



# LAWS OF ALASKA

2000

**Source**  
CSHB 190(JUD)

**Chapter No.**  
11

## AN ACT

Relating to viatical settlement transactions; and providing for an effective date.

---

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: April 14, 2000  
Actual Effective Date: April 15, 2000

AN ACT

1 Relating to viatical settlement transactions; and providing for an effective date.

2

3 \* **Section 1.** AS 21.36 is amended by adding a new section to read:

4           **Sec. 21.36.055. Violation of viatical settlement provisions prohibited.** A  
5           person may not violate the viatical settlement transaction provisions of AS 21.89.110  
6           or regulations adopted under AS 21.89.110.

7 \* **Sec. 2.** AS 21.89 is amended by adding a new section to read:

8           **Sec. 21.89.110. Viatical settlement transactions.** (a) The director shall  
9           regulate the transaction of viatical settlement contracts for the protection of viators,  
10          insureds, and insurers. The authority of the director under this subsection extends to  
11          the regulation of transactions between a viator and a viatical settlement provider and  
12          between a viator and a person acting as an agent in viaticating a life insurance policy,  
13          while the authority of the commissioner extends to the regulation of viatical settlement

Chapter 11

1 investments as provided under AS 45.55.905(c).

2 (b) A viatical settlement provider, representative, or broker must apply for a  
3 license with the director, submit information required by the director, and pay the  
4 required fee established under AS 21.06.250 with the application for licensure. A  
5 person may not act as or represent to be a viatical settlement provider, representative,  
6 or broker relative to a subject resident, located, or to be performed in this state unless  
7 licensed under this section.

8 (c) Viatical settlement contract forms, viator and insured disclosure statements,  
9 and viatical settlement advertising materials must be filed by the viatical settlement  
10 provider, representative, or broker with the director and must be approved by the  
11 director.

12 (d) The director may examine a licensed viatical settlement provider,  
13 representative, or broker, or an applicant for a viatical settlement provider,  
14 representative, or broker license. The cost of the examination shall be paid by the  
15 person examined under AS 21.06.160.

16 (e) Except as may be required in the course of conduct of the division's  
17 responsibilities, a viatical settlement provider, representative, or broker may not  
18 disclose to another person the identity of the viator or insured of an insurance policy  
19 that is the subject of a viatical settlement contract. The viator may waive this  
20 prohibition against disclosure if the waiver is in writing and is signed by the viator.

21 (f) The director may adopt regulations to implement this section, including  
22 standards for

23 (1) viatical settlement provider, representative, and broker reporting  
24 requirements and records retention;

25 (2) viator and insured privacy protection;

26 (3) viatical settlement contract provisions, advertising materials, and  
27 filing requirements;

28 (4) payments to viators or insureds, including evaluating the  
29 reasonableness of payments under a viatical settlement contract;

30 (5) licensing requirements, including license qualification,  
31 disqualification, and renewal;

1 (6) financial accountability of viatical settlement providers;

2 (7) the relationship and responsibilities of insurers, viators, insureds,  
3 and viatical settlement providers, representatives, and brokers in the transaction of a  
4 viatical settlement contract;

5 (8) viator, insured, and insurer protection, including full and fair  
6 disclosure setting out the manner and content of required disclosures and filing  
7 requirements; and

8 (9) assessment of fees to cover the cost of regulating viatical settlement  
9 contracts, providers, representatives, and brokers.

10 (g) A violation of this section or a regulation adopted under this section is an  
11 unfair trade practice and subject to penalty under AS 21.36.

12 (h) In this section,

13 (1) "transaction" means, with respect to viatical settlement contracts,

14 (A) solicitation and inducement;

15 (B) preliminary negotiations;

16 (C) effectuation of a viatical settlement contract;

17 (D) transaction of matters subsequent to the effectuation of the  
18 viatical settlement contract and arising out of it;

19 (2) "viatical settlement broker"

20 (A) means a person that, on behalf of a viator or insured and  
21 for a fee, commission, or other valuable consideration, offers or attempts to  
22 negotiate viatical settlement contracts between a viator or insured and one or  
23 more viatical settlement providers;

24 (B) does not include a person acting as an attorney or  
25 accountant retained to represent a viator or insured and compensated by or at  
26 the direction of the viator or insured;

27 (3) "viatical settlement contract"

28 (A) means a written agreement between a viator or insured and  
29 a viatical settlement provider for the sale, assignment, transfer, devise, or  
30 bequest to the viatical settlement provider by the viator or insured of all or a  
31 portion of the death benefit or ownership of a life insurance policy for

## Chapter 11

1 consideration that is less than the expected death benefit of the life insurance  
2 policy;

3 (B) includes a contract for a loan or other financial transaction  
4 secured primarily by an individual or group life insurance policy;

5 (C) does not include

6 (i) a loan by a life insurance company under the terms  
7 of a life insurance contract;

8 (ii) a loan secured by the cash value of a policy;

9 (iii) the assignment of a life insurance policy as  
10 collateral for a loan to a bank, saving bank, savings and loan  
11 association, credit union, or other licensed lending institution;

12 (iv) the exercise by the viator or insured of an  
13 accelerated benefits provision under the terms of the life insurance  
14 contract; or

