

SECTION 8. MISCELLANEOUS INFORMATION

- **Advance Notice of Regulation Adoption Proceedings**
- **Public Comments Received**
- **Agency Response to Public Comments**
- **Statement in Support of Intention of the Insurance Department to Proceed with the Adoption of the Proposed Regulation**

Advance Notice of Regulation Adoption Proceedings

Rezner, Barbara

From: Medina, Vanessa
Sent: Wednesday, April 03, 2013 10:06 AM
To: Rezner, Barbara
Subject: FW: Life Settlement Contracts Regulation.
Attachments: Notice of Intent Life Settlement - publication.doc; life settlement with LCO changes.docx

Barbara,

Please see email below that was sent back November 2012.

Vanessa

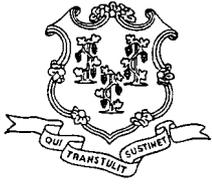
From: Medina, Vanessa
Sent: Thursday, November 01, 2012 4:38 PM
To: 'robin.curley@arbella.com'
Subject: FW: Life Settlement Contracts Regulation.

Please see the attached advanced notices.

From: Rezner, Barbara
Sent: Thursday, November 01, 2012 4:34 PM
To: Medina, Vanessa
Subject: FW: Life Settlement Contracts Regulation.

To forward to those requesting advance notice.

Barbara Rezner
Counsel | State of Connecticut Insurance Department
Mail address: P.O. Box 816 | Hartford, CT 06142-0816 |
Location and Overnite Address: 153 Market Street, 7th Floor | Hartford, CT 06103
☎ 860.297.3896 | Fax: 860.566.7410 | ✉ Barbara.Rezner@ct.gov | www.ct.gov/cid



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

NOTICE OF INTENT TO AMEND REGULATIONS

In accordance with section 4-168(a) of the Connecticut General Statutes, notice is hereby given that the Insurance Commissioner, pursuant to the authority of section 38a-465m, proposes to amend regulations concerning Life Settlement Contracts, Sections 38a-465-1 to 38a-465-10, inclusive, of the Regulations of Connecticut State Agencies.

Statement of purpose: To amend §§ 38a-465-1 to 38a-465-10, inclusive, to be consistent with state statutory changes which have changed the terminology from "viatical" to "life settlement" as well as other related terminology amendments. The definitions are largely redundant to statute and are therefore being repealed. A provision regarding disclosure is also redundant to statute and is being repealed. Another change to the disclosure section will move a subsection to the existing privacy protection section. Consistent with Connecticut's laws, protection from discrimination based on an individual's gender identity or expression is being added.

All interested persons are invited to submit written data, views or arguments in connection with the proposed action within thirty days following publication of this notice in the Connecticut Law Journal to the State of Connecticut, Insurance Department, Attention: Barbara Rezner, Esq. P.O. Box 816, Hartford, CT 06142-0816.

Copies of the proposed regulation, small business impact statement and agency fiscal estimate of proposed regulation may be obtained by writing to the Insurance Department at the above address or by calling (860) 297-3804. The proposed regulation may also be viewed by visiting the Insurance Department's Internet Web site at www.ct.gov/cid and clicking on "Proposed Regulations". Because the proposed regulation does not affect small businesses directly, no regulatory flexibility analysis for this proposed regulation is required pursuant to section 4-168a.

Thomas B. Leonardi
Insurance Commissioner

Public Comments Received



March 25, 2013

Barbara Rezner, Counsel
Connecticut Insurance Department
P.O. Box 816
Hartford, CT 06142-0816

Re: Proposed Regulation Regarding Life Settlement Contracts

Dear Attorney Rezner:

We write in regard to the Insurance Department's proposed regulation on Life Settlement Contracts.

In our earlier comment letter dated Jan. 2, 2013 we raised a concern about language in Sec. 38a-465-9(b) which provides that an owner can sell the interest in a life insurance policy that has accidental death or double indemnity benefits. We now understand the consumer protection intent behind the new section. We believe that the original language may not sufficiently address the intent and may cause unintended consequences, therefore, we would respectfully suggest the alternative wording below:

"The owner may sell such additional rights to the provider if the life insurance policy [explicitly provides for] does not prohibit the sale of such rights and the life settlement contract discloses or acknowledges the purchase of such rights."

