

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1284

Page 29, replace lines 17 through 31 with:

- "14. It is a violation of this chapter for any person to enter a life settlement contract at any time before or at the time of the application for or issuance of a policy that is the subject of a life settlement contract or within a five-year period commencing with the date of issuance of the insurance policy or certificate unless the owner certifies to the provider or the provider otherwise conclusively shows that one or more of the following conditions have been met within the five-year period:
- a. The policy was issued upon the owner's exercise of conversion rights arising out of a group or individual policy, provided the total of the time covered under the conversion policy plus the time covered under the prior policy is at least sixty months. The time covered under a group policy must be calculated without regard to any change in insurance carriers, provided the coverage has been continuous and under the same group sponsorship;
  - b. The owner submitted independent evidence to the provider that one or more of the following conditions have been met within the five-year period:
    - (1) The owner or insured is terminally or chronically ill;
    - (2) The owner's spouse died or no remaining beneficiaries are then surviving;
    - (3) The owner retired from full-time employment; or
    - (4) The owner became physically or mentally disabled and a physician determined that the disability prevents the owner from maintaining full-time employment;
  - c. A final order, judgment, or decree has been entered by a court of competent jurisdiction, on the application of a creditor of the owner, adjudicating the owner in default, bankrupt, or insolvent, or approving a petition seeking reorganization of the owner or appointing a receiver, trustee, or liquidator to all or a substantial part of the owner's assets; or
  - d. The owner entered a life settlement contract more than two years after the date of issuance of a policy and, with respect to the policy, at all times before the date that is two years after policy issuance, the following conditions are met:
    - (1) Policy premiums have been funded exclusively with unencumbered assets, including an interest in the life insurance policy being financed only to the extent of the policy's net cash surrender value, provided by, or fully recourse liability incurred by, the insured or a person described in paragraph 5 of subdivision b of subsection 11 of section 26.1-33.4-01;

- (2) There is no agreement or understanding with any other person to guarantee any such liability or to purchase, or stand ready to purchase, the policy, including through an assumption or forgiveness of the loan; and
  - (3) Neither the insured nor the policy has been evaluated for settlement in connection with the issuance of the policy.
- 15. Copies of the independent evidence described in subdivision b of subsection 14 and documents required by subsection 1, 2, 3, or 7 must be submitted to the insurer when the provider submits a request to the insurer for verification of coverage. The copies must be accompanied by a letter of attestation from the provider that the copies are true and correct copies of the documents received by the provider.
- 16. If the provider submits to the insurer a copy of the owner's or insured's certification described in and the independent evidence required by subdivision b of subsection 14 when the provider submits a request to the insurer to effect the transfer of the policy or certificate to the provider, the copy is deemed to establish conclusively that the life settlement contract satisfies the requirements of this section and the insurer timely shall respond to the request."

Page 30, remove lines 1 through 26

Renumber accordingly