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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

1995-96

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Insurance, Securities and Corporate Policy...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)



AB
1020

Mike Gifford AIDS Resource Center
(414) 225-1547

WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

Memorandum

yes called OK
3/5

MAR 04 1996

To: All Legislators

From: Representatives Tammy Baldwin and Scott Jensen

Date: March 1, 1996

Re: Co-Sponsorship of LRB 4858/1, relating to regulation of viatical settlement contracts

The Viatical Settlement Industry is quickly growing in Wisconsin and currently operates without even minimum standards of operation or any consumer protection regulations. LRB 4858/1 has been drafted in accordance with national model legislation developed by the National Association of Insurance Commissioners to address State and consumer concerns about the growing industry.

Viatical settlements are proceeds paid to the owner of a life insurance policy who is living with a terminal illness and sells the beneficiary rights of his or her policy to a viatical settlement provider. Often times these funds are necessary for medical, housing and daily needs as people experience a reduction in resources and ability to work. Nationally, 90% of individuals selling the beneficiary rights of their policies are people living with HIV disease or AIDS, but there has been a significant increase in the number of people living with cancer and the elderly selling these rights.

Because the sellers are often in difficult and vulnerable situations due to rising health care costs and the immediacy of accessing additional care and treatment, consumer protections are vital. This bill requires disclosure around the impact of proceeds on medical assistance, third party claims and taxation; identification of alternatives to viatical settlements; and the right to rescind contracts within 30 days.

The legislation requires viatical settlement providers and brokers to obtain licensure from the State, allows the Office of the Commissioner of Insurance (OCI) access to financial records and provides for investigation by OCI in cases of fraud, deceit and misrepresentation. The bill also outlines minimum information gathering required for the sale of policy that included full consent of the policyholder.

The LRB analysis is attached to this memo. If you have any questions or would like to co-sponsor this legislation, please contact Mike in Representative Baldwin's office at 6-8570 by Friday, March 8.

Mike



March 11, 1996

The Honorable David Cullen
Assembly Committee on Insurance, Securities
and Corporate Policy
State Capitol -- Room 5 North
Madison, WI 53708

Dear Representative Cullen:

This letter is intended to make you aware of Northwestern Mutual Life's support of the viatical regulation bill (LRB 4858/1) you will be considering on Tuesday, March 12. While Northwestern Mutual is not directly involved in viatical exchanges, we have a great interest in how life insurance products are being used, as well as a concern for protecting the interests of our policyowners.

As you are aware, this bill establishes standards and requirements for viatical settlement contracts and their marketing. It requires licensing of both viatical settlement providers and brokers, establishes certain requirements and prohibitions applying to their activities, and specifies criteria that viatical settlement contracts must satisfy. It also sets minimum standards for the purchase price from policyholders, with the amount to vary according to the policyholder's life expectancy.

Viatical settlements clearly have the potential to ease the financial burden of desperately ill people. The legislation you will be considering recognizes the legitimacy of the viatical transaction, but also justly goes to great lengths to protect the policyholders who are trading in their life insurance benefits before they die. The provisions of the bill are strong regulatory measures which will go far toward protecting the terminally ill when they are at their most vulnerable.

We also strongly support the disclosure requirements contained in the bill. Before the execution of a viatical settlement, it must be disclosed that there may be alternatives to the viatical agreement, that the agreement may have tax ramifications or may affect the recipient's eligibility for medicaid or other government benefits, and that the policy seller has the right to rescind any settlement within 15 days.

Passage of this legislation is a win-win situation for all concerned. Legitimate viatical providers will benefit because these regulations will remove from the marketplace operators who disregard the interests of the consumer for financial gain. Most importantly, however, terminally ill individuals will have the confidence that they are purchasing a regulated product from a licensed broker and provider, and that they are receiving a fair price for their insurance policy.

I hope you will support this legislation (LRB 4858/1) when it comes before you for a vote.

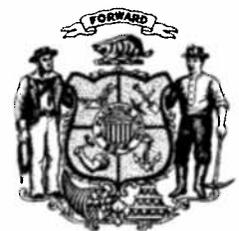
Sincerely,



Michael L. Youngman
Vice President, Government Relations



WISCONSIN STATE LEGISLATURE





WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

March 12, 1996

Dear Members of the Assembly Committee on Insurance, Securities and Corporate Policy,

We are writing to share our support for LRB 4858/1, which would regulate the viatical settlement industry. As Senate authors of this bill, it is our hope that your committee and the full Legislature will move swiftly to enact these very basic consumer protections.

Viatical settlements are proceeds paid to the owner of a life insurance policy who is suffering from a terminal illness. The proceeds are necessary to pay for medical expenses, rent, food, clothing and other daily expenses as the individual's illness diminishes their financial resources and ability to maintain employment.

Signing over a life insurance policy is a major decision that should not be entered into lightly by a broker or a policy owner. This bill requires disclosure around the impact of proceeds on future Medicaid eligibility; third party claims and taxation; identification of alternatives to viatical settlements; and the right to rescind contracts within 30 days. It requires viatical settlement providers and brokers to obtain licensure from the state; allows the Commissioner of Insurance access to financial records; and provides for investigation by the commissioner in cases of fraud, deceit and misrepresentation. The bill also outlines minimum information gathering required for the sale of the policy that includes full consent of the policyholder.

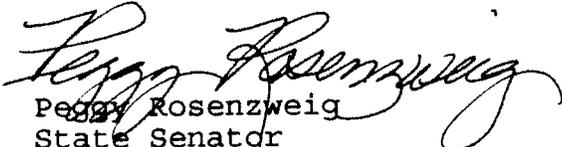
The viatical settlement industry is virtually unregulated in Wisconsin. While there are honest players in the business, there is also ample room for unscrupulous brokers to mislead individuals who are critically ill and very vulnerable.

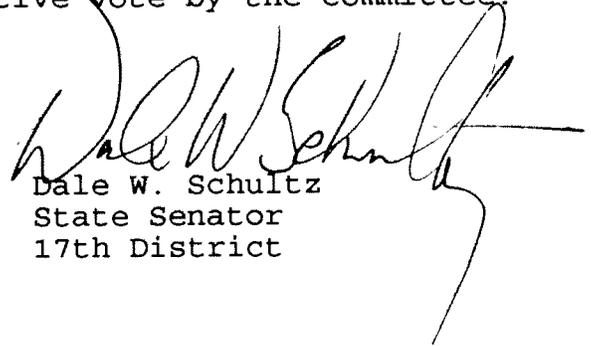
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Government oversight and minimum standards defined in LRB 4858 will preserve and protect the integrity of individuals who depend on viatical settlements during their greatest time of need. We commend Chairperson Albers for quickly conducting a hearing on this proposal and ask for a prompt and positive vote by the committee.

Sincerely,


Peggy Rosenzweig
State Senator
5th District


Dale W. Schultz
State Senator
17th District