
SENATE BILL 5195

State of Washington 61st Legislature 2009 Regular Session

By Senators Berkey, Swecker, Kauffman, Hobbs, King, Marr, Haugen, Franklin, Parlette, Schoesler, and Shin

Read first time 01/16/09. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to adopting the life settlements model act;
2 reenacting and amending RCW 42.56.400; adding new sections to chapter
3 48.102 RCW; repealing RCW 48.102.005, 48.102.010, 48.102.015,
4 48.102.020, 48.102.025, 48.102.030, 48.102.035, 48.102.040, 48.102.045,
5 48.102.050, 48.102.055, 48.102.900, and 48.102.901; and prescribing
6 penalties.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** SHORT TITLE. This chapter may be cited as
9 the "life settlements act."

10 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
11 section apply throughout this chapter unless the context clearly
12 requires otherwise.

13 (1) "Advertisement" means any written, electronic, or printed
14 communication or any communication by means of recorded telephone
15 messages or transmitted on radio, television, the internet, or similar
16 communications media, including film strips, motion pictures, and
17 videos, published, disseminated, circulated, or placed directly before
18 the public for the purpose of creating an interest in or inducing a

1 person to purchase or sell, assign, devise, bequest, or transfer the
2 death benefit or ownership of a policy or an interest in a policy
3 pursuant to a life settlement contract.

4 (2) "Broker" means a person who, on behalf of an owner and for a
5 fee, commission, or other valuable consideration, offers or attempts to
6 negotiate life settlement contracts between an owner and providers. A
7 broker represents only the owner and owes a fiduciary duty to the owner
8 to act according to the owner's instructions, and in the best interest
9 of the owner, notwithstanding the manner in which the broker is
10 compensated. A broker does not mean an attorney, certified public
11 accountant, or financial planner retained in the type of practice
12 customarily performed in their professional capacity to represent the
13 owner whose compensation is not paid directly or indirectly by the
14 provider or any other person, except the owner.

15 (3) "Business of life settlements" means an activity involved in,
16 but not limited to, offering to enter into, soliciting, negotiating,
17 procuring, effectuating, monitoring, or tracking life settlement
18 contracts.

19 (4) "Chronically ill" means:

20 (a) Being unable to perform at least two activities of daily
21 living, i.e., eating, toileting, transferring, bathing, dressing, or
22 continence;

23 (b) Requiring substantial supervision to protect the individual
24 from threats to health and safety due to severe cognitive impairment;
25 or

26 (c) Having a level of disability substantially similar to that
27 described in (a) of this subsection made in a written determination, as
28 existing on the effective date of this section, by the United States
29 secretary of health and human services.

30 (5) "Commissioner" means the insurance commissioner.

31 (6)(a) "Financing entity" means an underwriter, placement agent,
32 lender, purchaser of securities, purchaser of a policy from a provider,
33 credit enhancer, or any entity that has a direct ownership in a policy
34 that is the subject of a life settlement contract, but:

35 (i) Whose principal activity related to the transaction is
36 providing funds to effect the life settlement contract or purchase of
37 one or more policies; and

1 (ii) Who has an agreement in writing with one or more providers to
2 finance the acquisition of life settlement contracts.

3 (b) "Financing entity" does not mean a nonaccredited investor or
4 purchaser.

5 (7) "Financing transaction" means a transaction in which a licensed
6 provider obtains financing from a financing entity including, without
7 limitation, any secured or unsecured financing, any securitization
8 transaction, or any securities offering which either is registered or
9 exempt from registration under federal and state securities law.

10 (8) "Fraudulent life settlement act" includes:

11 (a) Acts or omissions committed by any person who, knowingly and
12 with intent to defraud, for the purpose of depriving another of
13 property or for pecuniary gain, commits, or permits its employees or
14 its agents to engage in acts including, but not limited to:

15 (i) Presenting, causing to be presented, or preparing with
16 knowledge and belief that it will be presented to or by a provider,
17 premium finance lender, broker, insurer, insurance producer, or any
18 other person, false material information, or concealing material
19 information, as part of, in support of, or concerning a fact material
20 to one or more of the following:

21 (A) An application for the issuance of a life settlement contract
22 or policy;

23 (B) The underwriting of a life settlement contract or policy;

24 (C) A claim for payment or benefit pursuant to a life settlement
25 contract or policy;

26 (D) Premiums paid on a policy;

27 (E) Payments and changes in ownership or beneficiary made in
28 accordance with the terms of a life settlement contract or policy;

29 (F) The reinstatement or conversion of a policy;

30 (G) In the solicitation, offer to enter into, or effectuation of a
31 life settlement contract, or policy;

32 (H) The issuance of written evidence of life settlement contracts
33 or insurance; or

34 (I) Any application for, or the existence of or any payments
35 related to, a loan secured directly or indirectly by any interest in a
36 policy;

37 (ii) Entering into any act, practice, or arrangement that involves
38 stranger-originated life insurance;

1 (iii) Failing to disclose to the insurer where the request for such
2 disclosure has been asked for by the insurer that the prospective
3 insured has undergone a life expectancy evaluation by any person or
4 entity other than the insurer or its authorized representatives in
5 connection with the issuance of the policy;

6 (iv) Employing any device, scheme, or artifice to defraud in the
7 business of life settlements; or

8 (v) In the solicitation, application, or issuance of a policy,
9 employing any device, scheme, or artifice in violation of state
10 insurable interest laws.

11 (b) In the furtherance of a fraud or to prevent the detection of a
12 fraud any person commits or permits its employees or its agents to:

13 (i) Remove, conceal, alter, destroy, or sequester from the
14 commissioner the assets or records of a licensee or other person
15 engaged in the business of life settlements;

16 (ii) Misrepresent or conceal the financial condition of a licensee,
17 financing entity, insurer, or other person;

18 (iii) Transact the business of life settlements in violation of
19 laws requiring a license, certificate of authority, or other legal
20 authority for the transaction of the business of life settlements;

21 (iv) File with the commissioner or the chief insurance regulatory
22 official of another jurisdiction a document containing false
23 information or otherwise concealing information about a material fact
24 from the commissioner;

25 (v) Engage in embezzlement, theft, misappropriation, or conversion
26 of moneys, funds, premiums, credits, or other property of a provider,
27 insured, owner, or any other person engaged in the business of life
28 settlements;

29 (vi) Knowingly and with intent to defraud, enter into, broker, or
30 otherwise deal in a life settlement contract, the subject of which is
31 a policy that was obtained by presenting false information concerning
32 any fact material to the policy or by concealing, for the purpose of
33 misleading another, information concerning any fact material to the
34 policy, where the owner or the owner's agent intended to defraud the
35 policy's issuer;

36 (vii) Attempt to commit, assist, aid, or abet in the commission of,
37 or conspiracy to commit, the acts or omissions specified in this
38 subsection; or

1 (viii) Misrepresent the state of residence of an owner to be a
2 state or jurisdiction that does not have a law substantially similar to
3 this chapter for the purpose of evading or avoiding the provisions of
4 this chapter.

5 (9) "Insured" means the person covered under the policy being
6 considered for sale in a life settlement contract.

7 (10) "Life expectancy" means the arithmetic mean of the number of
8 months the insured under the policy to be settled can be expected to
9 live considering medical records and appropriate experiential data.

10 (11) "Life insurance producer" means any person licensed in this
11 state as a resident or nonresident insurance producer who has received
12 qualification or authority for life insurance coverage or a life line
13 of coverage pursuant to RCW 48.17.170.

14 (12)(a) "Life settlement contract" means a written agreement
15 entered into between a provider and an owner, establishing the terms
16 under which compensation or any thing of value will be paid, which
17 compensation or thing of value is less than the expected death benefit
18 of the policy, in return for the owner's assignment, transfer, sale,
19 devise, or bequest of the death benefit or any portion of a policy for
20 compensation, provided, however, that the minimum value for a life
21 settlement contract shall be greater than a cash surrender value or
22 accelerated death benefit available at the time of an application for
23 a life settlement contract.

24 (b) "Life settlement contract" also means the transfer for
25 compensation or value of ownership or beneficial interest in a trust or
26 other entity that owns such policy if the trust or other entity was
27 formed or availed of for the principal purpose of acquiring one or more
28 life insurance contracts, which life insurance contract insures the
29 life of a person residing in this state.

30 (c) "Life settlement contract" also means a written agreement for
31 a loan or other lending transaction, secured primarily by a policy or
32 a premium finance loan made for a policy on or before the date of
33 issuance of the policy where:

34 (i) The loan proceeds are not used solely to pay premiums for the
35 policy and any costs or expenses incurred by the lender or the borrower
36 in connection with the financing;

37 (ii) The owner receives on the date of the premium finance loan a
38 guarantee of the future life settlement value of the policy; or

1 (iii) The owner agrees on the date of the premium finance loan to
2 sell the policy or any portion of its death benefit on any date
3 following the issuance of the policy.

