
By: **Senator Bromwell**

Introduced and read first time: January 31, 2002

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Life Settlement Act**

3 FOR the purpose of requiring a person to obtain a license from the Maryland
4 Insurance Commissioner before the person acts as a provider, sales agent, or
5 broker in the State in connection with a life settlement contract or a purchase
6 agreement; prohibiting the use of a person to perform certain functions unless
7 the person holds a certain license; requiring an applicant for a license to file a
8 certain application in a certain manner, pay a certain fee, and submit certain
9 information and documentation to the Commissioner; requiring the
10 Commissioner to issue a license to an applicant under certain circumstances;
11 prohibiting the Commissioner from issuing a license to a nonresident applicant
12 under certain circumstances; authorizing the Commissioner to refuse to issue a
13 license to an applicant that is an entity under certain circumstances; requiring
14 a licensee to file a certain statement with the Commissioner; providing for the
15 renewal of licenses; requiring that a form for a life settlement contract or a
16 purchase agreement be filed with and approved by the Commissioner before it is
17 used in the State; requiring the Commissioner to disapprove a form under
18 certain circumstances; requiring a provider to make certain disclosures in a
19 certain manner to the owner of a policy being sold under a life settlement
20 contract; requiring a provider to obtain a certain statement and document before
21 entering into a life settlement contract with an owner of a policy insuring an
22 individual who is terminally ill or chronically ill; providing that a life settlement
23 contract entered into within a certain period after the date of issuance of the
24 policy to be acquired is void and unenforceable under certain circumstances;
25 specifying the manner in which fees paid to a broker must be computed and
26 requiring a broker to disclose to an owner certain fees paid to the broker;
27 providing that a broker is deemed to represent only the owner and owes a
28 fiduciary duty to the owner to act in a certain manner; specifying the manner in
29 which proceeds of a life settlement contract are transferred to an owner;
30 requiring a provider to make certain disclosures in a certain manner to a
31 purchaser of an interest in a policy; providing that failure to give notice of
32 certain rights of rescission tolls the rights of rescission; requiring certain records
33 to be maintained and made available to the Commissioner; authorizing the
34 Commissioner to examine the business and affairs of an applicant or licensee
35 under certain circumstances; establishing certain prohibited acts; authorizing

1 the Commissioner to deny a license to an applicant or suspend, revoke, or refuse
2 to renew a license under certain circumstances; authorizing the Commissioner
3 to impose a certain penalty, require certain restitution, and issue a cease and
4 desist order under certain circumstances; prohibiting the waiver by agreement
5 of certain provisions of this Act; authorizing the Commissioner to adopt certain
6 regulations; establishing a certain short title; defining certain terms; allowing
7 providers, sales agents, and brokers transacting business in the State on the
8 effective date of this Act to continue to transact business in the State without
9 being licensed until a certain time under certain circumstances; and generally
10 relating to life settlement contracts, purchase agreements, and the regulation of
11 providers, sales agents, and brokers.

12 BY adding to

13 Article - Insurance

14 Section 8-601 through 8-619, inclusive, to be under the new subtitle "Subtitle 6.
15 Life Settlement Act"

16 Annotated Code of Maryland

17 (1997 Volume and 2001 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Insurance**

21 **SUBTITLE 6. LIFE SETTLEMENT ACT.**

22 8-601.

23 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
24 INDICATED.

25 (B) "ADVERTISEMENT" MEANS A WRITTEN, ELECTRONIC, OR PRINTED
26 COMMUNICATION OR A COMMUNICATION BY MEANS OF RECORDED TELEPHONE
27 MESSAGE OR TRANSMISSION ON RADIO, TELEVISION, THE INTERNET, OR SIMILAR
28 COMMUNICATIONS MEDIA, INCLUDING FILM STRIPS, MOTION PICTURES, AND
29 VIDEOS, THAT IS PUBLISHED, DISSEMINATED, OR CIRCULATED TO INDUCE A PERSON
30 TO SELL OR PURCHASE A POLICY OR AN INTEREST IN A POLICY UNDER A LIFE
31 SETTLEMENT CONTRACT OR A PURCHASE AGREEMENT.

32 (C) (1) "BROKER" MEANS A PERSON THAT, ON BEHALF OF AN OWNER AND
33 FOR A FEE, COMMISSION, OR OTHER VALUABLE CONSIDERATION, OFFERS OR
34 ATTEMPTS TO NEGOTIATE LIFE SETTLEMENT CONTRACTS BETWEEN AN OWNER AND
35 ONE OR MORE PROVIDERS.

36 (2) "BROKER" DOES NOT INCLUDE AN ATTORNEY, CERTIFIED PUBLIC
37 ACCOUNTANT, OR FINANCIAL PLANNER:

38 (I) WHO IS RETAINED IN A PROFESSIONAL CAPACITY TO
39 REPRESENT THE OWNER; AND

1 (II) WHOSE COMPENSATION IS NOT PAID DIRECTLY OR
2 INDIRECTLY BY THE PROVIDER.

3 (D) "CHRONICALLY ILL" MEANS:

4 (1) BEING UNABLE TO PERFORM AT LEAST TWO ACTIVITIES OF DAILY
5 LIVING, WHICH ARE EATING, TOILETING, TRANSFERRING, BATHING, DRESSING, OR
6 CONTINENCE;

7 (2) REQUIRING SUBSTANTIAL SUPERVISION TO PROTECT THE
8 INDIVIDUAL FROM THREATS TO HEALTH AND SAFETY DUE TO SEVERE COGNITIVE
9 IMPAIRMENT; OR

10 (3) HAVING A LEVEL OF DISABILITY SIMILAR TO THAT DESCRIBED IN
11 ITEM (1) OF THIS SUBSECTION, AS DETERMINED BY THE SECRETARY OF HEALTH AND
12 MENTAL HYGIENE.

13 (E) (1) "FINANCING ENTITY" MEANS A PERSON:

14 (I) THAT IS AN UNDERWRITER, A PLACEMENT AGENT, A LENDER, A
15 PURCHASER OF SECURITIES, A PERSON THAT ACQUIRES A POLICY FROM A
16 PROVIDER, OR AN ENTITY THAT HAS A DIRECT OWNERSHIP INTEREST IN A POLICY
17 THAT IS THE SUBJECT OF A LIFE SETTLEMENT CONTRACT; AND

18 (II) 1. WHOSE PRINCIPAL ACTIVITY RELATED TO THE
19 TRANSACTION IS PROVIDING FUNDS TO EFFECT THE LIFE SETTLEMENT OR THE
20 ACQUISITION OF ONE OR MORE PURCHASED POLICIES; OR

21 2. THAT HAS AN AGREEMENT IN WRITING WITH ONE OR
22 MORE LICENSED PROVIDERS TO FINANCE THE ACQUISITION OF LIFE SETTLEMENT
23 CONTRACTS.

