viatical settlement provider or viatical settlement broker to contact the insured to determine the insured’s health status; and (2) limits the contact depending on the life expectancy of the insured.

Applicants for registration as viatical settlement brokers and providers must pay a \$250 registration fee to MIA. Registration as a viatical settlement broker or provider lasts two years and may be renewed for a fee of \$50.

Violators of the bill are subject to: (1) suspension or revocation of a registration under the bill; (2) a penalty of up to \$125,000 imposed by MIA; and/or (3) restitution to any person who has suffered financial injury because of the violation.

**Current Law:** No statutory provision applicable.

**State Revenues:** Special fund revenues would increase by \$250 in fiscal 2002 for each person who registers under the bill. The number of potential registrants under the bill cannot be accurately estimated. Revenues in the out-years would reflect the two-year registration cycle.

General fund revenues could increase due to the bill’s penalty provisions. Any such increase cannot be accurately estimated, but is assumed to be minimal.

**State Expenditures:** Special fund expenditures could increase by \$20,000 in fiscal 2002 to cover the cost of computer upgrades required for the bill’s registration provisions. Assuming that the number of potential registrants is small, the bill’s requirements could be handled with MIA’s existing personnel. However, additional resources could be required if industry growth is significant.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader – March 13, 2001  
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