4 (d) "Life settlement contract" does not mean:

5 (i) A policy loan by a life insurance company pursuant to the terms
6 of the policy or accelerated death provisions contained in the policy,
7 whether issued with the original policy or as a rider;

8 (ii) A premium finance loan or any loan made by a bank or other
9 licensed financial institution, provided that neither the default on
10 the loan nor the transfer of the policy in connection with such a
11 default is pursuant to an agreement or understanding with any other
12 person for the purpose of evading regulation under this chapter;

13 (iii) A collateral assignment of a policy by an owner;

14 (iv) A loan made by a lender that does not violate any provision of
15 this title, provided the loan is not described in (a) of this
16 subsection, and is not otherwise within the definition of life
17 settlement contract;

18 (v) An agreement where all the parties (A) are closely related to
19 the insured by blood or law, or (B) have a lawful substantial economic
20 interest in the continued life, health, and bodily safety of the person
21 insured, or are trusts established primarily for the benefit of those
22 parties;

23 (vi) Any designation, consent, or agreement by an insured who is an
24 employee of an employer in connection with the purchase by the
25 employer, or trust established by the employer, of life insurance on
26 the life of the employee;

27 (vii) A bona fide business succession planning arrangement:

28 (A) Between one or more shareholders in a corporation or between a
29 corporation and one or more of its shareholders or one or more trusts
30 established by its shareholders;

31 (B) Between one or more partners in a partnership or between a
32 partnership and one or more of its partners or one or more trusts
33 established by its partners; or

34 (C) Between one or more members in a limited liability company or
35 between a limited liability company and one or more of its members or
36 one or more trusts established by its members;

37 (viii) An agreement entered into by a service recipient, or a trust

1 established by the service recipient, and a service provider, or a
2 trust established by the service provider, who performs significant
3 services for the service recipient's trade or business; or

4 (ix) Any other contract, transaction, or arrangement from the
5 definition of life settlement contract that the commissioner determines
6 is not of the type intended to be regulated by this chapter.

7 (13) "Net death benefit" means the amount of the policy to be
8 settled less any outstanding debts or liens.

9 (14)(a) "Owner" means the owner of a policy, with or without a
10 terminal illness, who enters or seeks to enter into a life settlement
11 contract. For the purposes of this chapter, an owner shall not be
12 limited to an owner of a policy that insures the life of an individual
13 with a terminal or chronic illness or condition except where
14 specifically addressed.

15 (b) "Owner" does not mean:

16 (i) Any provider or other licensee under this chapter;

17 (ii) A qualified institutional buyer as defined, as of the
18 effective date of this section, in rule 144A of the federal securities
19 act of 1933, as amended;

20 (iii) A financing entity;

21 (iv) A special purpose entity; or

22 (v) A related provider trust.

23 (15) "Patient identifying information" means an insured's address,
24 telephone number, facsimile number, electronic mail address, photograph
25 or likeness, employer, employment status, social security number, or
26 any other information that is likely to lead to the identification of
27 the insured.

28 (16) "Policy" means an individual or group life insurance policy,
29 group certificate, contract, or arrangement of life insurance owned by
30 a resident of this state, regardless of whether delivered or issued for
31 delivery in this state.

32 (17) "Premium finance loan" means a loan made primarily for the
33 purposes of making premium payments on a policy, which loan is secured
34 by an interest in the policy.

35 (18) "Person" means any natural person or legal entity, including
36 but not limited to, a partnership, limited liability company,
37 association, trust, or corporation.

1 (19)(a) "Provider" means a person, other than an owner, who enters
2 into or effectuates a life settlement contract with an owner.

3 (b) "Provider" does not mean:

4 (i) Any bank, savings bank, savings and loan association, or credit
5 union;

6 (ii) A licensed lending institution or creditor or secured party
7 pursuant to a premium finance loan agreement which takes an assignment
8 of a policy as collateral for a loan;

9 (iii) The insurer of a policy or rider to the extent of providing
10 accelerated death benefits or riders under an approved policy form or
11 cash surrender value;

12 (iv) Any natural person who enters into or effectuates no more than
13 one agreement in a calendar year for the transfer of a policy, for
14 compensation or anything of value less than the expected death benefit
15 payable under the policy;

16 (v) A purchaser;

17 (vi) Any authorized or eligible insurer that provides stop loss
18 coverage to a provider, purchaser, financing entity, special purpose
19 entity, or related provider trust;

20 (vii) A financing entity;

21 (viii) A special purpose entity;

22 (ix) A related provider trust;

23 (x) A broker; or

24 (xi) An accredited investor or qualified institutional buyer as
25 defined, respectively, in regulation D, rule 501 or rule 144A of the
26 federal securities act of 1933, as amended, who purchases a policy from
27 a provider.

28 (20) "Purchased policy" means a policy that has been acquired by a
29 provider pursuant to a life settlement contract.

30 (21) "Purchaser" means a person who pays compensation or anything
31 of value as consideration for a beneficial interest in a trust which is
32 vested with, or for the assignment, transfer, or sale of, an ownership
33 or other interest in a policy which has been the subject of a life
34 settlement contract.

35 (22) "Related provider trust" means a titling trust or other trust
36 established by a licensed provider or a financing entity for the sole
37 purpose of holding the ownership or beneficial interest in purchased
38 policies in connection with a financing transaction. In order to

1 qualify as a related provider trust, the trust must have a written
2 agreement with the licensed provider under which the licensed provider
3 is responsible for ensuring compliance with all statutory and
4 regulatory requirements and under which the trust agrees to make all
5 records and files relating to life settlement transactions available to
6 the commissioner as if those records and files were maintained directly
7 by the licensed provider.

8 (23) "Settled policy" means a policy that has been acquired by a
9 provider pursuant to a life settlement contract.

10 (24) "Special purpose entity" means a corporation, partnership,
11 trust, limited liability company, or other legal entity formed solely
12 to provide either directly or indirectly access to institutional
13 capital markets for a financing entity or provider:

14 (a) In connection with a transaction in which the securities in the
15 special purpose entity are acquired by the owner or by a "qualified
16 institutional buyer" as defined in rule 144 promulgated under the
17 federal securities act of 1933, as amended; or

18 (b) When the securities pay a fixed rate of return commensurate
19 with established asset-backed institutional capital markets.

20 (25) "Stranger-originated life insurance" means an act, practice,
21 or arrangement to initiate a policy for the benefit of a third-party
22 investor who, at the time of policy origination, has no insurable
23 interest in the insured under chapter 48.18 RCW. Stranger-originated
24 life insurance practices include, but are not limited to, cases in
25 which life insurance is purchased with resources or guarantees from or
26 through a person or entity who, at the time of policy inception, could
27 not lawfully initiate the policy and where, at the time of inception,
28 there is an arrangement or agreement to directly or indirectly transfer
29 the ownership of the policy or the policy benefits, or both, to a third
30 party. Any trust that is created to give the appearance of insurable
31 interest, and is used to initiate one or more policies for investors,
32 violates chapter 48.18 RCW and the prohibition against wagering on
33 human life. Stranger-originated life insurance arrangements do not
34 include those practices set forth in subsection (12)(d) of this
35 section.

36 (26) "Terminally ill" means having an illness or sickness that can
37 reasonably be expected to result in death in twenty-four months or
38 less.

1 (27) "Viatical settlement broker" means an individual, partnership,
2 corporation, or other entity who or which for another person, and for
3 a fee, commission, or any other valuable consideration, does any of the
4 following things:

5 (a) Offers or advertises the availability of viatical settlements;

6 (b) Introduces viators to viatical settlement providers;

7 (c) Offers or attempts to negotiate viatical settlements between a
8 viator and one or more viatical settlement providers. However,
9 "viatical settlement broker" does not mean an attorney, accountant, or
10 financial planner retained to represent the viator, whose fee or other
11 compensation is not paid by the viatical settlement provider.

12 NEW SECTION. **Sec. 3. LICENSING REQUIREMENTS.** (1) A person,

13 wherever located, shall not act as a provider or broker with an owner
14 or multiple owners who is a resident of this state, without first
15 having obtained a license from the commissioner. If there is more than
16 one owner on a single policy and the owners are residents of different
17 states, the life settlement contract shall be governed by the law of
18 the state in which the owner having the largest percentage ownership
19 resides or, if the owners hold equal ownership, the state of residence
20 of one owner agreed upon in writing by all owners.

21 (2) Application for a provider or broker license shall be made to
22 the commissioner by the applicant on a form prescribed by the
23 commissioner, and the application shall be accompanied by a fee in an
24 amount established by the commissioner. However, the license and
25 renewal fees for a provider license shall be reasonable and the license
26 and renewal fees for a broker license shall not exceed those
27 established for an insurance producer, as those fees are otherwise
28 provided for in this chapter.

29 (3) A life insurance producer who has been duly licensed as a
30 resident insurance producer with a life line of authority in this state
31 or his or her home state for at least one year and is licensed as a
32 nonresident producer in this state, and a viatical settlement broker
33 licensed in this state for at least one year, meets the licensing
34 requirements of this section and is permitted to operate as a broker.

35 (4) Not later than thirty days from the first day of operating as
36 a broker, the life insurance producer or viatical settlement broker
37 shall notify the commissioner that he or she is acting as a broker on

1 a form prescribed by the commissioner, and shall pay any applicable fee
2 to be determined by the commissioner. Notification shall include an
3 acknowledgement by the life insurance producer or viatical settlement
4 broker that he or she will operate as a broker in accordance with this
5 chapter.

6 (5) The insurer that issued the policy that is the subject of a
7 life settlement contract is not responsible for any act or omission of
8 a broker, provider, or purchaser arising out of or in connection with
9 the life settlement transaction, unless the insurer receives
10 compensation for the placement of a life settlement contract from the
11 provider, purchaser, or broker in connection with the life settlement
12 contract.

13 (6) A person licensed as an attorney, certified public accountant,
14 or financial planner accredited by a nationally recognized
15 accreditation agency, who is retained to represent the owner, whose
16 compensation is not paid directly or indirectly by the provider or
17 purchaser, may negotiate life settlement contracts on behalf of the
18 owner without having to obtain a license as a broker.

19 (7) Licenses are valid for the time established by the commissioner
20 and may be renewed into a new period under RCW 48.17.500(4). As
21 specified by subsection (2) of this section, the renewal fee for a
22 provider shall not exceed a reasonable fee. Failure to pay the fee
23 within the terms prescribed shall result in the automatic revocation of
24 the license requiring periodic renewal.