24 (2) "FINANCING ENTITY" DOES NOT INCLUDE A PURCHASER OR A
25 NONACCREDITED INVESTOR.

26 (F) (1) "FINANCING TRANSACTION" MEANS A TRANSACTION IN WHICH A
27 LICENSED PROVIDER OBTAINS FINANCING FROM A FINANCING ENTITY.

28 (2) "FINANCING TRANSACTION" INCLUDES:

29 (I) SECURED OR UNSECURED FINANCING;

30 (II) A SECURITIZATION TRANSACTION; AND

31 (III) A SECURITIES OFFERING THAT EITHER IS REGISTERED OR
32 EXEMPT FROM REGISTRATION UNDER FEDERAL AND STATE SECURITIES LAW.

33 (G) "INDEPENDENT ESCROW AGENT" MEANS A TITLING AGENT OR OTHER
34 AGENT THAT:

1 (1) EXISTS FOR THE SOLE PURPOSE OF HOLDING THE OWNERSHIP OR
2 BENEFICIAL INTEREST IN PURCHASED POLICIES; AND

3 (2) HAS A WRITTEN AGREEMENT WITH A LICENSED PROVIDER OR
4 FINANCING ENTITY UNDER WHICH:

5 (I) THE LICENSED PROVIDER IS RESPONSIBLE FOR ENSURING
6 COMPLIANCE WITH ALL STATUTORY AND REGULATORY REQUIREMENTS; AND

7 (II) THE AGENT AGREES TO MAKE ALL RECORDS AND FILES
8 RELATED TO LIFE SETTLEMENT TRANSACTIONS AVAILABLE TO THE COMMISSIONER
9 AS IF THOSE RECORDS AND FILES WERE MAINTAINED DIRECTLY BY THE LICENSED
10 PROVIDER.

11 (H) (1) "LIFE SETTLEMENT CONTRACT" MEANS A WRITTEN AGREEMENT
12 BETWEEN AN OWNER AND A PROVIDER THAT ESTABLISHES THE TERMS UNDER
13 WHICH THE OWNER OF A POLICY WILL SELL, ASSIGN, TRANSFER, DEVISE, OR
14 BEQUEATH THE EXPECTED DEATH BENEFIT PAYABLE UNDER THE POLICY FOR
15 COMPENSATION THAT IS LESS THAN THE EXPECTED DEATH BENEFIT.

16 (2) "LIFE SETTLEMENT CONTRACT" INCLUDES:

17 (I) A CONTRACT FOR A LOAN OR OTHER LENDING TRANSACTION
18 WITH AN OWNER THAT IS SECURED PRIMARILY BY A POLICY, OTHER THAN A LOAN BY
19 A LIFE INSURER UNDER THE TERMS OF THE POLICY OR A LOAN SECURED BY THE
20 CASH VALUE OF A POLICY; AND

21 (II) AN AGREEMENT WITH AN OWNER TO TRANSFER OWNERSHIP
22 OR CHANGE THE BENEFICIARY DESIGNATION AT A LATER DATE REGARDLESS OF
23 THE DATE THAT COMPENSATION IS PAID TO THE SELLER OR OWNER.

24 (I) (1) "OWNER" MEANS THE OWNER OF A LIFE INSURANCE POLICY OR A
25 CERTIFICATE HOLDER UNDER A GROUP LIFE INSURANCE POLICY WHO ENTERS OR
26 SEEKS TO ENTER INTO A LIFE SETTLEMENT CONTRACT.

27 (2) "OWNER" DOES NOT INCLUDE A LICENSEE UNDER THIS SUBTITLE.

28 (J) "POLICY" MEANS AN INDIVIDUAL OR GROUP POLICY, GROUP CERTIFICATE,
29 OR CONTRACT OF LIFE INSURANCE THAT AFFECTS THE RIGHTS OF A RESIDENT OF
30 THE STATE OR THAT BEARS A REASONABLE RELATION TO THE STATE, REGARDLESS
31 OF WHETHER DELIVERED OR ISSUED FOR DELIVERY IN THE STATE.

32 (K) (1) "PROVIDER" MEANS A PERSON, OTHER THAN AN OWNER, THAT
33 ENTERS INTO OR EFFECTUATES A LIFE SETTLEMENT CONTRACT.

34 (2) "PROVIDER" DOES NOT INCLUDE:

35 (I) A BANK, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION,
36 CREDIT UNION, OR OTHER LICENSED LENDING INSTITUTION THAT TAKES AN
37 ASSIGNMENT OF A POLICY AS COLLATERAL FOR A LOAN;

1 (II) AN INDIVIDUAL WHO ENTERS INTO NO MORE THAN ONE
2 AGREEMENT IN A CALENDAR YEAR FOR THE TRANSFER OF A POLICY FOR
3 COMPENSATION THAT IS LESS THAN THE EXPECTED DEATH BENEFIT PAYABLE
4 UNDER THE POLICY;

5 (III) A PURCHASER;

6 (IV) AN AUTHORIZED INSURER THAT PROVIDES STOP LOSS
7 COVERAGE TO A PROVIDER;

8 (V) A FINANCING ENTITY;

9 (VI) A SPECIAL PURPOSE ENTITY;

10 (VII) AN INDEPENDENT ESCROW AGENT; OR

11 (VIII) A BROKER.

12 (L) "PURCHASE AGREEMENT" MEANS A CONTRACT OR AGREEMENT BETWEEN
13 A PROVIDER AND A PURCHASER, TO WHICH THE OWNER IS NOT A PARTY, TO
14 PURCHASE A POLICY OR AN INTEREST IN A POLICY.

15 (M) "PURCHASED POLICY" MEANS A POLICY THAT HAS BEEN ACQUIRED BY A
16 PROVIDER UNDER A LIFE SETTLEMENT CONTRACT.

17 (N) (1) "PURCHASER" MEANS A PERSON THAT PAYS COMPENSATION FOR A
18 BENEFICIAL INTEREST IN A POLICY.

