



## LIFE INSURANCE BUYERS, INC.

### **Required Notice** **Important Information You Need to Know** **Before Entering Into a Viatical Settlement**

#### **What are viatical settlements?**

A viatical settlement is the sale of a life insurance policy or certificate (hereafter referred to as policy) issued on the life of a person, who does not have a catastrophic or life-threatening illness or condition that is likely to result in death within 24 months, for a dollar amount that is less than the policy's face value. The person who is insured under the policy is called a life settlor. This person may or may not be the owner of the policy. Only the owner of the policy has the right to sell the policy. If you do not own the policy, the owner cannot sell the policy without your consent. The entity that buys the policy is called a life settlement provider (hereafter referred to as provider) and must have a registration from the Texas Department of Insurance (hereafter referred to as TDI). Additionally, there are persons called brokers or provider representatives, who help with the sale of the policy. The provider representative or broker must also have a registration with TDI.

A viatical settlement offers you the opportunity to receive a portion of your policy's death benefit while you are still alive, giving you a chance to ease the financial stress that sometimes goes with an illness or condition.

#### **How do viatical settlements work?**

Most providers, provider representatives, or brokers will ask you to complete an application and medical release forms so that they can gather information from your life insurance company and your doctors. All information gathered must be kept confidential and cannot be given to anyone without your written approval. If you qualify, the provider will make you an offer for your policy. The amount offered for your policy will be based on facts such as how long you are expected to live, the amount you pay for premiums, the rating of your insurance company, and your policy's provisions (e.g., a waiver of premium). If you accept the offer, you will be asked to sign a viatical settlement contract.

### **Do I have to sell all of my policy?**

No. You can sell all of your policy or you can sell only a part of your policy. If you sell only a part, you will be required to assign or transfer only the part being sold. If you sell the entire policy, the provider will become the new owner of the policy.

### **Is there a difference between a broker and a provider representative?**

Yes. Although both a broker and a provider representative will help you with the sale of your policy, there are important differences between them. A broker works for you. A broker will check with several providers to find the best offer for you. A provider representative works for a provider. A provider representative will only check with the provider that he or she works with to get you their offer. If you use someone to help with the sale of your policy, you may want to ask whether they are a broker or a provider representative.

### **Is the provider, provider representative, or broker required to keep my information confidential ?**

Yes, any financial, medical, or personal information obtained by a provider, provider representative, or broker about you, including your family members, a spouse, or a significant other, may not be shared with anyone unless you have given written approval that the information may be shared. Any written approval for the sharing of this information must show who may get the information and why it will be released.

### **If I enter a viatical settlement contract, when will I get my money and who from?**

The answer to this question depends on how the provider runs its business. Some providers use an escrow agent or trustee to handle the money that will be paid to you. If an escrow agent or trustee is used, the escrow agent or trustee will send you the money within three business days of the date the insurance company confirms to the provider that the transfer of ownership has been completed. If an escrow agent or trustee is not used, the provider will send you the money within three business days from the date you signed both the contract and the papers needed to transfer or assign your policy to them.

### **What if I change my mind?**

If you change your mind about selling your policy, you can cancel the life settlement contract at any time up to the 15<sup>th</sup> day after you receive the money from the provider. to cancel the viatical settlement contract, you will have to return any money the provider paid to you for the purchase of your policy along with any premiums the provider paid to keep the policy in force. If you change your mind, remember to arrange with the provider to have the insurance company transfer the ownership of the policy back to you.

### **What if I die shortly after selling my policy?**

If you die at any time up to the 15<sup>th</sup> day after you receive the money from the Provider, the settlement contract will automatically cancel. The provider will pay the owner of your policy or beneficiaries designated by the owner in the viatical settlement contract any proceeds it received from your policy, minus any money it already paid for the purchase of your policy and any premiums it paid to the insurance company to keep your policy current. The insurance company or the provider should refund any unearned premiums paid.

### **What happens after I get my money?**

After the provider has paid the owner for the sale of the policy, they may begin calling to check on the health status of the life settlor.

### **What if I don't want to be contacted about my health status?**

If you do not want to be contacted about your health status, you may appoint an adult person or persons to be contacted on your behalf. That person must be in regular contact with you and you must give the provider their name, address and phone number. Once you give the provider this information, they may not contact you unless they have tried and have not been able to reach your contact person for more than 30 days. If you need to, you can change your contact person at any time by sending a written notice to the provider.

### **How will I know who will be calling me or my contact person about my health Status and how often can they call?**

The provider must give you the name, address, and phone number of the person who will be contacting you or your contact person(s) about your health status.