25 (8) The term of a provider license shall be equal to that of a
26 domestic stock life insurance company and the term of a broker license
27 shall be equal to that of an insurance producer license. Licenses
28 requiring periodic renewal may be renewed on their anniversary date
29 upon payment of the periodic renewal fee as specified in subsection (2)
30 of this section. Failure to pay the fees on or before the renewal date
31 shall result in expiration of the license.

32 (9)(a) The applicant shall provide such information as the
33 commissioner may require on forms prepared by the commissioner.

34 (b) As a part of or in connection with the application, the
35 applicant shall furnish information concerning the applicant's
36 identity, including fingerprints for submission to the Washington state
37 patrol, the federal bureau of investigation, and any governmental
38 agency or entity authorized to receive this information for a state and

1 national criminal history background check. If, in the process of
2 verifying fingerprints, business records, or other information, the
3 commissioner's office incurs fees or charges from another governmental
4 agency or from a business firm, the amount of the fees or charges shall
5 be paid to the commissioner's office by the applicant.

6 (c) The commissioner has the authority, at any time, to require
7 such an applicant to fully disclose the identity of its stockholders,
8 except stockholders owning fewer than ten percent of the shares of an
9 applicant whose shares are publicly traded, partners, officers, and
10 employees, and the commissioner may, in the exercise of the
11 commissioner's sole discretion, refuse to issue such a license in the
12 name of any person if not satisfied that any officer, employee,
13 stockholder, or partner thereof who may materially influence the
14 applicant's conduct meets the standards of this chapter.

15 (10) A license issued to a partnership, corporation, or other
16 entity authorizes all members, officers, and designated employees to
17 act as a licensee under the license, if those persons are named in the
18 application and any supplements to the application.

19 (11) Upon the filing of an application and the payment of the
20 license fee, the commissioner shall make an investigation of each
21 applicant and may issue a license if the commissioner finds that the
22 applicant:

23 (a) If a provider, has provided a detailed plan of operation;

24 (b) Is competent and trustworthy and intends to transact its
25 business in good faith;

26 (c) Has a good business reputation and has had experience,
27 training, or education so as to be qualified in the business for which
28 the license is applied;

29 (d) If the applicant is a legal entity, is formed or organized
30 pursuant to the laws of this state, is a foreign legal entity
31 authorized to transact business in this state, or provides a
32 certificate of good standing from the state of its domicile; and

33 (e) Has provided to the commissioner an antifraud plan that meets
34 the requirements of section 15 of this act and includes:

35 (i) A description of the procedures for detecting and investigating
36 possible fraudulent acts and procedures for resolving material
37 inconsistencies between medical records and insurance applications;

1 (ii) A description of the procedures for reporting fraudulent
2 insurance acts to the commissioner;

3 (iii) A description of the plan for antifraud education and
4 training of its underwriters and other personnel; and

5 (iv) A written description or chart outlining the arrangement of
6 the antifraud personnel who are responsible for the investigation and
7 reporting of possible fraudulent insurance acts and investigating
8 unresolved material inconsistencies between medical records and
9 insurance applications.

10 (12) The commissioner shall not issue any license to any
11 nonresident applicant, unless a written designation of an agent for
12 service of process is filed and maintained with the commissioner or
13 unless the applicant has filed with the commissioner the applicant's
14 written irrevocable consent that any action against the applicant may
15 be commenced against the applicant by service of process on the
16 commissioner.

17 (13) Each licensee shall file with the commissioner on or before
18 the first day of March of each year an annual statement containing the
19 information as the commissioner by rule may prescribe.

20 (14) A provider may not use any person to perform the functions of
21 a broker unless the person holds a current, valid license as a broker,
22 and as provided in this section.

23 (15) A broker may not use any person to perform the functions of a
24 provider unless such a person holds a current, valid license as a
25 provider, and as provided in this section.

26 (16) A provider or broker shall provide to the commissioner new or
27 revised information about officers, ten percent or more stockholders,
28 partners, directors, members, or designated employees within thirty
29 days of the change.

30 (17) An individual licensed as a broker shall complete on a
31 biennial basis fifteen hours of training related to life settlements
32 and life settlement transactions, as required by the commissioner.
33 However, a life insurance producer or viatical settlement broker who is
34 operating as a broker pursuant to this section is not subject to the
35 requirements of this subsection. Any person failing to meet the
36 requirements of this subsection is subject to the penalties imposed by
37 the commissioner.

1 NEW SECTION. **Sec. 4.** LICENSE SUSPENSION, REVOCATION, OR REFUSAL
2 TO RENEW. (1) The commissioner may suspend, revoke, or refuse to renew
3 the license of any licensee if the commissioner finds that:

4 (a) There was any material misrepresentation in the application for
5 the license;

6 (b) The licensee or any officer, partner, member, or director has
7 been guilty of fraudulent or dishonest practices, is subject to a final
8 administrative action or is otherwise shown to be untrustworthy or
9 incompetent to act as a licensee;

10 (c) The provider demonstrates a pattern of unreasonably withholding
11 payments to policy owners;

12 (d) The licensee no longer meets the requirements for initial
13 licensure;

14 (e) The licensee or any officer, partner, member, or director has
15 been convicted of a felony, or of any misdemeanor of which criminal
16 fraud is an element; or the licensee has pleaded guilty or nolo
17 contendere with respect to any felony or any misdemeanor of which
18 criminal fraud or moral turpitude is an element, regardless whether a
19 judgment of conviction has been entered by the court;

20 (f) The provider has entered into any life settlement contract
21 using a form that has not been approved under this chapter;

22 (g) The provider has failed to honor contractual obligations set
23 out in a life settlement contract;

24 (h) The provider has assigned, transferred, or pledged a settled
25 policy to a person other than a provider licensed in this state, a
26 purchaser, an accredited investor or qualified institutional buyer as
27 defined, respectively, in regulation D, rule 501 or rule 144A of the
28 federal securities act of 1933, as amended, a financing entity, a
29 special purpose entity, or a related provider trust;

30 (i) The licensee or any officer, partner, member, or key management
31 personnel has violated any of the provisions of this chapter; or

32 (j) The applicant for, or holder of such a license, demonstrates a
33 pattern of unreasonable payments to owners.

34 (2) Before the commissioner denies a license application or
35 suspends, revokes, or refuses to renew the license of any licensee
36 under this chapter, the commissioner shall conduct a hearing in
37 accordance with chapter 34.05 or 34.12 RCW.

1 NEW SECTION. **Sec. 5.** CONTRACT REQUIREMENTS. (1) A person may not
2 use any form of life settlement contract in this state unless it has
3 been filed with and approved, if required, by the commissioner in a
4 manner that conforms with the filing procedures and any time
5 restrictions or deeming provisions, if any, for life insurance forms,
6 policies, and contracts.

7 (2) An insurer may not, as a condition of responding to a request
8 for verification of coverage or in connection with the transfer of a
9 policy pursuant to a life settlement contract, require that the owner,
10 insured, provider, or broker sign any form, disclosure, consent,
11 waiver, or acknowledgment that has not been expressly approved by the
12 commissioner for use in connection with life settlement contracts in
13 this state.

14 (3) A person shall not use a life settlement contract form or
15 provide to an owner a disclosure statement form in this state unless
16 first filed with and approved by the commissioner. The commissioner
17 shall disapprove a life settlement contract form or disclosure
18 statement form if, in the commissioner's opinion, the contract or
19 provisions contained therein fail to meet the requirements of sections
20 8, 9, 12, and 16(2) of this act or are unreasonable, contrary to the
21 interests of the public, or otherwise misleading or unfair to the
22 owner. At the commissioner's discretion, the commissioner may require
23 the submission of advertising material.

24 NEW SECTION. **Sec. 6.** REPORTING REQUIREMENTS AND PRIVACY. (1)
25 Each provider shall file with the commissioner on or before March 1 of
26 each year an annual statement containing such information as the
27 commissioner may prescribe by rule. In addition to any other
28 requirements, for any policy settled within five years of policy
29 issuance, the annual statement shall specify the total number,
30 aggregate face amount, and life settlement proceeds of policies settled
31 during the immediately preceding calendar year, together with a
32 breakdown of the information by policy issue year.

33 (a) This information is limited to only those transactions where
34 the owner is a resident of this state and does not include individual
35 transaction data regarding the business of life settlements or
36 information that there is a reasonable basis to believe could be used
37 to identify the owner or the insured.

1 (b) Every provider that willfully fails to file an annual statement
2 as required in this section, or willfully fails to reply within thirty
3 calendar days to a written inquiry by the commissioner in connection
4 therewith, shall, in addition to other penalties provided by this
5 chapter, be subject, upon due notice and opportunity to be heard, to a
6 penalty of up to fifty dollars per day of delay, not to exceed
7 twenty-five thousand dollars in the aggregate, for each such failure.

8 (2) Except as otherwise allowed or required by law, a provider,
9 broker, purchaser, insurance company, insurance producer, information
10 bureau, rating agency or company, or any other person with actual
11 knowledge of an insured's identity, shall not disclose the identity of
12 an insured or information that there is a reasonable basis to believe
13 could be used to identify the insured or the insured's financial or
14 medical information to any other person unless the disclosure:

15 (a) Is necessary to effect a life settlement contract between the
16 owner and a provider and the owner and insured have provided prior
17 written consent to the disclosure;

18 (b) Is necessary to effectuate the sale of life settlement
19 contracts, or interests therein, as investments, provided (i) the sale
20 is conducted in accordance with applicable state and federal securities
21 law, and (ii) the owner and the insured have both provided prior
22 written consent to the disclosure;

23 (c) Is provided in response to an investigation or examination by
24 the commissioner or any other governmental officer or agency or
25 pursuant to the requirements of section 14 of this act;

26 (d) Is a term or condition to the transfer of a policy by one
27 provider to another provider, in which case the receiving provider
28 shall be required to comply with the confidentiality requirements of
29 this subsection;

30 (e) Is necessary to allow the provider or broker or their
31 authorized representatives to make contacts for the purpose of
32 determining health status.

