

Fiscal Estimate Narratives

OCI 2/10/2010

LRB Number	09-4088/1	Introduction Number	SB-513	Estimate Type	Original
Description Life settlements, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

SB 513 updates Wisconsin statutes to provide regulatory guidance for life settlement transactions, which is the transfer of ownership of a life insurance policy to a third party. Wisconsin's current viatical settlement statute is limited to only those life settlement transactions involving policy owners who are terminally ill or have a life threatening disease. SB 513 includes viatical settlement transactions as well as other ownership transfers that do not qualify as viatical settlements under current law.

The bill requires life settlement providers and brokers to be licensed by OCI and meet specific prelicensing and continuing education requirements. Additionally, the bill requires life settlement contracts and required disclosures to be filed with OCI prior to their use in the marketplace. Life settlement advertising is also regulated under the bill.

Notwithstanding the current viatical settlement statute, life settlements are currently not regulated in Wisconsin. As a result, OCI does not have enough information on the volume of transactions and participants in life settlement market to accurately gauge the fiscal impact on OCI's regulatory processes. OCI's responsibilities under the bill include licensing providers, conducting examinations, reviewing annual statements, licensing and continuing education requirements for brokers, approval of contracts and other forms used, review of advertisements, creation of brochures for policyowners and providers, investigation of complaints and enforcement of violations. Modifications to existing electronic systems will be required to track brokers and providers. The level of activity could be sufficient that OCI would require additional positions to address all of the statutory responsibilities as proscribed in SB 513.

The local fiscal effect is indeterminate. Local governments have been participants in the life settlements market, but largely on the investment side, which is beyond OCI's regulatory purview. As a result there is not enough information to accurately gauge the impact that this bill will have local government.

Long-Range Fiscal Implications