

Title 50. Insurance
Chapter I. Department of Financial and Professional Regulation
Subchapter nnn. Viatical Settlements
Part 5701. Viatical Settlement Provider Reporting Requirements

§ 5701.10 Purpose..... 1
§ 5701.20 Definitions 1
§ 5701.100 Reporting Requirements..... 2
§ 5701.EXHIBIT A Viatical Settlement Provider Report and Instructions All States and Territories..... 3
§ 5701.EXHIBIT B Viatical Settlement Provider Report and Instructions Illinois Transactions Only 7
§ 5701.EXHIBIT C Individual Mortality Report and Instructions Illinois Transactions Only 8
§ 5701.EXHIBIT D Viatical Settlement Provider Certification..... 9

§ 5701.10 Purpose

The purpose of this Part is to implement the Viatical Settlements Act, which, in part, establishes registration requirements for viatical settlement providers and requires the Director to prescribe reporting requirements for viatical settlement providers.

§ 5701.20 Definitions

An Individual with a Catastrophic Illness or Condition or Who Is Chronically Ill means the individual is:

Unable to perform at least 2 activities of daily living (i.e., eating, toileting, transferring, bathing, dressing or continence), or as determined by the Secretary of Health and Human Services; or

Requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

Department means the Illinois Department of Financial and Professional Regulation.

Director means the Director of the Illinois Department of Financial and Professional Regulation-Division of Insurance.

Division means the Department of Financial and Professional Regulation-Division of Insurance.

Life Threatening Illness or Condition means having an illness or sickness that can reasonably be expected to result in death in 24 months or less.

Viatical Settlement Contract means a written agreement entered into between a viatical settlement provider and a person who owns a life insurance policy, or who owns or is covered under a group policy, insuring the life of a person who has a catastrophic or life threatening illness or condition. The agreement shall establish the terms under which the viatical settlement provider will pay compensation or anything of value, which compensation or value is less than the expected death benefit of the insurance policy or certificate, in return for the policyowner's

assignment, transfer, sale, devise, or bequest of the death benefit or ownership of the insurance policy or certificate to the viatical settlement provider.

Viatical Settlement Provider means an individual, partnership, corporation, or other entity that enters into an agreement with a person who owns a life insurance policy, or who owns or is covered under a group policy, insuring the life of a person who has a catastrophic or life threatening illness or condition, under the terms of which the viatical settlement provider pays compensation or anything of value, which compensation or value is less than the expected death benefit of the insurance policy or certificate, in return for the policyowner's assignment, transfer, sale, devise, or bequest of the death benefit or ownership of the insurance policy or certificate to the viatical settlement provider. Viatical settlement provider does not include:

a licensed insurance company, bank, savings bank, savings and loan association, credit union, commercial finance company or other licensed lending institution, investment company registered under the federal Investment Company Act of 1940 (15 USC 80a-1 et seq.), pension plan qualified under section 401(a) of the Internal Revenue Code of 1986 (26 USC 401), or trust funding such a pension plan that takes an assignment of a life insurance policy only as collateral for a loan;

sophisticated investors meeting the standards of subsection H of Section 4 of the Illinois Securities Law of 1953 [815 ILCS 5/4] who invest in or lend to a licensed viatical settlement provider or other persons who so invest pursuant to a registered security offering; or

the issuer of a life insurance policy providing accelerated benefits under the Illinois Insurance Code [215 ILCS 5].

Viaticated Policy means a life insurance policy held by a viatical settlement provider, directly or indirectly, through a viatical settlement contract.

Viator means a person who owns a life insurance policy, or who owns or is covered under a group policy, insuring the life of a person with a catastrophic or life threatening illness or condition who enters into an agreement under which the viatical settlement provider will pay compensation or anything of value, which compensation or value is less than the expected death benefit of the insurance policy or certificate, in return for the viator's assignment, transfer, sale, devise, or bequest of the death benefit or ownership of the insurance policy or certificate to the viatical settlement provider. [215 ILCS 158/5]

§ 5701.100 Reporting Requirements

a) On or before March 1 of each year, viatical settlement providers must file the following reports listed as Exhibits to this Part:

- 1) Viatical Settlement Provider Report - All States and Territories;
- 2) Viatical Settlement Provider Report - Illinois Transactions Only;
- 3) Individual Mortality Report - Illinois Transactions Only; and
- 4) Viatical Settlement Provider Certification.