33 (i) For the purposes of this section, the "authorized
34 representative" does not include any person who has or may have any
35 financial interest in the settlement contract other than a provider,
36 licensed broker, financing entity, related provider trust, or special
37 purpose entity.

1 (ii) A provider or broker shall require its authorized
2 representative to agree in writing to adhere to the privacy provisions
3 of this chapter; or

4 (f) Is required to purchase stop loss coverage.

5 (3) Nonpublic personal information solicited or obtained in
6 connection with a proposed or actual life settlement contract shall be
7 subject to the provisions applicable to financial institutions under
8 the federal Gramm Leach Bliley act, P.L. 106-102 (1999).

9 NEW SECTION. **Sec. 7.** EXAMINATION. (1) The commissioner may, when
10 the commissioner deems it reasonably necessary to protect the interests
11 of the public, examine the business and affairs of any licensee or
12 applicant for a license. The commissioner may order any licensee or
13 applicant to produce any records, books, files, or other information
14 reasonably necessary to ascertain whether such a licensee or applicant
15 is acting or has acted in violation of the law or otherwise contrary to
16 the interests of the public. The expenses incurred in conducting any
17 examination shall be paid by the licensee or applicant.

18 (2) In lieu of an examination under this chapter of any foreign or
19 alien licensee licensed in this state, the commissioner may, at the
20 commissioner's discretion, accept an examination report on the licensee
21 as prepared by the commissioner for the licensee's state of domicile or
22 port-of-entry state.

23 (3) Names of, and individual identification data, for all owners
24 and insureds, shall be considered private and confidential information
25 and shall not be disclosed by the commissioner unless required by law.

26 (4) Records of all consummated transactions and life settlement
27 contracts shall be maintained by the provider for three years after the
28 death of the insured and shall be available to the commissioner for
29 inspection during reasonable business hours.

30 (5)(a) Upon determining that an examination should be conducted,
31 the commissioner shall issue an examination warrant appointing one or
32 more examiners to perform the examination and instructing them as to
33 the scope of the examination. In conducting the examination, the
34 examiner shall use methods common to the examination of any life
35 settlement licensee and should use those guidelines and procedures set
36 forth in an examiners' handbook adopted by a national organization.

1 (b) Every licensee or person from whom information is sought, its
2 officers, directors, and agents shall provide to the examiners timely,
3 convenient, and free access at all reasonable hours at its offices to
4 all books, records, accounts, papers, documents, assets, and computer
5 or other recordings relating to the property, assets, business, and
6 affairs of the licensee being examined. The officers, directors,
7 employees, and agents of the licensee or person shall facilitate the
8 examination and aid in the examination so far as it is in their power
9 to do so. The refusal of a licensee, by its officers, directors,
10 employees, or agents to submit to examination or to comply with any
11 reasonable written request of the commissioner shall be grounds for
12 suspension or refusal of, or nonrenewal of any license or authority
13 held by the licensee to engage in the life settlement business or other
14 business subject to the commissioner's jurisdiction. Any proceedings
15 for suspension, revocation, or refusal to renew any license or
16 authority shall be conducted under RCW 48.17.540.

17 (c) The commissioner shall have the power to issue subpoenas, to
18 administer oaths, and to examine under oath any person as to any matter
19 pertinent to the examination. Upon the failure or refusal of a person
20 to obey a subpoena, the commissioner may petition a court of competent
21 jurisdiction, and upon proper showing, the court may enter an order
22 compelling the witness to appear and testify or produce documentary
23 evidence.

24 (d) When making an examination under this chapter, the commissioner
25 may retain attorneys, appraisers, independent actuaries, independent
26 certified public accountants, or other professionals and specialists as
27 examiners, the reasonable cost of which shall be borne by the licensee
28 that is the subject of the examination.

29 (e) This chapter does not limit the commissioner's authority to
30 terminate or suspend an examination in order to pursue other legal or
31 regulatory action pursuant to the insurance laws of this state.
32 Findings of fact and conclusions made pursuant to any examination shall
33 be prima facie evidence in any legal or regulatory action.

34 (f) This chapter does not limit the commissioner's authority to use
35 and, if appropriate, to make public any final or preliminary
36 examination report, any examiner or licensee work papers or other
37 documents, or any other information discovered or developed during the

1 course of any examination in the furtherance of any legal or regulatory
2 action which the commissioner may, in his or her sole discretion, deem
3 appropriate.

4 (6)(a) Examination reports shall be comprised of only facts
5 appearing upon the books, from the testimony of its officers or agents
6 or other persons examined concerning its affairs, and such conclusions
7 and recommendations as the examiners find reasonably warranted from the
8 facts.

9 (b) No later than sixty days following completion of the
10 examination, the examiner in charge shall file with the commissioner a
11 verified written report of examination under oath. Upon receipt of the
12 verified report, the commissioner shall transmit the report to the
13 licensee examined, together with a notice that shall afford the
14 licensee examined a reasonable opportunity of not more than thirty days
15 (i) to make a written submission or rebuttal with respect to any
16 matters contained in the examination report and which shall become part
17 of the report, or (ii) to request a hearing on any matter in dispute.

18 (c) In the event the commissioner determines that regulatory action
19 is appropriate as a result of an examination, the commissioner may
20 initiate any proceedings or actions provided by law.

21 (7)(a) Names and individual identification data for all owners,
22 purchasers, and insureds shall be considered private and confidential
23 information and shall not be disclosed by the commissioner, unless the
24 disclosure is to another regulator or is required by law.

25 (b) Except as otherwise provided in this chapter, all examination
26 reports, working papers, recorded information, documents, and copies
27 thereof produced by, obtained by, or disclosed to the commissioner or
28 any other person in the course of an examination made under this
29 chapter, or in the course of analysis or investigation by the
30 commissioner of the financial condition or market conduct of a licensee
31 shall be confidential by law and privileged, shall not be subject to
32 chapter 42.56 RCW, subpoena, and discovery, or admissible in evidence
33 in any private civil action. The commissioner is authorized to use the
34 documents, materials, or other information in the furtherance of any
35 regulatory or legal action brought as part of the commissioner's
36 official duties. The licensee being examined may have access to all
37 documents used to make the report.

1 (8)(a) An examiner may not be appointed by the commissioner if the
2 examiner, either directly or indirectly, has a conflict of interest or
3 is affiliated with the management of or owns a pecuniary interest in
4 any person subject to examination under this chapter. This section
5 does not automatically preclude an examiner from being:

6 (i) An owner;

7 (ii) An insured in a life settlement contract or insurance policy;
8 or

9 (iii) A beneficiary in an insurance policy that is proposed for a
10 life settlement contract.

11 (b) Notwithstanding the requirements of this subsection, the
12 commissioner may retain from time to time, on an individual basis,
13 qualified actuaries, certified public accountants, or other similar
14 individuals who are independently practicing their professions, even
15 though these persons may from time to time be similarly employed or
16 retained by persons subject to examination under this chapter.

17 (9)(a) A cause of action shall not arise nor shall any liability be
18 imposed against the commissioner, the commissioner's authorized
19 representatives, or any examiner appointed by the commissioner for any
20 statements made or conduct performed in good faith while carrying out
21 the provisions of this chapter.

22 (b) A cause of action shall not arise, nor shall any liability be
23 imposed against any person for the act of communicating or delivering
24 information or data to the commissioner or the commissioner's
25 authorized representative or examiner pursuant to an examination made
26 under this chapter, if the act of communication or delivery was
27 performed in good faith and without fraudulent intent or the intent to
28 deceive. This subsection (9)(b) does not abrogate or modify in any way
29 any common law or statutory privilege or immunity existing prior to the
30 effective date of this section enjoyed by any person identified in (a)
31 of this subsection.

32 (c) A person identified in (a) or (b) of this subsection shall be
33 entitled to an award of attorneys' fees and costs if he or she is the
34 prevailing party in a civil cause of action for libel, slander, or any
35 other relevant tort arising out of activities in carrying out the
36 provisions of this chapter and the party bringing the action was not
37 substantially justified in doing so. For purposes of this section a

1 proceeding is "substantially justified" if it had a reasonable basis in
2 law or fact at the time that it was initiated.

3 (10) The commissioner may investigate suspected fraudulent life
4 settlement acts and persons engaged in the business of life
5 settlements.

6 (11) The cost of examinations under this chapter shall be the same
7 as for a person under RCW 48.03.060.

8 NEW SECTION. **Sec. 8.** ADVERTISING. (1) A broker, or provider
9 licensed pursuant to this chapter, may conduct or participate in
10 advertisements within this state. These advertisements shall comply
11 with all advertising and marketing laws or rules adopted by the
12 commissioner that are applicable to life insurers or to brokers, and
13 providers licensed pursuant to this chapter.

14 (2) Advertisements shall be accurate, truthful, and not misleading
15 in fact or by implication.

16 (3) A person or trust shall not:

17 (a) Directly or indirectly, market, advertise, solicit, or
18 otherwise promote the purchase of a policy, not previously issued, for
19 the sole purpose of, or with the primary emphasis on, settling the
20 policy; or

21 (b) Use the words "free," "no cost," or words of similar import in
22 the marketing, advertising, soliciting or otherwise promoting of the
23 purchase of a policy.

