



# Illinois Department of Insurance

---

**PAT QUINN**  
Governor

**MICHAEL T. McRAITH**  
Director

**TO:** VIATICAL SETTLEMENT PROVIDERS, VIATICAL SETTLEMENT BROKERS,  
LIFE INSURANCE PRODUCERS AND INTERESTED PARTIES

**FROM:** MICHAEL T. McRAITH *MTM*

**DATE:** June 11, 2010

**RE:** CB 2010-03

## LICENSING REQUIREMENT FOR VIATICAL SETTLEMENT PROVIDERS AND VIATICAL SETTLEMENT BROKERS PUBLIC ACT 96-073

The purpose of this bulletin is to remind Viatical Settlement Providers, Viatical Settlement Brokers, Life Insurance Producers and interested parties that Public Act 96-073 (SB2091), the Viatical Settlements Act of 2009 (“the Act”), becomes effective July 1, 2010. *See* 215 ILCS 159/1 *et seq.* The Act replaces the current viatical settlements law which regulated viatical settlements for terminally or chronically ill individuals who had a life expectancy of 24 months or less. The Act expands the definition of “viatical settlements” to include all settlements for which compensation is paid for the future assignment, transfer, sale, devise, or bequest of the death benefit or ownership of any portion of an insurance policy for less than the expected death benefits of the policy. This would include what the settlement industry calls “viaticals” and “life settlements.”

New licensing procedures, fees and education requirements are established in the Act for all persons and business entities currently conducting the business of “viatical settlements” and for those seeking licensure under the Act, whether acting as a Provider or Broker.

Currently licensed Viatical Settlement Providers are required to supply the Department of Insurance with the following additional information prior to July 1, 2010:

- Evidence of financial responsibility through either a surety bond executed and issued by an insurer authorized to issue surety bonds in Illinois or a deposit of cash, certificates of deposit or securities or any combination thereof, or an irrevocable letter of credit in the amount of \$125,000;
- An anti-fraud plan that meets the requirement of Section 65 of the Act;
- The method used to determine and receive life expectancies, the applicant’s intended use of life expectancies and a written plan containing policies and procedures to use when determining life expectancies;
- Any and all viatical settlement contracts, forms and disclosure statements not previously approved by the Director;

- Advertising material upon request of the Director; and
- Non-residents must file written irrevocable consent that any action against the applicant may be commenced against the applicant by service of process on the Director.

New Viatical Settlement Providers: Providers not currently licensed in Illinois and not previously required to be licensed must have provided written notice to the Director that the provider is engaged in such business no later than June 1, 2010. A completed application must also be provided to the Department by July 1, 2010, and must include:

- A detail plan of operation;
- Evidence of financial responsibility through either a surety bond executed and issued by an insurer authorized to issue surety bonds in this state or a deposit of cash, certificates of deposit or securities or any combination thereof, or irrevocable letter of credit in the amount of \$125,000;
- An anti-fraud plan that meets the requirement of Section 65 of the new Act; and
- The method used to determine and receive life expectancies, the applicant's intended use of life expectancies and a written plan containing policies and procedures to use when determining life expectancies.
- Any and all viatical settlement contracts, forms and disclosure statements not previously approved by the Director; and
- Advertising material upon the request of the Director.

New Viatical Settlement Brokers/Business Entity Licensees: Illinois resident life insurance producers must complete a Department-approved four hour training course prior to applying for a Viatical Settlement Broker license. Business Entities must complete an application and the authorized member listed must hold a producer license and a Viatical Settlement Broker license.

Non-resident life insurance producers seeking a Viatical Settlement Broker license must complete a four hour Department-approved training course or a four hour training course in the producer's home state which is approved by the producer's home state in accordance with that state's requirements for continuing education.

The course must consist of the following topics:

- State and federal laws and regulations regarding viatical settlement transactions;
- Potential tax implications for participants in viatical settlement contracts;
- Potential impact on public benefits payments to viatical settlement participants;
- Alternatives to viatical settlement contracts; and
- Consumer suitability standards and guidelines.

The training required shall not include training that is specific to or that includes any sales or marketing information, materials, or training of any company, other than those required by the State or Federal law.

Further information and applications will be available on the Department's website <http://insurance.illinois.gov/Producer/viatical.asp>.