



SPONSOR: Sen. Paradee & Rep. Bush
Rep. Michael Smith

DELAWARE STATE SENATE
151st GENERAL ASSEMBLY

SENATE BILL NO. 37

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO VIATICAL SETTLEMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 7503, Title 18 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 7503. License and bond requirements.

4 (h) Upon the filing of an application and the payment of the license fee, the Commissioner shall make an
5 investigation of each applicant and issue a license if the Commissioner finds that the applicant:

6 (4)a. If a viatical settlement provider, has demonstrated evidence of financial responsibility in a format
7 prescribed by the Commissioner through either a surety bond executed and issued by an insurer authorized to issue
8 surety bonds in this State or a deposit of cash, certificates of deposit or securities or any combination thereof in the
9 amount of \$250,000.

10 b. ~~If a viatical settlement broker, has demonstrated evidence of financial responsibility in a format~~
11 ~~prescribed by the Commissioner through either a surety bond executed and issued by an insurer authorized to issue~~
12 ~~surety bonds in this State or a deposit of cash, certificates of deposit or securities or any combination thereof in the~~
13 ~~amount of \$250,000.~~ [Repealed.]

14 c. The Commissioner may ask for evidence of financial responsibility at any time the Commissioner
15 deems necessary.

16 d. Any surety bond issued pursuant to paragraph (h)(4) of this section must be in the favor of this State
17 and must specifically authorize recovery by the Commissioner on behalf of any person in this State who sustained
18 damages as the result of erroneous acts, failure to act, conviction of fraud, or conviction of unfair practices by the
19 viatical settlement ~~provider or viatical settlement broker.~~ provider.

20 e. Notwithstanding any provision of this section to the contrary, the Commissioner shall accept, as
21 evidence of financial responsibility, proof that financial instruments in accordance with the requirements in this

22 paragraph have been filed with 1 state where the applicant is licensed as a viatical settlement ~~provider or viatical~~
23 ~~settlement broker.~~ provider.

24 Section 2. Amend § 7516, Title 18 of the Delaware Code by making deletions as shown by strike through and
25 insertions as shown by underline as follows:

26 § 7516. Authority to promulgate regulations.

27 The Commissioner has the authority to:

28 (1) Promulgate regulations implementing this chapter.

29 (2) Establish standards for evaluating reasonableness of payments under viatical settlement contracts for
30 persons who are terminally or chronically ill. This authority includes regulation of discount rates used to determine the
31 amount paid in exchange for assignment, transfer, sale, devise, or bequest of a benefit under a life insurance policy
32 insuring the life of a person that is chronically or terminally ill.

33 (3) Establish appropriate licensing requirements, fees, and standards for continued licensure for viatical
34 settlement providers and ~~life-viatical~~ settlement brokers.

35 (4) Require a bond or other mechanism for financial accountability for viatical settlement ~~providers and life~~
36 ~~settlement brokers.~~ providers.

37 (5) Adopt rules governing the relationship and responsibilities of both insurers and viatical settlement
38 providers and viatical settlement brokers during the viatication of a life insurance policy or certificate.

SYNOPSIS

This Act amends the Delaware Viatical Settlements Act by permanently removing the bond requirements for viatical settlement brokers and updating a reference to "life settlement brokers" by replacing it with "viatical settlement brokers".

Author: Senator Paradee