- b) All reports shall be completed for all policies viaticated or considered for viatication, as provided in the Exhibits to this Part, that insure the lives of persons with catastrophic or life threatening illnesses or conditions.
- c) All reports for policies insuring persons without catastrophic or life threatening illnesses or conditions (life settlements) may be submitted, but must be separately reported from those required in subsection (b) and must be clearly identified as "Life Settlement Annual Statements".
- d) The information required to be reported shall not include individual transaction data regarding the business of viatical settlements or data that compromises the privacy of personal, financial, and health information of the viator or insured.
- e) All filings required pursuant to this Part are to be submitted to the Life, Accident and Health Compliance Unit of the Department of Financial and Professional Regulation-Division of Insurance. Preferably, these reports should be filed with the Director electronically; however, hard copy reports will be accepted.

§ 5701.EXHIBIT A Viatical Settlement Provider Report and Instructions All States and Territories

Viatical Settlement Providers Name	Viatical Settlement Provider Report All States and Territories			Calendar year 20__	
	1	2	3	4	5
States	Are you doing business in this State (Y/N)	Total number of policies reviewed for consideration	Total number of policies where an offer was made	Total number of policies where an offer was not made	Total number of policies purchased
Alabama					
Alaska					
Arizona					
Arkansas					
California					
Colorado					
Connecticut					
Delaware					
Dist. of Columbia					
Florida					
Georgia					

Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming
American Samoa
Guam

Puerto Rico
 U.S Virgin Islands
 Canada

TOTALS

	6	7	8	
	Aggregate total net death benefit	Aggregate amount paid to viators	Secondary market transactions	
States			pur	sold
Alabama				
Alaska				
Arizona				
Arkansas				
California				
Colorado				
Connecticut				
Delaware				
Dist. of Columbia				
Florida				
Georgia				
Hawaii				
Idaho				
Illinois				
Indiana				
Iowa				
Kansas				
Kentucky				
Louisiana				
Maine				
Maryland				
Massachusetts				
Michigan				
Minnesota				
Mississippi				
Missouri				
Montana				
Nebraska				
Nevada				
New Hampshire				
New Jersey				



NOTE: The materials within this document should not be considered official state material. The LISA is not liable for actions taken or failure to take action, based upon these materials.

New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming
American Samoa
Guam
Puerto Rico
U.S Virgin Islands
Canada

TOTALS

Name of Preparer: _____

Instructions for Viatical Settlement Provider Report All States and Territories

1. Have you done business in this state during the calendar year being reported. Yes [] No []
2. For that state or territory, indicate the total number of policies reviewed for consideration for that state or territory.
3. For that state or territory, indicate the total number of policies where an offer was made.
4. For that state or territory, indicate the total number of policies where an offer was refused.
5. For that state or territory, indicate the total number of policies purchased.

6. List the total aggregate net death benefit of the policies viaticated in that state or territory.
7. List the total aggregate amount paid to viators in that state or territory.
8. List the total number of policies purchased and/or sold in the secondary market for that state or territory.

§ 5701.EXHIBIT B Viatical Settlement Provider Report and Instructions Illinois Transactions Only

Viatical Settlement Provider's Name		Viatical Settlement Provider Report Illinois Transactions Only			Calendar year 20__	
1	2	3	4	5	6	7
Viatical settlement provider settlement number	Contract date purchased	Total net death benefit (]	Age of insured at time of contract	Life expectancy at time of contract	Net amount paid to viator (]	Policy type I or G
8	9	10	11			
Funding: F, P, I, T or RPT	Source of policy B, D, SM, P or O	Commission amount (]	Name of source of policy			

Name of Preparer: _____

Instructions for Viatical Settlement Provider Report - Illinois Transactions Only

1. List the settlement number, case number or unique identifying number used to identify the specific viatical settlement transaction.
2. List the date the viatical settlement contract was purchased by the provider during the current calendar year, whether or not the insured is still alive at the end of the calendar year.
3. List the net amount (in dollars) being viaticated.