19 (2) "PURCHASER" DOES NOT INCLUDE:

20 (I) A LICENSEE UNDER THIS SUBTITLE;

21 (II) AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL
22 BUYER, AS DEFINED IN REGULATION D, RULE 501, OR RULE 144A OF THE FEDERAL
23 SECURITIES ACT OF 1933;

24 (III) A FINANCING ENTITY; OR

25 (IV) A SPECIAL PURPOSE ENTITY.

26 (O) "SALES AGENT" MEANS A PERSON, OTHER THAN A LICENSED PROVIDER,
27 THAT ARRANGES THE PURCHASE THROUGH A PURCHASE AGREEMENT OF A POLICY
28 OR AN INTEREST IN A POLICY.

29 (P) "SPECIAL PURPOSE ENTITY" MEANS A CORPORATION, PARTNERSHIP,
30 LIMITED LIABILITY COMPANY, OR OTHER SIMILAR ENTITY FORMED SOLELY TO
31 PROVIDE, EITHER DIRECTLY OR INDIRECTLY, ACCESS TO INSTITUTIONAL CAPITAL
32 MARKETS FOR A FINANCING ENTITY OR A PROVIDER.

33 (Q) "TERMINALLY ILL" MEANS HAVING AN ILLNESS OR SICKNESS THAT
34 REASONABLY CAN BE EXPECTED TO RESULT IN DEATH IN 48 MONTHS OR LESS.

1 8-602.

2 (A) A PERSON MUST OBTAIN A LICENSE FROM THE COMMISSIONER BEFORE
3 THE PERSON ACTS AS A PROVIDER, SALES AGENT, OR BROKER IN THE STATE.

4 (B) A PROVIDER MAY NOT USE A PERSON TO PERFORM THE FUNCTIONS OF A
5 SALES AGENT OR BROKER UNLESS THE PERSON HOLDS A CURRENT, VALID LICENSE
6 TO ACT AS A SALES AGENT OR BROKER.

7 (C) A SALES AGENT OR BROKER MAY NOT USE A PERSON TO PERFORM THE
8 FUNCTIONS OF A PROVIDER UNLESS THE PERSON HOLDS A CURRENT, VALID
9 LICENSE TO ACT AS A PROVIDER.

10 8-603.

11 (A) AN APPLICANT FOR A LICENSE AS A PROVIDER, SALES AGENT, OR BROKER
12 SHALL:

13 (1) FILE THE APPROPRIATE APPLICATION ON THE FORM AND IN THE
14 MANNER THAT THE COMMISSIONER PROVIDES;

15 (2) PAY TO THE COMMISSIONER A LICENSE FEE OF \$150; AND

16 (3) SUBMIT TO THE COMMISSIONER ANY INFORMATION AND
17 DOCUMENTATION THAT THE COMMISSIONER REQUIRES.

18 (B) IN ADDITION TO ANY OTHER INFORMATION REQUIRED ON THE
19 APPLICATION, THE COMMISSIONER MAY REQUIRE AN APPLICANT THAT IS A
20 CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER ENTITY TO
21 FULLY DISCLOSE THE IDENTITY OF EACH STOCKHOLDER, MEMBER, PARTNER,
22 OFFICER, AND EMPLOYEE OF THE CORPORATION, PARTNERSHIP, LIMITED LIABILITY
23 COMPANY, OR OTHER ENTITY.

24 8-604.

25 (A) ON FILING AN APPLICATION AND PAYMENT OF THE LICENSE FEE
26 REQUIRED UNDER § 8-603 OF THIS SUBTITLE, THE COMMISSIONER SHALL ISSUE A
27 LICENSE TO AN APPLICANT IF THE COMMISSIONER FINDS THAT THE APPLICANT:

28 (1) HAS SUBMITTED THE INFORMATION AND DOCUMENTATION
29 REQUIRED UNDER § 8-603 OF THIS SUBTITLE;

30 (2) IF A PROVIDER, HAS PROVIDED A DETAILED PLAN OF OPERATION;

31 (3) IS COMPETENT AND TRUSTWORTHY;

32 (4) INTENDS TO TRANSACT THE APPLICANT'S BUSINESS IN GOOD FAITH;

33 (5) HAS EXPERIENCE, TRAINING, OR EDUCATION IN THE LIFE
34 INSURANCE BUSINESS THAT QUALIFIES THE APPLICANT FOR THE LICENSE;

1 (6) IF A CORPORATION, IS INCORPORATED UNDER THE LAWS OF THE
2 STATE OR IS A FOREIGN CORPORATION AUTHORIZED TO TRANSACT BUSINESS IN THE
3 STATE; AND

4 (7) IF A PROVIDER, HAS PROVIDED AN ANTI-FRAUD PLAN THAT
5 INCLUDES:

6 (I) A DESCRIPTION OF THE APPLICANT'S PROCEDURES FOR
7 DETECTING AND INVESTIGATING POSSIBLE FRAUDULENT ACTS AND FOR
8 RESOLVING MATERIAL INCONSISTENCIES BETWEEN MEDICAL RECORDS AND
9 INSURANCE APPLICATIONS;

10 (II) A DESCRIPTION OF THE APPLICANT'S PROCEDURES FOR
11 REPORTING FRAUDULENT INSURANCE ACTS TO THE COMMISSIONER;

12 (III) A DESCRIPTION OF THE APPLICANT'S PLAN FOR ANTI-FRAUD
13 EDUCATION AND TRAINING OF ITS UNDERWRITERS AND OTHER PERSONNEL; AND

14 (IV) A DESCRIPTION OR CHART OUTLINING THE ORGANIZATIONAL
15 STRUCTURE OF THE APPLICANT'S ANTI-FRAUD PERSONNEL RESPONSIBLE FOR
16 INVESTIGATING AND REPORTING POSSIBLE FRAUDULENT INSURANCE ACTS AND
17 INVESTIGATING UNRESOLVED MATERIAL INCONSISTENCIES BETWEEN MEDICAL
18 RECORDS AND INSURANCE APPLICATIONS.

19 (B) THE COMMISSIONER MAY NOT ISSUE A LICENSE TO A NONRESIDENT
20 APPLICANT UNLESS THE APPLICANT FILES WITH THE COMMISSIONER:

21 (1) A WRITTEN DESIGNATION OF AN AGENT FOR SERVICE OF PROCESS;
22 OR

23 (2) A WRITTEN IRREVOCABLE CONSENT THAT ANY ACTION AGAINST
24 THE APPLICANT MAY BE COMMENCED AGAINST THE APPLICANT BY SERVICE OF
25 PROCESS ON THE COMMISSIONER.

