

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6977

BILL NUMBER: HB 1379

NOTE PREPARED: Jan 29, 2008

BILL AMENDED: Jan 28, 2008

SUBJECT: Viatical settlements.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill makes a violation of the law regulating viatical settlement contracts an unfair and deceptive act or practice in the business of insurance. It specifies that the penalty for the violation is an amount equal to the face value of the life insurance policy that is the subject of the viatical settlement contract. It prohibits engaging in any activity in relation to a viatical settlement contract after June 30, 2008. It exempts activity in relation to a viatical settlement contract entered into before July 1, 2008.

Effective Date: July 1, 2008.

Explanation of State Expenditures: (Revised) Violations of the provisions of the bill are unfair and deceptive acts in the business of insurance which may be subject to a hearing by the Commissioner of Insurance. Adding a violation to the unfair and deceptive acts provisions could increase the number of violations for which a hearing may ensue. However, the Department of Insurance should be able to handle any additional hearings given its current level of budget and resources.

Explanation of State Revenues: (Revised) The penalty for violation is an amount equal to the face value of the life insurance policy that is the subject of the viatical settlement contract. Penalties collected are deposited in the state General Fund.

The DOI will not experience a significant decrease in license fees collected from applicants for a viatical settlement license because currently most agents maintain a life insurance license instead of a license specific to viatical settlements.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Carol Cutter, DOI.

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