24 NEW SECTION. **Sec. 9.** DISCLOSURES TO OWNERS. (1) The provider or
25 broker shall provide in writing, or require the broker to provide, in
26 a separate document that is signed by the owner and provider or broker,
27 the following information to the owner no later than the date of
28 application for a life settlement contract:

29 (a) The fact that possible alternatives to life settlement
30 contracts exist, including, but not limited to, accelerated benefits
31 offered by the issuer of the life insurance policy;

32 (b) The fact that some or all of the proceeds of a life settlement
33 contract may be taxable and that assistance should be sought from a
34 professional tax advisor;

35 (c) The fact that the proceeds from a life settlement contract
36 could be subject to the claims of creditors;

1 (d) The fact that receipt of proceeds from a life settlement
2 contract may adversely affect the recipients' eligibility for public
3 assistance or other government benefits or entitlements and that advice
4 should be obtained from the appropriate agencies;

5 (e) The fact that the owner has a right to terminate a life
6 settlement contract within fifteen days of the date it is executed by
7 all parties and the owner has received the disclosures required by this
8 section. Rescission, if exercised by the owner, is effective only if
9 both notice of the rescission is given, and the owner repays all
10 proceeds and any premiums, loans, and loan interest paid on account of
11 the provider within the rescission period. If the insured dies during
12 the rescission period, the contract shall be deemed to have been
13 rescinded subject to repayment by the owner or the owner's estate of
14 all proceeds and any premiums, loans, and loan interest to the
15 provider;

16 (f) The fact that proceeds will be sent to the owner within three
17 business days after the provider has received the insurer or group
18 administrator's acknowledgement that ownership of the policy or
19 interest in the certificate has been transferred and the beneficiary
20 has been designated in accordance with the terms of the life settlement
21 contract;

22 (g) The fact that entering into a life settlement contract may
23 cause other rights or benefits, including conversion rights and waiver
24 of premium benefits that may exist under the policy to be forfeited by
25 the owner and that assistance should be sought from a professional
26 financial advisor;

27 (h) The date by which the funds will be available to the owner and
28 the transmitter of the funds;

29 (i) The fact that the commissioner may require delivery of a
30 buyer's guide or a similar consumer advisory package in the form
31 prescribed by the commissioner to owners during the solicitation
32 process;

33 (j) The disclosure document shall contain the following language:

34 "All medical, financial, or personal information solicited or
35 obtained by a provider or broker about an insured, including the
36 insured's identity or the identity of family members, a spouse or a
37 significant other may be disclosed as necessary to effect the life
38 settlement contract between the owner and provider. If you are asked

1 to provide this information, you will be asked to consent to the
2 disclosure. The information may be provided to someone who buys the
3 policy or provides funds for the purchase. You may be asked to renew
4 your permission to share information every two years.";

5 (k) The fact that the commissioner shall require providers and
6 brokers to print separate signed fraud warnings on their applications
7 and on their life settlement contracts is as follows:

8 "Any person who knowingly presents false information in an
9 application for insurance or life settlement contract is guilty of a
10 crime and may be subject to fines and confinement in prison.";

11 (l) The fact that the insured may be contacted by either the
12 provider or broker or its authorized representative for the purpose of
13 determining the insured's health status or to verify the insured's
14 address. This contact is limited to once every three months if the
15 insured has a life expectancy of more than one year, and no more than
16 once per month if the insured has a life expectancy of one year or
17 less;

18 (m) The affiliation, if any, between the provider and the issuer of
19 the insurance policy to be settled;

20 (n) That a broker represents exclusively the owner, and not the
21 insurer or the provider or any other person, and owes a fiduciary duty
22 to the owner, including a duty to act according to the owner's
23 instructions and in the best interest of the owner;

24 (o) The document shall include the name, address, and telephone
25 number of the provider;

26 (p) The name, business address, and telephone number of the
27 independent third-party escrow agent, and the fact that the owner may
28 inspect or receive copies of the relevant escrow or trust agreements or
29 documents; and

30 (q) The fact that a change of ownership could in the future limit
31 the insured's ability to purchase future insurance on the insured's
32 life because there is a limit to how much coverage insurers will issue
33 on one life.

34 (2) The written disclosures shall be conspicuously displayed in any
35 life settlement contract furnished to the owner by a provider including
36 any affiliations or contractual arrangements between the provider and
37 the broker.

1 (3) A broker shall provide the owner and the provider with at least
2 the following disclosures no later than the date the life settlement
3 contract is signed by all parties. The disclosures shall be
4 conspicuously displayed in the life settlement contract or in a
5 separate document signed by the owner and provide the following
6 information:

7 (a) The name, business address, and telephone number of the broker;

8 (b) A full, complete, and accurate description of all the offers,
9 counter-offers, acceptances, and rejections relating to the proposed
10 life settlement contract;

11 (c) A written disclosure of any affiliations or contractual
12 arrangements between the broker and any person making an offer in
13 connection with the proposed life settlement contracts;

14 (d) The name of each broker who receives compensation and the
15 amount of compensation received by that broker, which compensation
16 includes anything of value paid or given to the broker in connection
17 with the life settlement contract;

18 (e) A complete reconciliation of the gross offer or bid by the
19 provider to the net amount of proceeds or value to be received by the
20 owner. For the purpose of this section, gross offer or bid means the
21 total amount or value offered by the provider for the purchase of one
22 or more life insurance policies, inclusive of commissions and fees; and

23 (f) The failure to provide the disclosures or rights described in
24 this section is an unfair trade practice pursuant to section 18 of this
25 act.

26 NEW SECTION. **Sec. 10.** DISCLOSURE BY INSURER. In addition to
27 other questions an insurance carrier may lawfully pose to a life
28 insurance applicant, insurance carriers may inquire in the application
29 for insurance whether the proposed owner intends to pay premiums with
30 the assistance of financing from a lender that will use the policy as
31 collateral to support the financing.

32 (1) If, as described in section 2 of this act, the loan provides
33 funds which can be used for a purpose other than paying for the
34 premiums, costs, and expenses associated with obtaining and maintaining
35 the life insurance policy and loan, the application shall be rejected
36 as a violation of the prohibited practices in section 14 of this act.

1 (2) If the financing does not violate section 14 of this act in
2 this manner, the insurance carrier:

3 (a) May make disclosures, including but not limited to the
4 applicant and the insured, either on the application or an amendment to
5 the application to be completed no later than the delivery of the
6 policy:

7 "If you have entered into a loan arrangement where the policy is
8 used as collateral, and the policy does change ownership at some point
9 in the future in satisfaction of the loan, the following may be true:

10 (i) A change of ownership could lead to a stranger owning an
11 interest in the insured's life;

12 (ii) A change of ownership could in the future limit your ability
13 to purchase future insurance on the insured's life because there is a
14 limit to how much coverage insurers will issue on one life;

15 (iii) Should there be a change of ownership and you wish to obtain
16 more insurance coverage on the insured's life in the future, the
17 insured's higher issue age, a change in health status, and/or other
18 factors may reduce the ability to obtain coverage and/or may result in
19 significantly higher premiums;

20 (iv) You should consult a professional advisor, since a change in
21 ownership in satisfaction of the loan may result in tax consequences to
22 the owner, depending on the structure of the loan"; and

23 (b) May require certifications, such as the following, from the
24 applicant and/or the insured:

25 "(i) I have not entered into any agreement or arrangement providing
26 for the future sale of this life insurance policy;

27 (ii) My loan arrangement for this policy provides funds sufficient
28 to pay for some or all of the premiums, costs, and expenses associated
29 with obtaining and maintaining my life insurance policy, but I have not
30 entered into any agreement by which I am to receive consideration in
31 exchange for procuring this policy; and

32 (iii) The borrower has an insurable interest in the insured."

33 NEW SECTION. **Sec. 11.** (1) With respect to each policy issued by
34 an insurance company, the insurance company shall notify the owner of
35 an individual life insurance policy when the insured person under such
36 a policy is age sixty or older, or is known to be terminally ill or

1 chronically ill, that there may be alternative transactions available
2 to that owner at the time of each of the following:

3 (a) When a life insurance company receives from such an owner a
4 request to surrender, in whole or in part, an individual policy;

5 (b) When a life insurance company receives from such an owner a
6 request to receive an accelerated death benefit under an individual
7 policy;

8 (c) When a life insurance company sends to such an owner all
9 notices of lapse of an individual policy; or

10 (d) At any other time that the commissioner may require by rule.

11 (2)(a) The commissioner shall approve a document calculated to
12 appraise the consumer of his or her rights as an owner of a life
13 insurance policy. The document shall be made available at no cost to
14 all insurance companies and life insurance producers and written in lay
15 terms.

16 (b) The document shall advise the consumer:

17 (i) That life insurance is a critical part of a broader financial
18 plan, and that the consumer is encouraged, and has a right, to seek
19 additional financial advice and opinions;

20 (ii) That possible alternatives to lapse exist;

21 (iii) Of the definitions of common industry terms including, but
22 not limited to, "life settlement," and "viatical settlement."

23 (c) In addition to the information described in (a) and (b) of this
24 subsection, the document must contain the following statement in large,
25 bold, or otherwise conspicuous typeface calculated to draw the eye:
26 "Life insurance is a critical part of a broader financial plan. There
27 are many options available, and you have the right to shop around and
28 seek advice from different financial advisers in order to find the
29 option best suited to your needs."

30 (d) The document may include brief descriptions of common products
31 available from providers. These products must be discussed in general
32 terms for informative purposes only, and not identifiable to any
33 specific provider.

