

DEPARTMENT OF INSURANCE

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**NOTICE**

TO: All Life Insurers, Life Agents, and Viatical Settlement Brokers
and Other Interested Parties

DATE: June 29, 2010

SUBJECT: New California Life Settlement Law – Pending Emergency Regulations

Background

On October 11, 2009 Governor Schwarzenegger signed into law Senate Bill (SB) 98 (Calderon, Chapter 393, Statutes of 2009). The new law repeals existing California viatical settlement statutes and in its place creates life settlement statutes now contained in Sections 10113.1 through 10113.3 of the California Insurance Code (CIC). Under the terms of the new statutes, life settlement brokers and providers will be required to obtain a license from the California Insurance Commissioner, to transact life settlement business in California and will be subject to both licensing and consumer disclosure requirements.

New License Requirement for Brokering Life Settlements

Most individuals and business entities that currently broker life settlements have also been licensed as life agents for at least one year. Per the provisions of SB 98, beginning on July 2, 2010, life producers who have been licensed in California for at least one year were to comply with a notification procedure to broker life settlements. Specifically, these producers were to be required to notify CDI within ten days of brokering life settlements.

However, at this time, the emergency regulations needed to implement the licensing provisions of SB 98 are pending submission to the California Office of Administrative Law (OAL). In the meantime, individuals and business entities who are eligible to broker life settlements under SB 98, in that they have been licensed in California as a life agent for at least one year, may continue to do so until such time as the emergency regulations are approved by OAL, or the commissioner advises otherwise. Please be advised also that those brokering life settlements are expected to comply with SB 98's consumer disclosure requirements.

CDI appreciates the patience that the insurance industry has shown during the implementation of SB 98. Once the emergency regulations are approved, CDI will send another Notice that will provide specific information regarding the licensing provisions of SB 98. You may check CDI's Website at www.insurance.ca.gov for updates by typing "Life Settlement" in the Search box on the CDI's Main Page to review the Life Settlement Broker requirements.

Also, for your review, the following is a link to SB 98 (Calderon, Chapter 393, Statutes of 2009) as it was signed into law:

http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_0051-0100/sb_98_bill_20091011_chaptered.pdf

For general licensing inquiries, please e-mail the Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call the Producer Licensing Bureau at (800) 967-9331 or (916) 322-3555. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with the CDI.