26 (C) THE COMMISSIONER MAY REFUSE TO ISSUE A LICENSE TO AN APPLICANT
27 THAT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER
28 ENTITY IF THE COMMISSIONER DETERMINES THAT ANY MEMBER, PARTNER,
29 OFFICER, OR DIRECTOR WHO MAY INFLUENCE THE APPLICANT'S CONDUCT DOES
30 NOT MEET THE REQUIREMENTS FOR LICENSURE ESTABLISHED UNDER THIS
31 SECTION.

32 (D) A LICENSE ISSUED TO A CORPORATION, PARTNERSHIP, LIMITED LIABILITY
33 COMPANY, OR OTHER ENTITY AUTHORIZES EACH PARTNER, MEMBER, OFFICER, AND
34 DESIGNATED EMPLOYEE TO ACT AS A LICENSEE UNDER THE LICENSE IF THE
35 PARTNER, MEMBER, OFFICER, OR DESIGNATED EMPLOYEE IS NAMED IN THE
36 APPLICATION AND ANY SUPPLEMENTS TO THE APPLICATION.

37 (E) ON OR BEFORE MARCH 1 OF EACH YEAR, EACH LICENSEE SHALL FILE
38 WITH THE COMMISSIONER A STATEMENT THAT CONTAINS THE INFORMATION THE
39 COMMISSIONER BY REGULATION MAY REQUIRE.

1 8-605.

2 (A) A LICENSE ISSUED UNDER THIS SUBTITLE EXPIRES EVERY OTHER YEAR
3 ON THE ANNIVERSARY OF THE DATE OF ISSUANCE OF THE LICENSE UNLESS
4 RENEWED AS PROVIDED IN THIS SECTION.

5 (B) BEFORE A LICENSE EXPIRES, THE HOLDER OF THE LICENSE MAY RENEW
6 IT FOR AN ADDITIONAL 2-YEAR TERM IF THE LICENSEE:

7 (1) OTHERWISE IS ENTITLED TO A LICENSE;

8 (2) FILES WITH THE COMMISSIONER A RENEWAL APPLICATION ON THE
9 FORM THAT THE COMMISSIONER PROVIDES; AND

10 (3) PAYS TO THE COMMISSIONER A RENEWAL FEE OF \$50.

11 (C) AN APPLICATION FOR RENEWAL OF A LICENSE SHALL BE CONSIDERED
12 MADE IN A TIMELY MANNER IF IT IS POSTMARKED ON OR BEFORE THE EXPIRATION
13 DATE OF THE LICENSE.

14 8-606.

15 (A) A FORM FOR A LIFE SETTLEMENT CONTRACT OR A PURCHASE
16 AGREEMENT MAY NOT BE USED IN THE STATE UNLESS THE FORM HAS BEEN FILED
17 WITH AND APPROVED BY THE COMMISSIONER.

18 (B) A FORM FILED WITH THE COMMISSIONER SHALL BE DEEMED APPROVED
19 IF IT HAS NOT BEEN DISAPPROVED WITHIN 60 DAYS AFTER FILING.

20 (C) THE COMMISSIONER SHALL DISAPPROVE A FORM IF THE COMMISSIONER
21 DETERMINES THAT THE FORM OR THE PROVISIONS CONTAINED IN THE FORM ARE
22 UNREASONABLE, CONTRARY TO THE INTERESTS OF THE PUBLIC, OR OTHERWISE
23 MISLEADING OR UNFAIR TO AN OWNER OR A PURCHASER.

24 8-607.

25 (A) NO LATER THAN THE DATE THAT THE LIFE SETTLEMENT CONTRACT IS
26 SIGNED BY ALL PARTIES, THE PROVIDER SHALL PROVIDE THE OWNER WITH AT
27 LEAST THE FOLLOWING DISCLOSURES:

28 (1) THERE MAY BE ALTERNATIVES TO SELLING A POLICY UNDER A LIFE
29 SETTLEMENT CONTRACT, INCLUDING BORROWING AGAINST THE CASH VALUE OF
30 THE POLICY, APPLYING FOR ACCELERATED DEATH BENEFITS UNDER THE POLICY,
31 AND SURRENDERING THE POLICY, AND THE OWNER SHOULD OBTAIN INFORMATION
32 ABOUT THESE ALTERNATIVES FROM THE ISSUER OF THE POLICY;

33 (2) SOME OR ALL OF THE PROCEEDS OF A LIFE SETTLEMENT CONTRACT
34 MAY BE TAXABLE UNDER FEDERAL OR STATE INCOME TAX LAW, AND ADVICE
35 SHOULD BE OBTAINED FROM A PROFESSIONAL TAX ADVISOR;

1 (3) THE PROCEEDS OF A LIFE SETTLEMENT CONTRACT MAY BE SUBJECT
2 TO THE CLAIMS OF CREDITORS, PERSONAL REPRESENTATIVES, TRUSTEES IN
3 BANKRUPTCY, AND RECEIVERS IN STATE OR FEDERAL COURTS;

4 (4) RECEIPT OF THE PROCEEDS OF A LIFE SETTLEMENT CONTRACT MAY
5 AFFECT THE RECIPIENT'S ELIGIBILITY FOR MEDICAID, AID TO FAMILIES WITH
6 DEPENDENT CHILDREN, SUPPLEMENTAL SOCIAL SECURITY INCOME, AIDS DRUG
7 ASSISTANCE PROGRAMS, AND OTHER PUBLIC ASSISTANCE PROGRAMS, AND ADVICE
8 SHOULD BE OBTAINED FROM THE APPROPRIATE GOVERNMENT AGENCIES ABOUT
9 HOW RECEIPT OF THE PROCEEDS MAY AFFECT ELIGIBILITY OF THE RECIPIENT AND
10 THE RECIPIENT'S SPOUSE AND DEPENDENTS;

11 (5) (I) THE OWNER MAY RESCIND A LIFE SETTLEMENT CONTRACT
12 WITHIN 15 DAYS AFTER THE DATE THE LIFE SETTLEMENT CONTRACT IS EXECUTED;
13 AND

14 (II) IF THE INSURED DIES DURING THE RESCISSION PERIOD, THE
15 LIFE SETTLEMENT CONTRACT SHALL BE DEEMED TO HAVE BEEN RESCINDED
16 SUBJECT TO REPAYMENT OF ALL PROCEEDS TO THE PROVIDER;