34 (e) The document will be considered part of the notice required in
35 subsection (1) of this section.

36 NEW SECTION. **Sec. 12.** GENERAL RULES. (1) A provider entering

1 into a life settlement contract with any owner of a policy, wherein the
2 insured is terminally or chronically ill, shall first obtain:

3 (a) If the owner is the insured, a written statement from a
4 licensed attending physician that the owner is of sound mind and under
5 no constraint or undue influence to enter into a settlement contract;
6 and

7 (b) A document in which the insured consents to the release of his
8 or her medical records to a provider, settlement broker, or insurance
9 producer and, if the policy was issued less than two years from the
10 date of application for a settlement contract, to the insurance company
11 that issued the policy.

12 (2) The insurer shall respond to a request for verification of
13 coverage submitted by a provider, settlement broker, or life insurance
14 producer not later than thirty calendar days of the date the request is
15 received. The request for verification of coverage must be made on a
16 form approved by the commissioner. The insurer shall complete and
17 issue the verification of coverage or indicate in which respects it is
18 unable to respond. In its response, the insurer shall indicate
19 whether, based on the medical evidence and documents provided, the
20 insurer intends to pursue an investigation at this time regarding the
21 validity of the insurance contract.

22 (3) Before or at the time of execution of the settlement contract,
23 the provider shall obtain a witnessed document in which the owner
24 consents to the settlement contract, represents that the owner has a
25 full and complete understanding of the settlement contract, that the
26 owner has a full and complete understanding of the benefits of the
27 policy and acknowledges that the owner is entering into the settlement
28 contract freely and voluntarily, and, for persons with a terminal or
29 chronic illness or condition, acknowledges that the insured has a
30 terminal or chronic illness and that the terminal or chronic illness or
31 condition was diagnosed after the policy was issued.

32 (4) The insurer shall not unreasonably delay effecting change of
33 ownership or beneficiary with any life settlement contract lawfully
34 entered into in this state or with a resident of this state.

35 (5) If a settlement broker or life insurance producer performs any
36 of these activities required of the provider, the provider is deemed to
37 have fulfilled the requirements of this section.

1 (6) If a broker performs the verification of coverage activities
2 required of the provider, the provider has fulfilled the requirements
3 of section 9(1) of this act.

4 (7) Within twenty days after an owner executes the life settlement
5 contract, the provider shall give written notice to the insurer that
6 issued that insurance policy that the policy has become subject to a
7 life settlement contract. The notice shall be accompanied by the
8 documents required by section 10(2) of this act.

9 (8) All medical information solicited or obtained by any licensee
10 shall be subject to the applicable provision of state law relating to
11 confidentiality of medical information, if not otherwise provided in
12 this chapter.

13 (9) All life settlement contracts entered into in this state shall
14 provide that the owner may rescind the contract on or before fifteen
15 days after the date it is executed by all parties thereto.
16 Rescission, if exercised by the owner, is effective only if both notice
17 of the rescission is given, and the owner repays all proceeds and any
18 premiums, loans, and loan interest paid on account of the provider
19 within the rescission period. If the insured dies during the
20 rescission period, the contract is considered rescinded subject to
21 repayment by the owner or the owner's estate of all proceeds and any
22 premiums, loans, and loan interest to the provider.

23 (10) Within three business days after receipt from the owner of
24 documents to effect the transfer of the insurance policy, the provider
25 shall pay the proceeds of the settlement to an escrow or trust account
26 managed by a trustee or escrow agent in a state or federally chartered
27 financial institution pending acknowledgement of the transfer by the
28 issuer of the policy. The trustee or escrow agent shall be required to
29 transfer the proceeds due to the owner within three business days of
30 acknowledgement of the transfer from the insurer.

31 (11) Failure to tender the life settlement contract proceeds to the
32 owner by the date disclosed to the owner renders the contract voidable
33 by the owner for lack of consideration until the time the proceeds are
34 tendered to and accepted by the owner. A failure to give written
35 notice of the right of rescission under this section tolls the right of
36 rescission until thirty days after the written notice of the right of
37 rescission has been given.

1 (12) Any fee paid by a provider, party, individual, or an owner to
2 a broker in exchange for services provided to the owner pertaining to
3 a life settlement contract shall be computed as a percentage of the
4 offer obtained, not the face value of the policy. This section does
5 not prohibit a broker from reducing the broker's fee below this
6 percentage if the broker so chooses.

7 (13) The broker shall disclose to the owner anything of value paid
8 or given to a broker, which relate to a life settlement contract.

9 (14) A person at any time prior to, or at the time of, the
10 application for, or issuance of, a policy, or during a two-year period
11 commencing with the date of issuance of the policy, shall not enter
12 into a life settlement regardless of the date the compensation is to be
13 provided and regardless of the date the assignment, transfer, sale,
14 devise, bequest, or surrender of the policy is to occur. This
15 prohibition shall not apply if the owner certifies to the provider
16 that:

17 (a) The policy was issued upon the owner's exercise of conversion
18 rights arising out of a group or individual policy, provided the total
19 of the time covered under the conversion policy plus the time covered
20 under the prior policy is at least twenty-four months. The time
21 covered under a group policy must be calculated without regard to a
22 change in insurance carriers, provided the coverage has been continuous
23 and under the same group sponsorship; or

24 (b) The owner submits independent evidence to the provider that one
25 or more of the following conditions have been met within the two-year
26 period:

27 (i) The owner or insured is terminally or chronically ill;

28 (ii) The owner or insured disposes of his or her ownership
29 interests in a closely held corporation, pursuant to the terms of a
30 buyout or other similar agreement in effect at the time the insurance
31 policy was initially issued;

32 (iii) The owner's spouse dies;

33 (iv) The owner divorces his or her spouse;

34 (v) The owner retires from full-time employment;

35 (vi) The owner becomes physically or mentally disabled and a
36 physician determines that the disability prevents the owner from
37 maintaining full-time employment; or

1 (vii) A final order, judgment, or decree is entered by a court of
2 competent jurisdiction, on the application of a creditor of the owner,
3 adjudicating the owner bankrupt or insolvent, or approving a petition
4 seeking reorganization of the owner or appointing a receiver, trustee,
5 or liquidator to all or a substantial part of the owner's assets;

6 (c) Copies of the independent evidence required by (b) of this
7 subsection shall be submitted to the insurer when the provider submits
8 a request to the insurer for verification of coverage. The copies
9 shall be accompanied by a letter of attestation from the provider that
10 the copies are true and correct copies of the documents received by the
11 provider. This section does not prohibit an insurer from exercising
12 its right to contest the validity of any policy;

13 (d) If the provider submits to the insurer a copy of independent
14 evidence provided for in (b)(i) of this subsection when the provider
15 submits a request to the insurer to effect the transfer of the policy
16 to the provider, the copy is deemed to establish that the settlement
17 contract satisfies the requirements of this section.

18 NEW SECTION. **Sec. 13.** AUTHORITY TO ADOPT RULES---CONFLICT OF
19 LAWS. (1) The commissioner may adopt rules implementing this chapter
20 and regulating the activities and relationships of providers, brokers,
21 insurers and their agents.

22 (2)(a) If there is more than one owner on a single policy, and the
23 owners are residents of different states, the life settlement contract
24 shall be governed by the law of the state in which the owner having the
25 largest percentage ownership resides or, if the owners hold equal
26 ownership, the state of residence of one owner agreed upon in writing
27 by all of the owners. The law of the state of the insured shall govern
28 in the event that equal owners fail to agree in writing upon a state of
29 residence for jurisdictional purposes.

30 (b) A provider from this state who enters into a life settlement
31 contract with an owner who is a resident of another state that has
32 enacted statutes or adopted regulations governing life settlement
33 contracts, shall be governed in the effectuation of that life
34 settlement contract by the statutes and regulations of the owner's
35 state of residence. If the state in which the owner is a resident has
36 not enacted statutes or regulations governing life settlement
37 contracts, the provider shall give the owner notice that neither state

1 regulates the transaction upon which he or she is entering. For
2 transactions in those states, however, the provider is to maintain all
3 records required if the transactions were executed in the state of
4 residence. The forms used in those states need not be approved by the
5 commissioner.

6 (c) If there is a conflict in the laws that apply to an owner and
7 a purchaser in any individual transaction, the laws of the state that
8 apply to the owner shall take precedence and the provider shall comply
9 with those laws.