Thank you very much for your continued work on this regulation.

Sincerely,

Susan Giacalone
IAC
Counsel

Kate Kiernan
ACLI
Regional Vice President



INSURANCE ASSOCIATION OF
CONNECTICUT

January 3, 2012

Barbara Rezner, Counsel
Connecticut Insurance Department
P.O. Box 816
Hartford, CT 06142-0816

Re: Proposed Regulation Regarding Life Settlement Contracts

Dear Attorney Rezner:

We write to you regarding the Insurance Department's proposed regulation on Life Settlement Contracts. The last major change made to the life settlement law in Connecticut was in 2008 (Public Act 08-175). The life insurance industry was part of the legislative initiative to update the settlement laws and we support bringing the current viatical settlement regulations into conformance with the statutes. However, the National Association of Insurance Commissioners ("NAIC") is currently undertaking an overhaul of the Viatical Settlement Model Regulation and we suggest that the Insurance Department wait until the completion of the NAIC update before moving forward with the proposed regulation.

The Connecticut life settlement statutes are based up the National Association of Insurance Legislators ("NCOIL") life settlement model legislation. However, Section 38a-465-1 to 38a-465-10 of the Regulations of Connecticut State Agencies more closely follow the NAIC Viatical Settlement Model Regulation. We recognize that there are some differences between the NAIC language and what is in Connecticut's statutes. In the proposed regulation, you tackle some of these differences, such as the change from "viatical" to "life" settlements. Recognizing the differences, we still believe that it is important that Connecticut wait for the NAIC model regulation's completion, which is contemplated to be this year, before moving forward. There could be proposed additions made to the NAIC model regulation which would be helpful to Connecticut consumers and it would be a waste of resources to promulgate another regulatory change if you decide to add one of the model provisions.

In addition, we are concerned about the new language in Sec. 38a-465-9(b) which provides that an owner can sell the interest in a life insurance policy that has accidental death or double indemnity benefits. We believe that this provision exceeds the boundaries of the underlying statute. The terms of the life insurance contract should govern the ability of an owner to retain and sell the interest in separate provisions of the policy. Are there protections in place for consumers? We would like to request any information and background you may have on the genesis of this section. At this time, we would oppose the inclusion of this new language.

Thank you for your time. We would welcome additional discussion on the proposed regulation.

Sincerely,

Susan Giacalone
IAC
Counsel

Kate Kiernan
ACLI
Regional Vice President

FLETCHER B. WATSON

ATTORNEY AT LAW

P.O. Box 339
CHATHAM, VA 24531

Phone: 434-432-5591 • Fax: 434-432-0828
E-Mail: viatac3@gamewood.net

INSURANCE DEPARTMENT
STATE OF CONNECTICUT

2012 DEC 21 11 A 9:15

December 17, 2012

Connecticut Insurance Department
Attention: Barbara Rezner, Esq.
PO Box 816
Hartford, CT 06142-0816

Re: Proposed Amendments to Life Settlement Regulations - Comment

Section 38a-465-5 concerns Evaluation Standards for Reasonable Payments

Section 17 B of the National Association of Insurance Commissioners only gives the Commissioner the authority to establish standards for evaluating reasonableness of payments under settlement contracts for persons who are terminally or chronically ill.

Apparently the proposed amendment would give such authority over all settlements. Evidently the Connecticut definition of viator does not restrict it to terminal or chronic illness.

If the Commissioner is to be given the authority to second guess the evaluation of a life settlement payment the provider must be given the right to cancel the contract without penalty.

Thank you,



Fletcher B. Watson

Agency Response to Public Comments



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Via E-mail

April 2, 2013

Fletcher B. Watson
P.O. Box 339
Chatham, VA 24531

Re: Proposed Amendments to Life Settlement Regulations

Dear Mr. Watson:

Thank you for your comments concerning Section 38a-465-5 of the proposed amendments to the Insurance Department's Life Settlement regulations.

