

**WAC 284-97-040 Contract and form filing requirements for life settlement providers and life settlement brokers.** All life settlement contracts as defined in RCW 48.102.006(12) and disclosure forms required by RCW 48.102.080 must be filed with and be approved by the commissioner prior to use in this state. No other forms shall be filed with the commissioner.

(1) (a) Life settlement providers must file with the commissioner:

(i) Their life settlement contract form completed in John Doe fashion; and

(ii) The disclosure form required by RCW 48.102.080(1).

(b) The life settlement contract form and disclosure form must be submitted as separate documents.

(c) Life settlement providers shall not file any other forms with the commissioner.

(d) Life settlement providers must submit the life settlement contract and disclosure forms filing through SERFF.

The SERFF filing instructions are in the *SERFF Industry Manual* on the SERFF website at [www.serff.com](http://www.serff.com) and the Washington state SERFF Life and Disability Rate and Form Filing General Instructions on the commissioner's website at: [www.insurance.wa.gov](http://www.insurance.wa.gov).

(2) (a) Life settlement brokers must file with the commissioner:

(i) The disclosure form required by RCW 48.102.080(1); and

(ii) The disclosure form required by RCW 48.102.080(3).

(b) These two disclosure forms must be submitted as separate documents.

(c) Life settlement brokers shall not file any other forms with the commissioner.

(d) Life settlement brokers must submit their disclosure form filings only in paper format.

(3) (a) Every life settlement contract shall be in writing, in a type size of no less than ten points, shall be identified by a form number in the lower left-hand corner of the first page, and include the terms under which the life settlement provider will pay compensation (called by whatever name) to the owner in exchange for the assignment, transfer, sole devise, or bequest of the death benefit or assignment of ownership of the life insurance policy or certificate to the life settlement provider.

(b) Every life settlement contract shall provide for payment to the owner in a lump sum and shall be voidable at the option of the owner if the agreed value is not paid in full within fifteen days of the date the life settlement contract is executed by all parties thereto.

(c) Every life settlement contract shall provide for transfer of the entire life insurance policy: Provided, however, That if agreed to in writing by both the insurer and the owner, a stated dollar value which is less than the full face amount of the life insurance policy (less any outstanding loans) may be transferred if:

(i) The life settlement provider obtains a bond in favor of all beneficiaries of the policy other than the life settlement provider in an amount sufficient to guarantee the payment of all premium for the balance of the premium-paying period as calculated on the effective date of the life insurance policy; or

(ii) Another arrangement acceptable to the commissioner is made which guarantees that the insurance policy will remain in full force and effect for the protection of beneficiaries designated by the owner (other than the life settlement provider) until the death of the insured.

(4) The life settlement contract shall provide for rescission no less favorable to the owner than as set forth in RCW 48.102.110(9). It shall provide that if the insured dies during the period of time allowed for rescission, the contract is considered rescinded subject to repayment by the owner or the owner's estate of all proceeds and any premiums, loans, and loan interest to the life settlement provider. The contract shall provide a method for giving notice of rescission. If notice of rescission is given by mail, it shall be deemed given when deposited in the United States mail, first class postage prepaid.

(5) The life settlement contract shall specify any effect entering into the contract will have upon the continued availability of supplemental benefits or riders that are or may be attached to the life insurance policy that is the subject of the life settlement contract, including assigning the responsibility for the continued payment of premiums. The benefits and riders considered shall include, but need not be limited to, the following:

(a) Guaranteed insurability options;

(b) Accidental death benefits, or accidental death and dismemberment benefits;

(c) Disability income or loss of income protection;

(d) Waiver of premium or monthly deduction waiver; and

(e) Family, spousal, or children's riders or benefits.

(6) No life settlement contract may contain any limitation or restriction on the use of the proceeds by the owner.

[Statutory Authority: RCW 48.02.060, 48.102.011, 48.102.046, 48.102.100, 48.102.170, 48.102.021, 48.102.041, and 48.102.080. WSR 10-04-042 (Matter No. R 2009-14), § 284-97-040, filed 1/27/10, effective 2/27/10. Statutory Authority: RCW 48.02.060, 48.30.010 and 1995 c 161 §§ 2, 4, 5 and 10. WSR 95-22-016 (Order R 95-2), § 284-97-040, filed 10/20/95, effective 11/20/95.]