10 NEW SECTION. **Sec. 14.** PROHIBITED PRACTICES. (1) It is unlawful
11 for any person to:

12 (a) Enter into a life settlement contract if such person knows or
13 reasonably should have known that the life insurance policy was
14 obtained by means of a false, deceptive or misleading application for
15 such policy;

16 (b) Engage in any transaction, practice, or course of business if
17 such person knows or reasonably should have known that the intent was
18 to avoid the notice requirements of this chapter;

19 (c) Engage in any fraudulent act or practice in connection with any
20 transaction relating to any settlement involving an owner who is a
21 resident of this state;

22 (d) Issue, solicit, market, or otherwise promote the purchase of an
23 insurance policy, not previously issued, for the sole purpose of, or
24 with the primary emphasis on, settling the policy;

25 (e) If providing premium financing, receive any proceeds, fees, or
26 other consideration from the policy or owner of the policy that are in
27 addition to the amounts required to pay principal, interest, and any
28 costs or expenses incurred by the lender or borrower in connection with
29 the premium finance agreement, except for the event of a default,
30 unless either the default on such a loan or transfer of the policy
31 occurs pursuant to an agreement or understanding with any other person
32 for the purpose of evading regulation under this chapter. Any
33 payments, charges, fees, or other amounts received by a person
34 providing premium financing in violation of this subsection shall be
35 remitted to the original owner of the policy or to the original owner's
36 estate if the original owner is not living at the time of the
37 determination of overpayment;

1 (f) With respect to any settlement contract or insurance policy and
2 a broker, knowingly solicit an offer from, effectuate a life settlement
3 contract with, or make a sale to any provider, financing entity, or
4 related provider trust that is controlling, controlled by, or under
5 common control with such broker unless this relationship is disclosed
6 to the owner;

7 (g) With respect to any life settlement contract or insurance
8 policy and a provider, knowingly enter into a life settlement contract
9 with an owner, if, in connection with such life settlement contract,
10 anything of value will be paid to a broker that is controlling,
11 controlled by, or under common control with such provider or the
12 financing entity or related provider trust that is involved in such
13 settlement contract, unless this relationship is disclosed to the
14 owner;

15 (h) With respect to a provider, enter into a life settlement
16 contract unless the life settlement promotional, advertising, and
17 marketing materials, as may be prescribed by rule, have been filed with
18 the commissioner. In no event shall any marketing materials expressly
19 reference that the insurance is "free" for any period of time. The
20 inclusion of any reference in the marketing materials that would cause
21 an owner to reasonably believe that the insurance is free for any
22 period of time is a violation of this chapter;

23 (i) With respect to any life insurance producer, insurance company,
24 broker, or provider make any statement or representation to the
25 applicant or policyholder in connection with the sale or financing of
26 a life insurance policy to the effect that the insurance is free or
27 without cost to the policyholder for any period of time unless provided
28 in the policy; or

29 (j) With respect to an insurer, (i) prohibit, restrict, limit, or
30 impair a life insurance producer from lawfully negotiating a life
31 settlement contract on behalf of an owner, aiding and assisting an
32 owner with a life settlement contract, or otherwise participating in a
33 life settlement transaction under this chapter; (ii) make any false or
34 misleading statement as to the business of life settlements or
35 financing premiums due for a policy or to any owner or insured for the
36 purpose of inducing or tending to induce the owner or insured not to
37 enter into a life settlement contract; or (iii) engage in any

1 transaction, act, practice, or course of business or dealing which
2 restricts, limits, or impairs in any way the lawful transfer of
3 ownership, change of beneficiary, or assignment of a policy.

4 (2) A violation of this section constitutes a fraudulent life
5 settlement act.

6 NEW SECTION. **Sec. 15.** FRAUD PREVENTION AND CONTROL. (1)(a) A
7 person shall not commit a fraudulent life settlement act.

8 (b) A person shall not knowingly and intentionally interfere with
9 the enforcement of this chapter or investigations of suspected or
10 actual violations of this chapter.

11 (c) A person in the business of life settlements shall not
12 knowingly or intentionally permit any person convicted of a felony
13 involving dishonesty or breach of trust to participate in the business
14 of life settlements.

15 (2)(a) Life settlement contracts and applications for life
16 settlement contracts, regardless of the form of transmission, shall
17 contain the following statement or a substantially similar statement:

18 "Any person who knowingly presents false information in an
19 application for insurance or life settlement contract is guilty of a
20 crime and may be subject to fines and confinement in prison."

21 (b) The lack of a statement as required in (a) of this subsection
22 does not constitute a defense in any prosecution for a fraudulent life
23 settlement act.

24 (3)(a) Any person engaged in the business of life settlements
25 having knowledge or a reasonable belief that a fraudulent life
26 settlement act is being, will be, or has been committed shall provide
27 to the commissioner the information required by, and in a manner
28 prescribed by, the commissioner.

29 (b) Any other person having knowledge or a reasonable belief that
30 a fraudulent life settlement act is being, will be, or has been
31 committed may provide to the commissioner the information required by,
32 and in a manner prescribed by, the commissioner.

33 (4)(a) Civil liability shall not be imposed on and no cause of
34 action shall arise from a person's furnishing information concerning
35 suspected, anticipated, or completed fraudulent life settlement acts or
36 suspected or completed fraudulent insurance acts, if the information is
37 provided to or received from:

1 (i) The commissioner or the commissioner's employees, agents, or
2 representatives;

3 (ii) Federal, state, or local law enforcement or regulatory
4 officials or their employees, agents, or representatives;

5 (iii) A person involved in the prevention and detection of
6 fraudulent life settlement acts or that person's agents, employees, or
7 representatives;

8 (iv) Any regulatory body or their employees, agents, or
9 representatives, overseeing life insurance, life settlements,
10 securities, or investment fraud;

11 (v) The life insurer that issued the life insurance policy covering
12 the life of the insured; or

13 (vi) The licensee and any agents, employees, or representatives.

14 (b) Subsection (4)(a) of this section shall not apply to statements
15 made with actual malice. In an action brought against a person for
16 filing a report or furnishing other information concerning a fraudulent
17 life settlement act or a fraudulent insurance act, the party bringing
18 the action shall plead specifically any allegation that (a) of this
19 subsection does not apply because the person filing the report or
20 furnishing the information did so with actual malice.

21 (c) A person identified in (a) of this subsection shall be entitled
22 to an award of attorneys' fees and costs if he or she is the prevailing
23 party in a civil cause of action for libel, slander, or any other
24 relevant tort arising out of activities in carrying out the provisions
25 of this chapter and the party bringing the action was not substantially
26 justified in doing so. For purposes of this section a proceeding is
27 "substantially justified" if it had a reasonable basis in law or fact
28 at the time that it was initiated.

29 (d) This section does not abrogate or modify common law or
30 statutory privileges or immunities enjoyed by a person described in (a)
31 of this subsection.

32 (5)(a) The documents and evidence provided pursuant to subsection
33 (4) of this section or obtained by the commissioner in an investigation
34 of suspected or actual fraudulent life settlement acts shall be
35 privileged and confidential and shall not be a public record and shall
36 not be subject to discovery or subpoena in a civil or criminal action.

37 (b) Subsection (5)(a) of this section does not prohibit release by

1 the commissioner of documents and evidence obtained in an investigation
2 of suspected or actual fraudulent life settlement acts:

3 (i) In administrative or judicial proceedings to enforce laws
4 administered by the commissioner;

5 (ii) To federal, state, or local law enforcement or regulatory
6 agencies, to an organization established for the purpose of detecting
7 and preventing fraudulent life settlement acts, or to the national
8 association of insurance commissioners; or

9 (iii) At the discretion of the commissioner, to a person in the
10 business of life settlements that is aggrieved by a fraudulent life
11 settlement act.

12 (c) Release of documents and evidence under (b) of this subsection
13 does not abrogate or modify the privilege granted in (a) of this
14 subsection.

15 (6) This chapter does not:

16 (a) Preempt the authority or relieve the duty of other law
17 enforcement or regulatory agencies to investigate, examine, and
18 prosecute suspected violations of law;

19 (b) Preempt, supersede, or limit any provision of any state
20 securities law or any rule, order, or notice issued thereunder;

21 (c) Prevent or prohibit a person from disclosing voluntarily
22 information concerning life settlement fraud to a law enforcement or
23 regulatory agency other than the insurance department; or

24 (d) Limit the powers granted elsewhere by the laws of this state to
25 the commissioner or an insurance fraud unit to investigate and examine
26 possible violations of law and to take appropriate action against
27 wrongdoers.

28 (7)(a) Providers and brokers shall have in place antifraud
29 initiatives reasonably calculated to detect, prosecute, and prevent
30 fraudulent life settlement acts. At the discretion of the
31 commissioner, the commissioner may order, or a licensee may request and
32 the commissioner may grant, such modifications of the following
33 required initiatives as necessary to ensure an effective antifraud
34 program. The modifications may be more or less restrictive than the
35 required initiatives so long as the modifications may reasonably be
36 expected to accomplish the purpose of this section. Antifraud
37 initiatives shall include:

1 (i) Fraud investigators, who may be provider or broker employees or
2 independent contractors; and

3 (ii) An antifraud plan, which shall be submitted to the
4 commissioner. The antifraud plan shall include, but not be limited to:

5 (A) A description of the procedures for detecting and investigating
6 possible fraudulent life settlement acts and procedures for resolving
7 material inconsistencies between medical records and insurance
8 applications;

9 (B) A description of the procedures for reporting possible
10 fraudulent life settlement acts to the commissioner;

11 (C) A description of the plan for antifraud education and training
12 of underwriters and other personnel; and

13 (D) A description or chart outlining the organizational arrangement
14 of the antifraud personnel who are responsible for the investigation
15 and reporting of possible fraudulent life settlement acts and
16 investigating unresolved material inconsistencies between medical
17 records and insurance applications.

18 (b) Antifraud plans submitted to the commissioner shall be
19 privileged and confidential and shall not be a public record and shall
20 not be subject to discovery or subpoena in a civil or criminal action.

21 NEW SECTION. **Sec. 16.** INJUNCTIONS--CIVIL REMEDIES--CEASE AND
22 DESIST. (1) In addition to the penalties and other enforcement
23 provisions of this chapter, if any person violates this chapter or any
24 rule implementing this chapter, the commissioner may seek an injunction
25 in a court of competent jurisdiction in the county where the person
26 resides or has a principal place of business and may apply for
27 temporary and permanent orders that the commissioner determines
28 necessary to restrain the person from further committing the violation.

29 (2) Any person damaged by the acts of another person in violation
30 of this chapter or any rule implementing this chapter, may bring a
31 civil action for damages against the person committing the violation in
32 a court of competent jurisdiction.

33 (3) The commissioner may issue a cease and desist order upon a
34 person who violates any provision of this chapter, any rule or order
35 adopted by the commissioner, or any written agreement entered into with
36 the commissioner, in accordance with chapter 34.05 RCW.

