

Disclosure Statement for Life Settlement Contracts (Provider)

Read this disclosure statement before signing any life settlement contract.

Oregon law permits a terminally ill person to sell his or her life insurance policy. This sale is referred to as a “life settlement” or a “viatical settlement.”

This life settlement contract is an arrangement in which you will sell or assign the death benefit or ownership of your life insurance policy to the life settlement provider of your choice. In return, the life settlement provider will pay you a negotiated amount for the sale or assignment. You must be terminally ill at the time the life settlement contract is entered into.

In place of the legal term “life settlement provider,” the term “life settlement company” will be used in this disclosure statement.

This statement contains general information that will help you make a decision regarding your life insurance policy. This statement also contains blanks for specific information about your policy and a life settlement company’s offer to you that the life settlement company will fill when it makes the offer. This information will help you make a careful comparison of your life insurance policy benefits and the benefits you receive if you sell your policy.

Other options

If you are thinking about a life settlement contract, you should consider the possible disadvantages and look at other options.

Some options may allow you to meet your needs and also keep part or all of your life insurance policy. These options also may reduce or eliminate tax liability and other possible costs, such as a loss of government benefits that may occur if you receive cash from a life settlement. Some of these disadvantages are described later.

Talk to your insurance company or agent

You should first contact your insurance company or the insurance agent who sold you the life insurance policy to discuss the following options:

- Many insurance policies offer accelerated benefits and will pay you a percentage of the expected death benefit while you are living. This option may enable you to retain ownership of any policy balance and may pay a higher percentage of the death benefit.
- Many insurance policies allow the policyholder to take out a loan on the policy or withdraw cash from the policy up to the level of its current cash value. Either option also may enable you to retain ownership of your policy. The amount may be as much as you would receive in a life settlement.

Check available services

Ask about existing services and support that may meet your needs. Following are some agencies that will provide information on available services:

- Senior and Disabled Service Division (SDSD) of the Oregon Department of Human Resources. Check the “State Government” section of your phone book for the office in your area. The SDSD office will also give you the location and phone number of your local Area Agency on Aging.
- Social Security: (800) 772-1213
- Oregon Health Plan: (800) 359-9517
- Oregon Medical Insurance Pool (for people who’ve been refused health insurance coverage or can’t get health insurance at a reasonable cost because of preexisting medical conditions): (800) 542-3104
- Oregon HIV Advocacy Center (for people with HIV disease). Information on life settlement contracts also available: (800) 777-2437, ext. 151
- Community Health Insurance Program (for people with HIV disease). Information on life settlement contracts also available: (800) 805-2313

Loans

You might be eligible for a loan from a lender, using your insurance policy as collateral, or you may be able to obtain a loan from a relative or a friend, although such loans are without consumer protections.

Be sure you understand the following about life settlements

Life settlements may have the following disadvantages:

- A life settlement payment may be taxable. You should seek advice from a personal tax advisor.
- A life settlement payment may cause you to lose your eligibility for Medicaid or other government benefits or entitlements. You should seek advice from your local Senior and Disabled Services Office, Social Security, and other appropriate agencies.
- A life settlement payment may be subject to the claims of creditors.

Shop around

Different life settlement companies may offer you widely differing amounts to buy your life insurance policy. It’s important for you to get quotes from several different life settlement companies before signing a life settlement contract.

State law requires that life settlement companies be licensed by the state and that payment for a life insurance policy meet standards relating to life expectancy estimates. Life settlement companies must estimate life expectancy according to sound actuarial principles, but individual life settlement companies could make different life expectancy estimates.

If you want a list of life settlement companies licensed to do business in Oregon, call the Insurance Division, (503) 947-7981.

If you need cash now:

- Consider the options offered by your insurance company
- Get quotes from as many life settlement companies as possible

You have a right to know the following:

- The life expectancy figure the life settlement company is using and the minimum required payment for that life expectancy.
- The amount a life settlement company offers you depends on various factors, including average life expectancies for persons with the given condition or illness, and is subject to minimum amounts set by the Oregon Insurance Division.



Department of Consumer & Business Services
Oregon Insurance Division – 3
350 Winter St. NE, Rm. 440
Salem, Oregon 97301-3883
Phone (503) 947-7981

The Life Settlement Contract Proposal

The life settlement company offering to buy your life insurance policy is:

Name: _____

Address: _____

Oregon license number: _____

The life insurance policy you are proposing to sell is with:

Insurance company: _____

Policy number: _____

- Yes, your policy has an accelerated death benefit.
- No, your policy does not have an accelerated death benefit.

The contract you are considering would sell your death benefit.

The amount of the expected death benefit is \$ _____.

The expected death benefit is defined by the insurance policy you are considering selling as of the date the life settlement contract is signed.

The life settlement company is offering to buy your policy for \$ _____.

This amount represents _____ % of the expected death benefit.

Cancellation of contract

You have a right to cancel the life settlement contract.

You may rescind the contract not later than the 30th day after the contract is signed by all parties, or not later than the 15th day after you receive the life settlement payment, whichever is the shorter period.

To cancel the contract, you must return all proceeds you received under the contract no later than the date specified when the proceeds are paid to you.

Additional benefits and riders

You have the right to keep additional benefits or optional riders that are part of your current policy.

- You do not have any additional benefits or optional riders attached to your policy. (You may skip the rest of this section.)

or

- The following additional benefits or optional riders are attached to your policy. The life settlement company understands that you will continue the benefits and riders checked "Yes." The sale price takes into account the cost of continuing them.

Benefit or rider	Premium	Continues?
_____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	\$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No

- The life settlement company must notify you of any options that arise under these continued benefits or riders, and must carry out any request by you to change the beneficiary for any of those benefits or riders. The life settlement company will pay all premiums for those benefits or riders so they will be available for your beneficiaries.
- The life settlement company has the right to adjust its offer to cover the cost of the premiums the company will pay to keep the additional benefits or riders in force.
- Any benefit or optional rider that is not continued by the policyholder or certificate holder will end.

Important reminder

If there is anything about the life settlement contract that you do not understand, *don't sign it.* Seek legal advice.

The Oregon Insurance Division can help you understand your rights and responsibilities. If you have questions or need assistance, call the Insurance Division in Salem, (503) 947-7981.