15 (v) the sale, assignment, transfer, devise, or bequest of  
16 a life insurance policy for less than the expected death benefit by a  
17 viator or insured to a friend or family member if the friend or family  
18 member does not enter into more than one agreement in a calendar  
19 year;

20 (4) "viatical settlement provider" means a person, other than a viator  
21 or insured, that enters into a viatical settlement contract, including a person that

22 (A) obtains financing for the purchase, acquisition, transfer, or  
23 other assignment of one or more viatical settlement contracts, viaticated  
24 policies, or interests in viatical settlement contracts or viaticated policies; or

25 (B) sells, assigns, transfers, pledges, hypothecates, or disposes  
26 of one or more viatical settlement contracts, viaticated policies, or interests in  
27 viatical settlement contracts or viaticated policies;

28 (5) "viatical settlement representative"

29 (A) means a person that is an authorized agent of a viatical  
30 settlement provider or broker and that acts or aids in any manner in the  
31 transaction of a viatical settlement contract;

1 (B) does not include

2 (i) a person acting as an attorney or an accountant, or  
3 a person exercising a power of attorney granted by a viator or insured;  
4 or

5 (ii) a person retained to represent a viator or insured and  
6 compensated by or at the direction of the viator or insured;

7 (6) "viaticated policy" means a life insurance policy that has been  
8 acquired by a viatical settlement provider under a viatical settlement contract;

9 (7) "viator" means the owner of a life insurance policy insuring the life  
10 of an individual who enters or seeks to enter into a viatical settlement contract.

11 \* Sec. 3. AS 45.55 is amended by adding a new section to read:

12 **Sec. 45.55.155. Viatical settlement interests.** (a) Before the sale of a viatical  
13 settlement interest, an issuer shall provide a prospective buyer with information that  
14 is sufficient to make an informed investment decision. The issuer shall also provide  
15 the information to the administrator upon request if the issuer is not otherwise required  
16 to file the information with the administrator. In this subsection, "information that is  
17 sufficient to make an informed investment decision" includes state-mandated disclosure  
18 forms and a disclosure of any significant factors that may affect the outcome of the  
19 investment.

20 (b) Except as may be required in the course of conduct of the responsibilities  
21 of the Department of Community and Economic Development, an issuer of a viatical  
22 settlement interest may not disclose to another person the identity of the viator or  
23 insured of the insurance policy that is the subject of the viatical settlement interest.  
24 The viator may waive this prohibition against disclosure if the waiver is in writing and  
25 signed by the viator.

26 \* Sec. 4. AS 45.55.905 is amended by adding a new subsection to read:

27 (c) The administrator shall regulate transactions between a viatical settlement  
28 provider or person acting as an agent of a viatical settlement provider and a subsequent  
29 investor, while the authority of the director of the division of insurance extends to the  
30 regulation of viatical settlement contracts under AS 21.89.110.

31 \* Sec. 5. AS 45.55.990(32) is amended to read:

## Chapter 11

1                   (32) "security" means a note; stock; treasury stock; bond; debenture;  
2 evidence of indebtedness; certificate of interest or participation in any profit-sharing  
3 agreement; limited liability company interest under AS 10.50, notwithstanding the  
4 limitations of AS 45.08.103(c); collateral-trust certificate; preorganization certificate  
5 or subscription; transferable share; investment contract; voting-trust certificate;  
6 certificate of deposit for a security; **viatical settlement interest**; certificate of interest  
7 or participation in an oil, gas, or mining title or lease or in payments out of production  
8 under the title or lease or in any sale of or indenture or bond or contract for the  
9 conveyance of land or any interest in land; an option on a contract for the future  
10 delivery of agricultural or mineral commodities or any other commodity offered or sold  
11 to the public and not regulated by the Commodity Futures Trading Commission;  
12 however, the contract or option is not subject to the provisions of AS 45.55.070 if it  
13 is sold or purchased on the floor of a bona fide exchange or board of trade and offered  
14 or sold to the public by a broker-dealer or agent registered under this chapter;  
15 investment of money or money's worth including goods furnished or services  
16 performed in the risk capital of a venture with the expectation of some benefit to the  
17 investor where the investor has no direct control over the investment or policy decision  
18 of the venture; or, in general, any interest or instrument commonly known as a  
19 "security," or any certificate of interest or participation in, temporary or interim  
20 certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase,  
21 any of the foregoing; "security" does not include an insurance or endowment policy  
22 or annuity contract under which an insurance company promises to pay a fixed or  
23 variable sum of money either in a lump sum or periodically for life or for some other  
24 specified period;

25 \* Sec. 6. AS 45.55.990 is amended by adding new paragraphs to read:

26                   (37) "viatical settlement interest"

27                   (A) means the entire interest or any fractional interest in a life  
28 insurance policy or in the death benefit under a life insurance policy that is the  
29 subject of a viatical settlement contract;

30                   (B) does not include the initial purchase from the viator by a  
31 viatical settlement provider;

1                               (38) "viator" means the owner of a life insurance policy insuring the  
2                               life of an individual who enters or who seeks to enter a viatical settlement contract.

3       \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).