17 (6) FUNDS WILL BE AVAILABLE TO COMPLETE A PROPOSED PURCHASE
18 OF THE POLICY WITHIN 3 BUSINESS DAYS AFTER ALL OF THE FOLLOWING HAVE
19 OCCURRED:

20 (I) ACCEPTANCE OF AN OFFER MADE BY THE PROVIDER;

21 (II) ASSIGNMENT OF THE POLICY TO THE PROVIDER; AND

22 (III) ACKNOWLEDGMENT OF THE ASSIGNMENT BY THE INSURER;
23 AND

24 (7) ENTERING INTO A LIFE SETTLEMENT CONTRACT MAY CAUSE OTHER
25 RIGHTS OR BENEFITS, INCLUDING CONVERSION RIGHTS AND WAIVER OF PREMIUM
26 BENEFITS THAT MAY EXIST UNDER THE POLICY, TO BE FORFEITED BY THE OWNER,
27 AND ADVICE SHOULD BE OBTAINED FROM A PROFESSIONAL FINANCIAL ADVISER.

28 (B) THE DISCLOSURES REQUIRED UNDER SUBSECTION (A) OF THIS SECTION
29 SHALL BE:

30 (1) IN WRITING; AND

31 (2) DISPLAYED CONSPICUOUSLY IN ANY LIFE SETTLEMENT CONTRACT
32 FURNISHED TO THE OWNER BY A PROVIDER.

33 (C) FAILURE TO GIVE NOTICE OF THE RIGHT OF RESCISSION AS REQUIRED
34 UNDER SUBSECTION (A)(5) OF THIS SECTION SHALL TOLL THE RIGHT OF RESCISSION
35 UNTIL 15 DAYS AFTER WRITTEN NOTICE OF THE RIGHT OF RESCISSION HAS BEEN
36 GIVEN.

1 8-608.

2 (A) A BROKER SHALL DISCLOSE TO THE OWNER THE AMOUNT OF ANY FEE
3 PAID TO THE BROKER THAT RELATES TO THE LIFE SETTLEMENT CONTRACT TO
4 WHICH THE OWNER IS A PARTY.

5 (B) (1) ANY FEE PAID BY A PROVIDER, OWNER, OR OTHER PERSON TO A
6 BROKER IN EXCHANGE FOR SERVICES PROVIDED TO THE OWNER RELATING TO A
7 LIFE SETTLEMENT CONTRACT SHALL BE COMPUTED AS A PERCENTAGE OF THE
8 OFFER OBTAINED, AND NOT OF THE FACE VALUE OF THE POLICY.

9 (2) THIS SUBSECTION DOES NOT PROHIBIT A BROKER FROM REDUCING
10 THE BROKER'S FEE BELOW THE AMOUNT CALCULATED AS PROVIDED IN PARAGRAPH
11 (1) OF THIS SUBSECTION.

12 (C) NOTWITHSTANDING THE MANNER IN WHICH THE BROKER IS
13 COMPENSATED, A BROKER IS DEEMED TO REPRESENT ONLY THE OWNER AND OWES
14 A FIDUCIARY DUTY TO THE OWNER TO ACT ACCORDING TO THE OWNER'S
15 INSTRUCTIONS AND IN THE BEST INTEREST OF THE OWNER.

16 8-609.

17 BEFORE ENTERING INTO A LIFE SETTLEMENT CONTRACT WITH AN OWNER OF A
18 POLICY INSURING AN INDIVIDUAL WHO IS TERMINALLY ILL OR CHRONICALLY ILL, A
19 PROVIDER SHALL OBTAIN:

20 (1) A WRITTEN STATEMENT FROM A LICENSED ATTENDING PHYSICIAN
21 THAT THE INSURED IS OF SOUND MIND AND UNDER NO CONSTRAINT OR UNDUE
22 INFLUENCE;

23 (2) A WITNESSED DOCUMENT IN WHICH THE INSURED:

24 (I) RELEASES MEDICAL RECORDS NECESSARY TO EFFECTUATE
25 THE LIFE SETTLEMENT CONTRACT; AND

26 (II) AGREES TO ALLOW PERIODIC MEDICAL OR HEALTH CONDITION
27 UPDATES FOR TRACKING PURPOSES; AND

28 (3) IN ADDITION, IF THE INSURED IS ALSO THE OWNER, A WITNESSED
29 DOCUMENT IN WHICH THE OWNER:

30 (I) CONSENTS TO THE LIFE SETTLEMENT CONTRACT;

31 (II) REPRESENTS THAT THE OWNER HAS A COMPLETE
32 UNDERSTANDING OF THE LIFE SETTLEMENT CONTRACT AND THE BENEFITS UNDER
33 THE POLICY;

34 (III) ACKNOWLEDGES THE OWNER'S CATASTROPHIC OR
35 LIFE-THREATENING ILLNESS; AND

1 (IV) ACKNOWLEDGES THAT THE OWNER HAS ENTERED INTO THE
2 LIFE SETTLEMENT CONTRACT FREELY AND VOLUNTARILY.

3 8-610.

4 (A) A LIFE SETTLEMENT CONTRACT ENTERED INTO WITHIN THE 2-YEAR
5 PERIOD THAT BEGINS WITH THE DATE OF ISSUANCE OF THE POLICY TO BE
6 ACQUIRED IS VOID AND UNENFORCEABLE BY ANY PARTY TO THE LIFE SETTLEMENT
7 CONTRACT UNLESS:

8 (1) THE OWNER CERTIFIES TO THE PROVIDER THAT, WITHIN THE
9 2-YEAR PERIOD, ONE OR MORE OF THE FOLLOWING CONDITIONS HAVE BEEN MET:

10 (I) THE POLICY WAS ISSUED ON THE OWNER'S EXERCISE OF
11 CONVERSION RIGHTS UNDER A GROUP OR TERM POLICY;

12 (II) THE TOTAL OF THE TIME COVERED UNDER THE CONVERTED
13 POLICY AND THE TIME COVERED UNDER GROUP POLICY, CALCULATED WITHOUT
14 REGARD TO ANY CHANGE IN INSURANCE CARRIERS, IS AT LEAST 24 MONTHS; AND

15 (III) COVERAGE UNDER THE GROUP POLICY HAS BEEN
16 CONTINUOUS AND UNDER THE SAME GROUP SPONSORSHIP; OR

17 (2) THE OWNER SUBMITS EVIDENCE TO THE PROVIDER THAT, WITHIN
18 THE 2-YEAR PERIOD, ONE OR MORE OF THE FOLLOWING CONDITIONS HAVE BEEN
19 MET:

20 (I) THE OWNER OR INSURED IS DIAGNOSED WITH AN ILLNESS OR
21 CONDITION THAT IS TERMINAL OR CHRONIC, OR REQUIRES A COURSE OF
22 TREATMENT FOR A PERIOD OF AT LEAST 3 YEARS OF LONG-TERM OR HOME HEALTH
23 CARE, AND THE ILLNESS OR CONDITION WAS NOT KNOWN TO THE OWNER OR
24 INSURED AT THE TIME THE SALES CONTRACT WAS ENTERED INTO;

25 (II) THE OWNER'S OR INSURED'S SPOUSE DIES;

26 (III) THE OWNER OR INSURED BECOMES PHYSICALLY OR
27 MENTALLY DISABLED AND A PHYSICIAN DETERMINES THAT THE DISABILITY
28 PREVENTS THE OWNER OR INSURED FROM ENGAGING IN ANY GAINFUL
29 OCCUPATION FOR WHICH THE OWNER OR INSURED IS REASONABLY QUALIFIED,
30 BASED ON EDUCATION, TRAINING, OR EXPERIENCE;

31 (IV) THE OWNER WAS THE INSURED'S EMPLOYER AT THE TIME THE
32 POLICY WAS ISSUED, AND THE EMPLOYMENT RELATIONSHIP HAS TERMINATED;

33 (V) THE OWNER OR INSURED BECOMES INSOLVENT OR
34 ACKNOWLEDGES IN WRITING THE OWNER'S OR INSURED'S INABILITY TO PAY DEBTS
35 AS THEY BECOME DUE;

36 (VI) A PETITION IS FILED BY OR AGAINST THE OWNER OR INSURED
37 IN CONNECTION WITH A BANKRUPTCY, INSOLVENCY, OR OTHER PROCEEDING;

1 (VII) A RECEIVER IS APPOINTED FOR A SUBSTANTIAL PORTION OF
2 THE OWNER'S OR INSURED'S ASSETS; OR

3 (VIII) THE OWNER OR INSURED MAKES AN ASSIGNMENT FOR THE
4 BENEFIT OF CREDITORS.

5 (B) COPIES OF THE EVIDENCE REQUIRED UNDER SUBSECTION (A)(2) OF THIS
6 SECTION SHALL BE:

7 (1) SUBMITTED TO THE INSURER WHEN THE PROVIDER SUBMITS A
8 REQUEST FOR VERIFICATION OF COVERAGE; AND

9 (2) ACCOMPANIED BY A NOTARIZED STATEMENT FROM THE PROVIDER
10 THAT THE COPIES ARE TRUE AND CORRECT COPIES OF THE DOCUMENTS RECEIVED
11 BY THE PROVIDER.

12 8-611.

13 (A) WITHIN 3 BUSINESS DAYS AFTER RECEIPT FROM THE OWNER OF
14 DOCUMENTS NECESSARY TO EFFECT THE TRANSFER OF THE OWNERSHIP OF A
15 POLICY, THE PROVIDER SHALL PAY THE PROCEEDS OF THE LIFE SETTLEMENT
16 CONTRACT TO AN ESCROW ACCOUNT MANAGED BY AN INDEPENDENT ESCROW
17 AGENT AND LOCATED IN A STATE OR FEDERALLY CHARTERED FINANCIAL
18 INSTITUTION.

19 (B) THE INDEPENDENT ESCROW AGENT SHALL TRANSFER THE PROCEEDS
20 DUE TO THE OWNER WITHIN 3 BUSINESS DAYS AFTER THE INDEPENDENT ESCROW
21 AGENT RECEIVES ACKNOWLEDGMENT OF THE TRANSFER OF THE POLICY FROM THE
22 INSURER.

23 8-612.

24 (A) NO LATER THAN THE DATE THAT THE PURCHASE AGREEMENT IS SIGNED
25 BY ALL PARTIES, THE PROVIDER, DIRECTLY OR THROUGH ANOTHER PERSON, SHALL
26 PROVIDE THE PURCHASER WITH AT LEAST THE FOLLOWING DISCLOSURES:

27 (1) (I) THE AMOUNT OF THE DEATH BENEFIT TO BE RECEIVED BY THE
28 PURCHASER UNDER THE PURCHASE AGREEMENT IS FIXED, BUT THE AMOUNT OF
29 TIME BEFORE THE DEATH BENEFIT IS PAID DEPENDS ON THE ACTUAL LIFE SPAN OF
30 THE INSURED;

31 (II) ESTIMATING LIFE EXPECTANCY, EVEN FOR THE TERMINALLY
32 ILL, IS AN INHERENTLY SUBJECTIVE PROCESS;

33 (III) THE ACTUAL LIFE SPAN OF THE INSURED MAY BE AFFECTED
34 BY NUMEROUS FACTORS, INCLUDING MEDICAL ADVANCES, AND MAY BE SHORTER
35 OR LONGER THAN THE ESTIMATED LIFE EXPECTANCY; AND

1 (IV) AN ACTUAL LIFE SPAN THAT EXCEEDS THE ESTIMATED LIFE
2 EXPECTANCY MAY TRIGGER PREMIUM PAYMENT OBLIGATIONS ON THE PART OF THE
3 PURCHASER;

4 (2) THE ESTIMATED LIFE EXPECTANCY OF THE INSURED MAY BE BASED
5 ON A MISDIAGNOSIS;

6 (3) IF REQUIRED BY THE TERMS OF THE PURCHASE AGREEMENT, THE
7 PURCHASER MAY BE RESPONSIBLE FOR PAYMENT OF PREMIUMS, LATE OR
8 SURRENDER FEES, OR OTHER COSTS RELATED TO THE POLICY WHICH MAY REDUCE
9 THE RETURN;

10 (4) LIFE SETTLEMENT CONTRACTS ARE ILLIQUID AND FUNDS WILL BE
11 UNAVAILABLE TO THE PURCHASER UNTIL THE INSURED DIES;

12 (5) IF THE LIFE INSURER THAT ISSUED THE PURCHASED POLICY
13 BECOMES UNABLE TO MEET ITS OBLIGATIONS TO POLICYHOLDERS AND THERE IS
14 NO STATE GUARANTY FUND AVAILABLE TO PAY THE LIFE INSURER'S OBLIGATIONS,
15 THE PURCHASERS OF PURCHASED POLICIES ISSUED BY THE LIFE INSURER MAY NOT
16 RECEIVE ALL OR ANY PART OF THEIR INTEREST IN THE DEATH BENEFIT;

