COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

One South Station • Boston, MA 02110 - 2208
(617) 521-7794 • FAX (617) 521-7770
TTY/TDD (617) 521-7490
http://www.state.ma.us/doi

ARGEO PAUL CELLUCCI
GOVERNOR

JANE SWIFT
LIEUTENANT GOVERNOR

JENNIFER DAVIS CAREY
DIRECTOR, CONSUMER AFFAIRS AND BUSINESS REGULATION

LINDA RUTHARDT
COMMISSIONER OF INSURANCE

Bulletin No. 01-01

TO: All Interested Parties including all Life and Variable Life Insurance Companies and Fraternal Benefit Societies licensed to do business in the Commonwealth of Massachusetts

FROM: Linda Ruthardt, Commissioner of Insurance

RE: New Requirements Regarding Viatical Settlement Agreements

DATE: January 8, 2001

This bulletin is to inform consumers, producers and those individuals interested in the viatical settlement industry of the enactment of Chapter 326 of the Acts of 2000, An Act Regulating Viatical Settlements Agreements. Chapter 326 establishes a new regulatory process for the viatical industry through the addition of sections 212 to 223 to M.G.L. chapter 175. These new sections include, among other things, the following provisions:

1. Contract Approval: The law requires the filing of "viatical settlement or loan contracts" with the Division of Insurance and sets standards for disapproval.
2. Licensing: The law requires that both "viatical settlement or loan *providers*" and "viatical settlement or loan *brokers*" be licensed by the Division of Insurance. It also provides for the registration of "viatical settlement or loan *representatives*" with the Division of Insurance. These licenses and registrations are renewable on an annual basis.
3. Reporting and Examination Requirements: The law mandates that "viatical settlement or loan providers" file an annual statement of their financial condition. The Commissioner may examine the business and affairs of any licensee or applicant.
4. Consumer Disclosure: The law requires a number of written disclosures be provided to the viator or borrower. These disclosures are set forth specifically in the law.
5. Other Regulators: The Securities Division of the Office of the Secretary of State has the authority to regulate viatical settlements as securities products pursuant to M.G.L. c.110A.

The law establishes that any violation of Chapter 326 is an unfair trade practice pursuant to M.G.L. c.176D and authorizes the Commissioner of Insurance to promulgate regulations and establish standards and forms for implementing this Act. Kindly refer to Chapter 326 for the full

text of the law. Please also note that the Attorney General's office has applicable consumer protections codified at 940 CMR 18.00, promulgated in 1997.

The effective date of this Act is March 1, 2001. Additional details will be forthcoming prior to this date on matters necessary to implement the provisions of Chapter 326. Questions about this bulletin should be directed to the Division's Office of the General Counsel at 617-521-7309.