4. List the age (in years) of the person insured by the policy being viaticated, at the time of the viatical settlement contract.
5. List the life expectancy (in months) of the insured individual at the time of the viatical settlement contract.
6. List the net amount (in dollars) paid to the viator.
7. Identify whether the policy was an individual policy (I) or a group policy (G).
8. List the type of funding for the transaction: "F" for a licensed financial institution (policies collateralized), "P" for private (purchaser) funding, "I" for internal funding, "T" for trust, and "RPT" for related provider trust.
9. Indicate the purchase source of the policy. Use "B" for viatical settlement broker, "D" for direct from the viator, "I" for insurance agent/producer, "SM" for a secondary market or viatical settlement provider, "P" for private (purchaser) funding or "O" for other.
10. List the amount of commissions (in dollars) paid to viator source involved in the transaction whether that be a viatical settlement broker, an insurance producer or other licensed entity authorized to be viator source.
11. List the name of the source of the viatical settlement transaction. If it is a broker, producer or other licensee, name that person; if it is direct, from a relative, from the corporation of the insured or any other entity that could possibly reveal the insured, designate by writing "Direct", "Relative", "Corporation", or other nondesignating word.

§ 5701.EXHIBIT C Individual Mortality Report and Instructions Illinois Transactions Only

Viatical Settlement Provider's Name		Individual Mortality Report Illinois Transactions Only			Calendar year 20__	
1	2	3	4	5	6	7
Viatical settlement provider's settlement number	Contract date	Age of insured at time of contract	Life expectancy at time of contract	Net amount paid to viator	Date of death	Total premiums paid to maintain policy
8	9	10				

	Number of months between date of contract and date of death	Number of months between life expectancy at contract date and date of death (+/-)
Death benefit collected		

Name of preparer: _____

Instructions for Individual Mortality Report - Illinois Transactions Only

1. List the settlement number, case number, or unique identifying number used to identify the specific viatical settlement transaction.
2. List the date of the viatical settlement contract.
3. List the age of the insured at the time of the contract.
4. List the life expectancy (in months) of the insured individual at the time of the viatical settlement contract. For first to die policies, use the shortest life expectancy of the two lives. For second to die policies, use the longest life expectancy of the two lives.
5. List the "Net" amount paid to the viator.
6. Indicate the insured's date of death. For first to die policies, use the date of the first insured's death. For second to die policies, use the date of the last insured's death.
7. List the total amount of premiums (in dollars) required to be paid to the insurer to maintain the policy from the date of viatication to the date of death.
8. List the total death benefit collected from the insurer.
9. List the number of months between the date of contract and the insured's date of death.
10. List the number of months between the life expectancy of the insured at the time of contract and the insured's date of death. This should be noted as a plus (+) figure if the insured died after the estimated life expectancy or a minus (-) if the insured died prior to the estimated life expectancy.

§ 5701.EXHIBIT D Viatical Settlement Provider Certification

Viatical Settlement Provider Certification

This section should be completed by viatical settlement providers.

Please check all forms submitted:

Viatical Settlement Provider Reporting Form - All States and Territories

Viatical Settlement Provider Reporting Form - Illinois Transactions Only

Individual Mortality Report - Illinois Transactions Only

I hereby certify that the information contained in the reports indicated above is true and accurate. I acknowledge that providing false and misleading information in the reports, or failing to divulge a fact material thereto, is sufficient grounds for administrative action by the Director and, potentially, applicable criminal penalties.

Signature of individual that prepared reports

Date: ___/___/___

Print or type name

Signature of Authorized Representative

Date: ___/___/___

Print or type name