17 (6) THE PURCHASE OF PURCHASED POLICIES AND RELATED DEATH
18 BENEFITS MAY HAVE STATE OR FEDERAL TAX CONSEQUENCES FOR THE
19 PURCHASER, AND ADVICE SHOULD BE OBTAINED FROM A PROFESSIONAL TAX
20 ADVISOR;

21 (7) GROUP POLICIES MAY CONTAIN LIMITATIONS ON CONVERSION
22 RIGHTS, AND ADDITIONAL PREMIUMS MAY HAVE TO BE PAID IF THE POLICY IS
23 CONVERTED;

24 (8) THE NAME AND ADDRESS OF THE PERSON RESPONSIBLE FOR
25 TRACKING THE INSURED;

26 (9) THE NAME AND ADDRESS OF THE PERSON RESPONSIBLE FOR
27 PAYING THE PREMIUM UNTIL THE DEATH OF THE INSURED;

28 (10) THE NAME AND ADDRESS OF THE INDEPENDENT ESCROW AGENT;
29 AND

30 (11) THE PURCHASER HAS THE RIGHT TO RESCIND A PURCHASE
31 AGREEMENT WITHIN 15 DAYS AFTER THE DATE THE PURCHASE AGREEMENT IS
32 EXECUTED.

33 (B) THE DISCLOSURES REQUIRED UNDER SUBSECTION (A) OF THIS SECTION
34 SHALL BE:

35 (1) IN WRITING; AND

36 (2) DISPLAYED CONSPICUOUSLY IN ANY PURCHASE AGREEMENT
37 FURNISHED TO THE PURCHASER BY A PROVIDER.

1 (C) FAILURE TO GIVE NOTICE OF THE RIGHT OF RESCISSION AS REQUIRED
2 UNDER SUBSECTION (A)(11) OF THIS SECTION SHALL TOLL THE RIGHT OF
3 RESCISSION UNTIL 15 DAYS AFTER WRITTEN NOTICE OF THE RIGHT OF RESCISSION
4 HAS BEEN GIVEN.

5 8-613.

6 (A) RECORDS OF ALL LIFE SETTLEMENT CONTRACTS, PURCHASE
7 AGREEMENTS, AND ANY RELATED DOCUMENTS SHALL BE:

8 (1) MADE AVAILABLE TO THE COMMISSIONER FOR INSPECTION DURING
9 REASONABLE BUSINESS HOURS; AND

10 (2) MAINTAINED BY THE PROVIDER FOR 5 YEARS AFTER THE DATE OF
11 DEATH OF THE INSURED.

12 (B) (1) WHENEVER THE COMMISSIONER CONSIDERS IT NECESSARY TO
13 PROTECT THE INTERESTS OF THE PUBLIC, THE COMMISSIONER MAY EXAMINE THE
14 BUSINESS AND AFFAIRS OF AN APPLICANT FOR A LICENSE OR A LICENSEE.

15 (2) THE COMMISSIONER MAY ORDER THE APPLICANT OR LICENSEE TO
16 PRODUCE ANY RECORDS, BOOKS, FILES, OR OTHER INFORMATION REASONABLY
17 NECESSARY TO ASCERTAIN WHETHER AN APPLICANT OR LICENSEE IS ACTING OR
18 HAS ACTED IN VIOLATION OF THE LAW OR OTHERWISE CONTRARY TO THE
19 INTERESTS OF THE PUBLIC.

20 (3) THE APPLICANT OR LICENSEE BEING EXAMINED SHALL PAY THE
21 EXPENSE OF THE EXAMINATION.

22 (C) THE NAMES OF AND INDIVIDUAL IDENTIFICATION DATA FOR OWNERS
23 AND INSURED SHALL BE CONSIDERED PRIVATE AND CONFIDENTIAL INFORMATION
24 AND MAY NOT BE DISCLOSED BY THE COMMISSIONER UNLESS REQUIRED BY LAW.

25 (D) ANY MEDICAL INFORMATION OBTAINED BY A LICENSEE UNDER THIS
26 SUBTITLE IS SUBJECT TO THE APPLICABLE PROVISIONS OF STATE LAW RELATING TO
27 CONFIDENTIALITY OF MEDICAL INFORMATION.

28 8-614.

29 (A) A PERSON MAY NOT:

30 (1) ENTER INTO A LIFE SETTLEMENT CONTRACT IF THE PERSON KNOWS
31 OR REASONABLY SHOULD HAVE KNOWN THAT THE POLICY BEING PURCHASED
32 UNDER THE LIFE SETTLEMENT CONTRACT WAS OBTAINED BY MEANS OF A FALSE,
33 DECEPTIVE, OR MISLEADING APPLICATION;

34 (2) IN THE ADVERTISEMENT, OFFER, OR SALE OF A PURCHASE
35 AGREEMENT:

36 (I) EMPLOY A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD;

1 (II) OBTAIN MONEY OR OTHER PROPERTY BY MEANS OF A FALSE
2 STATEMENT OF A MATERIAL FACT OR BY AN OMISSION TO STATE A MATERIAL FACT
3 NECESSARY TO MAKE THE STATEMENT MADE, IN LIGHT OF THE CIRCUMSTANCES
4 UNDER WHICH IT WAS MADE, NOT MISLEADING;

5 (III) ENGAGE IN A TRANSACTION, PRACTICE, OR COURSE OF
6 BUSINESS THAT OPERATES OR WOULD OPERATE TO DEFRAUD OR DECEIVE
7 ANOTHER PERSON;

8 (IV) MISREPRESENT THE RATE OF RETURN, OR THE DATE ON
9 WHICH A PAYMENT WILL BE MADE, TO A PURCHASER;

10 (V) MISREPRESENT THAT THE PERSON HAS BEEN SPONSORED OR
11 RECOMMENDED, OR THAT THE PERSON'S ABILITIES OR QUALIFICATIONS HAVE BEEN
12 REVIEWED AND APPROVED, BY THE STATE OR AN AGENCY OR OFFICER OF THE
13 STATE OR BY THE UNITED STATES OR AN AGENCY OR OFFICER OF THE UNITED
14 STATES;

