

Amendment No.

CHAMBER ACTION

Senate

House

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Representative Stevenson offered the following:

Amendment (with title amendment)

Remove lines 188-254 and insert:

626.99287 Contestability of viaticated policies.—

(1) Except as hereinafter provided, if a viatical settlement contract is entered into within the 2-year period commencing on ~~with~~ the date of issuance of the insurance policy or certificate to be acquired, the viatical settlement contract is void and unenforceable by either party.

(2) Except as hereinafter provided, if a viaticated policy is subject to a loan secured directly or indirectly by an interest in the policy within a 5-year period commencing on the

063463

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Amendment No.

14 date of issuance of the policy or certificate, the viatical
15 settlement contract is void and unenforceable by either party.

16 (3) Notwithstanding the limitations in subsections (1) and
17 (2) this limitation, such a viatical settlement contract is not
18 void and unenforceable if the viator provides a sworn affidavit
19 and accompanying independent evidentiary documentation
20 certifying to the viatical settlement provider that one or more
21 of the following conditions were met during the periods
22 applicable to the viaticated policy as stated in subsection (1)
23 or subsection (2):

24 (a)(1) The policy was issued upon the owner's exercise of
25 conversion rights arising out of a group or term policy, if the
26 total time covered under the prior policy is at least 60 months.
27 The time covered under a group policy shall be calculated
28 without regard to any change in insurance carriers, provided the
29 coverage has been continuous and under the same group
30 sponsorship.

31 (b)(2) The owner of the policy is a charitable
32 organization exempt from taxation under 26 U.S.C. s. 501(c)(3).

33 ~~(3) The owner of the policy is not a natural person;~~

34 ~~(4) The viatical settlement contract was entered into~~
35 ~~before July 1, 2000;~~

36 (c)(5) The viator certifies by producing independent
37 evidence to the viatical settlement provider that one or more of
38 the following conditions were have been met within the 2-year

063463

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Amendment No.

39 ~~period:~~

40 ~~(a)1. The viator or insured is terminally or chronically~~
41 ~~ill diagnosed with an illness or condition that is either:~~

42 ~~a. Catastrophic or life threatening; or~~

43 ~~b. Requires a course of treatment for a period of at least~~
44 ~~3 years of long-term care or home health care; and~~

45 ~~2. the condition was not known to the insured at the time~~
46 ~~the life insurance contract was entered into;~~

47 ~~2.(b) The viator's spouse dies;~~

48 ~~3.(e) The viator divorces his or her spouse;~~

49 ~~4.(d) The viator retires from full-time employment;~~

50 ~~5.(e) The viator becomes physically or mentally disabled~~
51 ~~and a physician determines that the disability prevents the~~
52 ~~viator from maintaining full-time employment;~~

53 ~~6.(f) The owner of the policy was the insured's employer~~
54 ~~at the time the policy or certificate was issued and the~~
55 ~~employment relationship terminated;~~

56 ~~7.(g) A final order, judgment, or decree is entered by a~~
57 ~~court of competent jurisdiction, on the application of a~~
58 ~~creditor of the viator, adjudicating the viator bankrupt or~~
59 ~~insolvent, or approving a petition seeking reorganization of the~~
60 ~~viator or appointing a receiver, trustee, or liquidator to all~~
61 ~~or a substantial part of the viator's assets; or~~

62 ~~8.(h) The viator experiences a significant decrease in~~
63 ~~income which is unexpected by the viator and which impairs his~~

063463

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Amendment No.

64 or her reasonable ability to pay the policy premium.

65 (d) The viator entered into a viatical settlement contract
66 more than 2 years after the policy's issuance date and, with
67 respect to the policy, at all times before the date that is 2
68 years after policy issuance, each of the following conditions
69 are met:

70 1. Policy premiums have been funded exclusively with
71 unencumbered assets, including an interest in the life insurance
72 policy being financed only to the extent of its net cash
73 surrender value, provided by, or fully recourse liability
74 incurred by, the insured;

75 2. There is no agreement or understanding with any other
76 person to guarantee any such liability or to purchase, or stand
77 ready to purchase, the policy, including through an assumption
78 or forgiveness of the loan; and

79 3. Neither the insured nor the policy has been evaluated
80 for settlement.

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83 **T I T L E A M E N D M E N T**

84 Remove line 12 and insert:
85 settlement contracts are void and enforceable under
86 certain circumstances;

063463

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