The Insurance Department has carefully considered your comments.

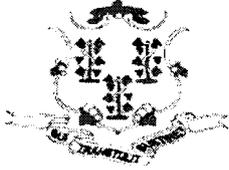
Enclosed for you are the following: the Insurance Department's Statement in Support of the Intention to Proceed with the Adoption of the Proposed Regulation; Discussion of Comments and a copy of the final proposed text of the regulation. The final proposed regulation will be sent to the Connecticut Attorney General for approval as to legal sufficiency. Once this approval is obtained, the proposed regulation will be submitted to the Joint Legislative Regulation Review Committee of the General Assembly for its approval.

Again, thank you for your comments.

Very truly yours,

A handwritten signature in cursive script that reads "Barbara A. Rezner".

Barbara A. Rezner
Counsel



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Via E-mail

April 2, 2013

Susan Giacalone
Insurance Association of Connecticut
21 Oak Street
Suite 607
Hartford, CT 06106

Re: Proposed Amendments to Life Settlement Regulations

Dear Ms. Giacalone:

Thank you for your comments concerning the proposed amendments to the Insurance Department's Life Settlement regulations.

The Insurance Department has carefully considered your comments.

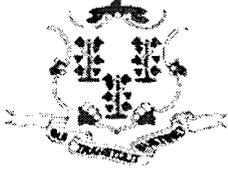
Enclosed for you are the following: the Insurance Department's Statement in Support of the Intention to Proceed with the Adoption of the Proposed Regulation; Discussion of Comments and a copy of the final proposed text of the regulation. The final proposed regulation will be sent to the Connecticut Attorney General for approval as to legal sufficiency. Once this approval is obtained, the proposed regulation will be submitted to the Joint Legislative Regulation Review Committee of the General Assembly for its approval.

Again, thank you for your comments.

Very truly yours,

A handwritten signature in cursive script that reads "Barbara A. Rezner".

Barbara A. Rezner
Counsel



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Via E-mail

April 2, 2013

Kate Kiernan
American Council of Life Insurers
101 Constitution Avenue, NW
Washington, DC 20001-2133

Re: Proposed Amendments to Life Settlement Regulations

Dear Ms. Kiernan:

Thank you for your comments concerning the proposed amendments to the Insurance Department's Life Settlement regulations.

The Insurance Department has carefully considered your comments.

Enclosed for you are the following: the Insurance Department's Statement in Support of the Intention to Proceed with the Adoption of the Proposed Regulation; Discussion of Comments and a copy of the final proposed text of the regulation. The final proposed regulation will be sent to the Connecticut Attorney General for approval as to legal sufficiency. Once this approval is obtained, the proposed regulation will be submitted to the Joint Legislative Regulation Review Committee of the General Assembly for its approval.

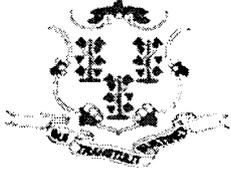
Again, thank you for your comments.

Very truly yours,

A handwritten signature in cursive script that reads "Barbara A. Rezner".

Barbara A. Rezner
Counsel

**Statement in Support of the Intention of the Insurance Department
to Proceed with the Adoption of the Proposed Regulation**



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Statement in Support of the Intention of the Insurance Department to Proceed with the Adoption of the Proposed Regulation Amending the Insurance Department's Regulations Concerning Life Settlement Contracts

Notice of the Insurance Department's intent to amend regulations was published in the Connecticut Law Journal on December 4, 2012. The Insurance Department received comments from two insurance trade associations and one individual. After full consideration of these comments, the Department has determined to alter the text of the proposed regulation and proceed with its adoption.

Notice is hereby given that the following are made available to the public for inspection:

1. The final wording of the proposed regulation;
2. A statement of the principal reasons in support of the Department's action; and
3. A statement of the principal considerations in opposition to any action urged in the written comments about the proposed regulation and the Department's reasons for rejecting such considerations.

Copies of the above documents may be obtained by writing to the Insurance Department at the address below, Attention: Barbara A. Rezner, Esq. or by calling (860) 297-3896.

April 3, 2013