15 (VI) MISREPRESENT THAT A PURCHASE AGREEMENT IS
16 GUARANTEED, SPONSORED, RECOMMENDED, OR APPROVED BY THE STATE OR AN
17 AGENCY OR OFFICER OF THE STATE OR BY THE UNITED STATES OR AN AGENCY OR
18 OFFICER OF THE UNITED STATES;

19 (VII) MISREPRESENT THAT A PURCHASE AGREEMENT IS
20 GUARANTEED BY AN INSURANCE GUARANTY FUND;

21 (VIII) MISREPRESENT THAT A PURCHASE AGREEMENT IS
22 "GUARANTEED", THAT THE PURCHASE AMOUNT IS "SAFE", OR THAT THE PURCHASE
23 AGREEMENT IS FREE OF RISK; OR

24 (IX) USE THE NAME OR TITLE OF A LIFE INSURER OR A LIFE
25 INSURANCE POLICY IN AN ADVERTISEMENT UNLESS PRIOR WRITTEN APPROVAL HAS
26 BEEN OBTAINED FROM THE LIFE INSURER;

27 (3) ENGAGE IN A TRANSACTION, PRACTICE, OR COURSE OF BUSINESS
28 THAT THE PERSON KNOWS OR REASONABLY SHOULD KNOW IS INTENDED TO AVOID
29 THE DISCLOSURE REQUIREMENTS OF §§ 8-607 AND 8-612 OF THIS SUBTITLE; OR

30 (4) ENGAGE IN A FRAUDULENT ACT OR PRACTICE IN CONNECTION WITH
31 A TRANSACTION RELATING TO A LIFE SETTLEMENT CONTRACT OR A PURCHASE
32 AGREEMENT THAT INVOLVES AN OWNER OR PURCHASER WHO IS A RESIDENT OF
33 THE STATE.

34 (B) SUBSECTION (A) OF THIS SECTION DOES NOT PROHIBIT A PERSON FROM
35 MAKING A STATEMENT THAT THE PERSON IS LICENSED UNDER THIS SUBTITLE IF:

36 (1) THE STATEMENT IS REQUIRED BY THIS SUBTITLE OR A REGULATION
37 ADOPTED UNDER THIS SUBTITLE;

38 (2) THE STATEMENT IS TRUE; AND

1 (3) THE EFFECT OF THE STATEMENT IS NOT MISREPRESENTED.

2 8-615.

3 SUBJECT TO THE HEARING PROVISIONS OF TITLE 2 OF THIS ARTICLE, THE
4 COMMISSIONER MAY DENY A LICENSE TO AN APPLICANT OR SUSPEND, REVOKE, OR
5 REFUSE TO RENEW THE LICENSE OF A LICENSEE IF THE APPLICANT OR LICENSEE:

6 (1) MAKES A MATERIAL MISREPRESENTATION IN AN APPLICATION FOR
7 A LICENSE;

8 (2) ENGAGES IN FRAUDULENT OR DISHONEST PRACTICES OR
9 OTHERWISE SHOWS A LACK OF TRUSTWORTHINESS OR COMPETENCE TO ACT AS A
10 PROVIDER, SALES AGENT, OR BROKER;

11 (3) DEMONSTRATES A PATTERN OF UNREASONABLE PAYMENTS TO
12 OWNERS;

13 (4) HAS BEEN CONVICTED OF A FELONY OR MISDEMEANOR INVOLVING
14 FRAUD, DISHONESTY, OR BREACH OF TRUST, OR HAS PLEADED GUILTY OR NOLO
15 CONTENDERE WITH RESPECT TO A FELONY OR MISDEMEANOR INVOLVING FRAUD,
16 DISHONESTY, OR BREACH OF TRUST, REGARDLESS OF WHETHER A JUDGMENT OF
17 CONVICTION HAS BEEN ENTERED BY THE COURT; OR

18 (5) VIOLATES A PROVISION OF THIS SUBTITLE OR A REGULATION
19 ADOPTED UNDER THIS SUBTITLE.

20 8-616.

21 IN ADDITION TO THE PENALTIES PROVIDED IN § 8-615 OF THIS SUBTITLE, ON
22 FINDING A VIOLATION OF THIS SUBTITLE OR A REGULATION ADOPTED UNDER THIS
23 SUBTITLE, THE COMMISSIONER:

24 (1) MAY IMPOSE ON THE PERSON WHO COMMITTED THE VIOLATION A
25 PENALTY NOT EXCEEDING \$1,500 FOR EACH VIOLATION;

26 (2) MAY REQUIRE THE PERSON WHO COMMITTED THE VIOLATION TO
27 MAKE RESTITUTION TO ANY PERSON WHO HAS SUFFERED FINANCIAL INJURY
28 BECAUSE OF THE VIOLATION IN AN AMOUNT NOT EXCEEDING THE PERSON'S
29 ACTUAL REALIZED DAMAGES; AND

30 (3) AFTER PROVIDING NOTICE AND A HEARING, MAY ISSUE A CEASE
31 AND DESIST ORDER AND HAVE IT SERVED ON THE PERSON COMMITTING THE
32 VIOLATION.

33 8-617.

34 THE PROVISIONS OF THIS SUBTITLE MAY NOT BE WAIVED BY AGREEMENT.

1 8-618.

2 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE,
3 INCLUDING REGULATIONS:

4 (1) GOVERNING THE ACTIVITIES AND RELATIONSHIPS OF PROVIDERS,
5 SALES AGENTS, AND BROKERS;

6 (2) ESTABLISHING APPROPRIATE LICENSING REQUIREMENTS AND
7 STANDARDS FOR CONTINUED LICENSURE OF LICENSEES; AND

8 (3) ESTABLISHING STANDARDS FOR EVALUATING THE
9 REASONABLENESS OF PAYMENTS MADE UNDER LIFE SETTLEMENT CONTRACTS.

10 8-619.

11 THIS SUBTITLE MAY BE CITED AS THE LIFE SETTLEMENT ACT.

12 SECTION 2. AND BE IT FURTHER ENACTED, That, in the absence of an
13 order by the Maryland Insurance Commissioner to the contrary, a provider, sales
14 agent, or broker transacting business in the State on the effective date of this Act may
15 continue to transact business in the State without being licensed, as required under
16 Section 1 of this Act, until the Commissioner approves or disapproves the provider's,
17 sales agent's, or broker's application for licensure if:

18 (a) the provider, sales agent, or broker applies for licensure no later than 90
19 days after the date the Commissioner makes available provider, sales agent, or broker
20 license applications; and

21 (b) the provider, sales agent, or broker complies with all other provisions of
22 this Act.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2002.