

31A-36-111 Prohibited acts.

- (1) An owner may not enter into a life settlement at any time before the application or issuance of a policy.
- (2) An owner may not enter into a life settlement within two years after the date of issuance of the policy to which the life settlement relates unless the owner certifies to the life settlement provider that one of the following is satisfied:
 - (a) the policy was issued upon the owner's exercise of conversion rights arising out of a group or individual policy if:
 - (i) the total time covered under the conversion policy plus the time covered under the prior policy is at least 24 months; and
 - (ii) the time covered under a group policy, calculated without regard to any change in insurance carriers, is continuous and under the same group sponsorship; or
 - (b) the owner submits to the life settlement provider independent evidence that within the two-year period:
 - (i) the owner or insured is terminally ill;
 - (ii) the owner or insured is chronically ill;
 - (iii) the spouse of the owner dies;
 - (iv) the owner divorces the owner's spouse;
 - (v) the owner retires from full-time employment;
 - (vi) the owner acquires a physical or mental disability and a physician determines that the disability precludes the owner from maintaining full-time employment;
 - (vii) a final judgment or order is entered or issued by a court of competent jurisdiction, on the application of a creditor of the owner:
 - (A) adjudging the owner bankrupt or insolvent;
 - (B) approving a petition for reorganization of the owner; or
 - (C) appointing a receiver, trustee, or liquidator for all or a substantial part of the owner's assets;
 - (viii) the owner experiences a significant decrease in income that is unexpected and impairs the owner's reasonable ability to pay the policy premium; or
 - (ix) the owner or insured disposes of ownership interests in a closely held corporation, pursuant to the terms of a buyout or other similar agreement in effect at the time the policy is initially issued.
- (3) An insurer may not, as a condition of responding to a request for verification of coverage or effecting the transfer of a policy pursuant to a life settlement, require any of the following to sign a form, disclosure, consent, or waiver that is not filed with the commissioner for use in connection with a life settlement in this state:
 - (a) an owner;
 - (b) an insured;
 - (c) a life settlement provider; or
 - (d) a life settlement producer.
- (4)
 - (a) Upon receipt of a properly completed request for change of ownership or beneficiary of a policy, an insurer shall respond in writing within 30 calendar days of the day of receipt with written acknowledgment:
 - (i) confirming that the change is effective; or
 - (ii) specifying the reasons why the requested change cannot be processed.
 - (b) An insurer may not:
 - (i) unreasonably delay effecting a change of ownership or beneficiary; and

- (ii) otherwise seek to interfere with a life settlement lawfully entered into in this state.
- (5) A person may not issue, solicit, or market the purchase of a policy for the primary purpose of or with a primary emphasis on settling the policy.
- (6)
 - (a) Unless disclosed to an owner before the execution of a life settlement by the owner, a life settlement producer may not knowingly with respect to the life settlement solicit an offer from, effectuate the life settlement with, or make a sale to any of the following that is controlling, controlled by, or under common control with the life settlement producer:
 - (i) a life settlement provider;
 - (ii) a life settlement purchaser;
 - (iii) a financing entity; or
 - (iv) a related provider trust.
 - (b) Unless disclosed to an owner before the execution of a life settlement by the owner, with respect to the life settlement, a life settlement provider may not knowingly enter into the life settlement with the owner, if, in connection with the life settlement, anything of value will be paid to a life settlement producer that is controlling, controlled by, or under common control with:
 - (i) the life settlement provider;
 - (ii) the life settlement purchaser;
 - (iii) a financing entity; or
 - (iv) a related provider trust.

Amended by Chapter 366, 2011 General Session