If your life is expected to end in one year or less, contacts to check on your health status are limited to once every 30 days. If you are expected to live for more than one year, contact is limited to once every three months.

### **Will the provider be calling my doctor to check on my health status?**

Some providers will use your signed medical release form to check with your doctor for updates on your health status. The medical release form tells your doctor that you want your doctor to give your medical information to the provider their broker, or provider representative. If you decide you do not want the provider to contact your doctor, you have the right to withdraw your medical consent in accordance with law.

### **Does anyone make money or commissions from the sale of my policy?**

You have the right to ask for and receive the names of all the people who have or will receive some type of payment from the sale of your policy, along with the amount and terms of the payment. You may ask for this information at any time.

### **How will I know if my policy includes extra coverage like accidental death, future increases in the death benefit, or covers other family members? Do these affect my settlement .**

Some policies contain extra coverages. You may want to contact your insurance company or agent to see if your policy contains a provision or rider providing extra coverages.

If your policy includes a benefit for accidental death, the additional death benefit may not be included as part of your settlement. The additional death benefit will remain payable to your beneficiaries or your estate.

If your policy provides future increases in the death benefit, you may want to ask how much the provider is paying you for the purchase of this benefit.

If your policy is a joint policy, or provides coverage on the lives of other family Members or anyone other than yourself, there may be a possible loss of coverage.

### **Are there other options available besides selling my policy?**

Your insurance company may offer options, such as accelerated death benefits, loans, and surrender of the policy for its cash value. Before entering into a viatical settlement, you should contact your insurance company or agent to see what options are available.

## **What other things should I know about a viatical settlement contract?**

Some things may be affected if you enter a viatical settlement are:

There may be a loss of life insurance coverage on your spouse or other family members, if the policy (or any riders attached to it) covers their lives;

The amount of premiums you pay

Policy cash values or dividends, if provided for in the policy;

a loss of other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the your policy;

you may incur tax consequences;

your ability to receive supplemental social security income, public assistance, and public medical services including Medicaid; and

the money you receive for your life settlement could be taken away from you by creditors, personal representatives, trustees in bankruptcy, and receivers in state or federal court.

Because of the above, you should contact an attorney, accountant, estate planner, Financial planning advisor, tax advisor, social services agency, your insurance Company, or agent, as applicable, to find out what effect selling your policy will have on you.

## **What if I have a complaint?**

You may file a complaint with the Texas Department of Insurance, Consumer Protection, Mail Code 111-1A, P.O. box 149091, Austin Texas 78714-9091; or by Calling the Consumer Help Line between 8 a.m. and 5 p.m., Central time, Monday-Friday at 1-800-252-3439; by faxing a complaint to TDI at 1-512-475-1771; by completing a complaint on-line at [WWW.tdi.state.tx.us](http://WWW.tdi.state.tx.us); or by e-mailing a complaint to [consumer.protection@tdi.state.tx.us](mailto:consumer.protection@tdi.state.tx.us).

**Acknowledgment Form for Viatical Settlements**

THE STATE OF \_\_\_\_\_ KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF \_\_\_\_\_

That \_\_\_\_\_ and  
(Name of Viatical Settlor)

\_\_\_\_\_ does acknowledge that, to the  
(Name of Policy Owner, if different from the Viatical Settlor)

best of hid/her knowledge, the following are true representations:

The viatical settlor does not have a castastrophic or life-threatening illness or conditon that is likely to result in death within 24 months

A copy of the required written disclosures have been received and read by the viatical settlor and the policy owner.

All of the documents (applications, medical release forms, etc.) used to effect the viatical settlement have been received and read by the viatical settlor and the policy owner.

The viatical settlement contract is being entered into knowingly and voluntarily.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Viatical Settlor's Signature

\_\_\_\_\_  
Policy Owner's Signature, if different from The Viatical Settlor

\_\_\_\_\_  
Viatical Settlor's Printed Name

\_\_\_\_\_  
Policy Owner's Printed Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

THE STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, \_\_\_\_\_, on  
(Printed name of Notary)

this day personally appeared \_\_\_\_\_ and  
(Printed name of Viatical Settlor)

\_\_\_\_\_, known to me to be the person(s)  
(Printed name of policy owner, if different than the Viatical Settlor)

whose name(s) is subscribed to the foregoing instrument, and acknowledged to me that the named person(s) executed the same for the purposes and considerations therein expressed, in the capacities therein stated, and as the act and deed of said viatical settlor and policy owner.

Given under my hand and seal of office this \_\_\_\_\_ day of

\_\_\_\_\_.

(Notary Seal)

\_\_\_\_\_  
(Notary Public Signature)

Notary Public, State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_