1 (4) When the commissioner finds that such an action presents an
2 immediate danger to the public and requires an immediate final order,
3 he or she may issue an emergency cease and desist order reciting with
4 particularity the facts underlying such findings. The emergency cease
5 and desist order is effective immediately upon service of a copy of the
6 order on the respondent and remains effective for ninety days. If the
7 commissioner begins nonemergency cease and desist proceedings under
8 subsection (1) of this section, the emergency cease and desist order
9 remains effective, absent an order by a court of competent
10 jurisdiction. In the event of a willful violation of this chapter, the
11 trial court may award statutory damages in addition to actual damages
12 in an additional amount up to three times the actual damage award.
13 This chapter may not be waived by agreement. No choice of law
14 provision may be utilized to prevent the application of this chapter to
15 any settlement in which a party to the settlement is a resident of this
16 state.

17 NEW SECTION. **Sec. 17.** PENALTIES. (1) It is a violation of this
18 chapter for any person, provider, broker, or any other party related to
19 the business of life settlements, to commit a fraudulent life
20 settlement act.

21 (2) For criminal liability purposes, a person that commits a
22 fraudulent life settlement act is guilty of committing insurance fraud
23 and shall be subject to additional penalties under law.

24 (3)(a) The license of a broker licensed under this chapter who
25 commits a fraudulent life settlement act shall be revoked in the same
26 manner as a producer as provided in RCW 48.17.530.

27 (b) The license of a provider licensed under this chapter who
28 commits a fraudulent life settlement act shall be revoked in the same
29 manner as an insurer as provided in RCW 48.05.140.

30 (4) After administrative hearing or with the consent of the person
31 licensed under this chapter and in addition to or in lieu of the
32 suspension, revocation, or refusal to renew any license, the
33 commissioner may levy a fine upon the licensee or its employees in an
34 amount not less than two hundred fifty dollars and not more than ten
35 thousand dollars. The order levying such a fine shall specify the
36 period within which the fine shall be fully paid and which period shall
37 not be less than fifteen nor more than thirty days from the date of the

1 order. Upon failure to pay such a fine when due, the commissioner
2 shall revoke the license of the person regulated under this chapter if
3 not already revoked, and the fine shall be recovered in a civil action
4 brought on behalf of the commissioner by the attorney general. Any
5 fine so collected shall be paid by the commissioner to the state
6 treasurer for deposit into the general fund.

7 NEW SECTION. **Sec. 18.** UNFAIR TRADE PRACTICES. The legislature
8 finds that the practices covered by this chapter are matters vitally
9 affecting the public interest for the purpose of applying the consumer
10 protection act, chapter 19.86 RCW. A violation of this chapter is not
11 reasonable in relation to the development and preservation of business
12 and is an unfair or deceptive act in trade or commerce and an unfair
13 method of competition for the purpose of applying the consumer
14 protection act, chapter 19.86 RCW.

15 NEW SECTION. **Sec. 19.** APPLICATION. (1) A provider lawfully
16 transacting business in this state prior to the effective date of this
17 section may continue to do so pending approval or disapproval of that
18 person's application for a license as long as the application is filed
19 with the commissioner not later than thirty days after publication by
20 the commissioner of an application form and instructions for licensure
21 of providers. If the publication of the application form and
22 instructions is prior to the effective date of this section, then the
23 filing of the application shall not be later than thirty days after the
24 effective date of this section. During the time that such an
25 application is pending with the commissioner, the applicant may use any
26 form of life settlement contract that has been filed with the
27 commissioner pending approval thereof, provided that such a form is
28 otherwise in compliance with the provisions of this chapter. Any
29 person transacting business in this state under this subsection shall
30 be obligated to comply with all other requirements of this chapter.

31 (2) A person who has lawfully negotiated life settlement contracts
32 between any owner residing in this state and one or more providers for
33 at least one year immediately prior to the effective date of this
34 section may continue to do so pending approval or disapproval of that
35 person's application for a license as long as the application is filed
36 with the commissioner not later than thirty days after publication by

1 the commissioner of an application form and instructions for licensure
2 of brokers. If the publication of the application form and
3 instructions is prior to the effective date of this section, then the
4 filing of the application shall not be later than thirty days after the
5 effective date of this section. Any person transacting business in
6 this state under this subsection shall be obligated to comply with all
7 other requirements of this chapter.

8 **Sec. 20.** RCW 42.56.400 and 2007 c 197 s 7, 2007 c 117 s 36, and
9 2007 c 82 s 17 are each reenacted and amended to read as follows:

10 The following information relating to insurance and financial
11 institutions is exempt from disclosure under this chapter:

12 (1) Records maintained by the board of industrial insurance appeals
13 that are related to appeals of crime victims' compensation claims filed
14 with the board under RCW 7.68.110;

15 (2) Information obtained and exempted or withheld from public
16 inspection by the health care authority under RCW 41.05.026, whether
17 retained by the authority, transferred to another state purchased
18 health care program by the authority, or transferred by the authority
19 to a technical review committee created to facilitate the development,
20 acquisition, or implementation of state purchased health care under
21 chapter 41.05 RCW;

22 (3) The names and individual identification data of all (~~viators~~)
23 persons in the business of life settlements regulated by the insurance
24 commissioner under chapter 48.102 RCW;

25 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

26 (5) Information provided under RCW 48.05.510 through 48.05.535,
27 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and 48.46.600
28 through 48.46.625;

29 (6) Examination reports and information obtained by the department
30 of financial institutions from banks under RCW 30.04.075, from savings
31 banks under RCW 32.04.220, from savings and loan associations under RCW
32 33.04.110, from credit unions under RCW 31.12.565, from check cashers
33 and sellers under RCW 31.45.030(3), and from securities brokers and
34 investment advisers under RCW 21.20.100, all of which is confidential
35 and privileged information;

36 (7) Information provided to the insurance commissioner under RCW
37 48.110.040(3);

1 (8) Documents, materials, or information obtained by the insurance
2 commissioner under RCW 48.02.065, all of which are confidential and
3 privileged;

4 (9) Confidential proprietary and trade secret information provided
5 to the commissioner under RCW 48.31C.020 through 48.31C.050 and
6 48.31C.070;

7 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
8 7.70.140 that, alone or in combination with any other data, may reveal
9 the identity of a claimant, health care provider, health care facility,
10 insuring entity, or self-insurer involved in a particular claim or a
11 collection of claims. For the purposes of this subsection:

12 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).

13 (b) "Health care facility" has the same meaning as in RCW
14 48.140.010(6).

15 (c) "Health care provider" has the same meaning as in RCW
16 48.140.010(7).

17 (d) "Insuring entity" has the same meaning as in RCW 48.140.010(8).

18 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

19 (11) Documents, materials, or information obtained by the insurance
20 commissioner under RCW 48.135.060;

21 (12) Documents, materials, or information obtained by the insurance
22 commissioner under RCW 48.37.060;

23 (13) Confidential and privileged documents obtained or produced by
24 the insurance commissioner and identified in RCW 48.37.080;

25 (14) Documents, materials, or information obtained by the insurance
26 commissioner under RCW 48.37.140; (~~and~~)

27 (15) Documents, materials, or information obtained by the insurance
28 commissioner under RCW 48.17.595; and

29 (16) Documents, materials, or information obtained by the insurance
30 commissioner under section 7 of this act.

31 NEW SECTION. Sec. 21. Captions used in this act are not any part
32 of the law.

33 NEW SECTION. Sec. 22. Sections 1 through 19 and 21 of this act
34 are each added to chapter 48.102 RCW.

1 NEW SECTION. **Sec. 23.** The following acts or parts of acts are
2 each repealed:

3 (1) RCW 48.102.005 (Definitions) and 1995 c 161 s 1;

4 (2) RCW 48.102.010 (License required for providers and brokers--
5 Application--Requirements--Fee--Rules) and 1995 c 161 s 2;

6 (3) RCW 48.102.015 (Commissioner may suspend, revoke, or refuse to
7 issue or renew license--Information requirements--Hearing--Fine) and
8 2002 c 227 s 5 & 1995 c 161 s 3;

9 (4) RCW 48.102.020 (Commissioner approval required for contract
10 form, rate, fee, commission, or other compensation charged--Finding
11 necessary for disapproval) and 1995 c 161 s 4;

12 (5) RCW 48.102.025 (Licensee must file annual statement) and 1995
13 c 161 s 5;

14 (6) RCW 48.102.030 (Examination of business and affairs of
15 applicant or licensee--Production of information--Expenses--
16 Confidentiality of information--Recordkeeping requirements) and 1995 c
17 161 s 6;

18 (7) RCW 48.102.035 (Requirement to provide information to the
19 viator) and 1995 c 161 s 7;

20 (8) RCW 48.102.040 (Requirement for provider to obtain
21 information--Medical information is confidential--Rescission rights--
22 Time is of the essence) and 1995 c 161 s 8;

23 (9) RCW 48.102.045 (Must be licensed--Transfer to unlicensed entity
24 is void--Rights in policy restored to viator--Exceptions allowed by
25 rule) and 1995 c 161 s 9;

26 (10) RCW 48.102.050 (Rules as necessary to implement chapter) and
27 1995 c 161 s 10;

28 (11) RCW 48.102.055 (Consumer protection act applies--Civil
29 action--Damages--Costs--Attorneys' fees) and 1995 c 161 s 11;

30 (12) RCW 48.102.900 (Short title--1995 c 161) and 1995 c 161 s 12;
31 and

32 (13) RCW 48.102.901 (Application of chapter 21.20 RCW--1995 c 161)
33 and 1995 c 161 s 13.

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