

304.15-716 Violation due to time of contract -- Conditions -- Procedure -- Satisfaction of requirements.

- (1) It is a violation of this subtitle for a person to enter into a life settlement contract at any time prior to, or at the time of application for, issuance of a policy, or within a two (2) year period commencing with the date of issuance of the policy unless the owner certifies to the life settlement provider that one (1) or more of the following conditions has been met within the two (2) year period:
 - (a) The policy was issued upon the owner's exercise of conversion rights arising out of a group or individual policy, if the total of the time covered under the conversion policy plus the time covered under the prior policy is at least twenty-four (24) months. The time covered under a group policy shall be calculated without regard to a change in insurance carriers, if the coverage has been continuous and under the same group sponsorship; or
 - (b) The owner submits independent evidence to the life settlement provider that one (1) or more of the following conditions has been met within the two (2) year period:
 1. The owner or insured is terminally or chronically ill;
 2. The owner or insured disposes of his ownership interests in a closely held corporation, pursuant to the terms of a buyout or other similar agreement in effect at the time the insurance policy was initially issued;
 3. The owner's spouse dies;
 4. The owner divorces his or her spouse;
 5. The owner retires from full-time employment;
 6. The owner becomes physically or mentally disabled and a physician determines that the disability prevents the owner from maintaining full-time employment; or
 7. A final order, judgment, or decree is entered by a court of competent jurisdiction, on the application of the creditor of the owner, adjudicating the owner bankrupt or insolvent, or approving a petition seeking reorganization of the owner or appointing a receiver, trustee, or liquidator to all or a substantial part of the owner's assets.
- (2) Copies of the independent evidence described in subsection (1) of this section and the documents required by KRS 304.15-710 shall be submitted to the insurer when the life settlement provider submits a request to the insurer for verification of coverage. The copies shall be accompanied by a letter of attestation from the life settlement provider that the copies are true and correct copies of the documents received by the life settlement provider.
- (3) If the life settlement provider submits to the insurer a copy of independent evidence provided for in subsection (2) of this section when the life settlement provider submits a request to the insurer to effect the transfer of the policy to the life settlement provider, the copy shall be deemed to conclusively establish that the life settlement contract satisfies the requirements of this section and the insurer shall respond timely to the request.

Effective: July 15, 2008

History: Amended 2008 Ky. Acts ch. 32, sec. 7, effective July 15, 2008. -- Amended 2005 Ky. Acts ch. 58, sec. 11, effective June 20, 2005. -- Created 2000 Ky. Acts ch. 472, sec. 10, effective July 14, 2000.

Legislative Research Commission Note (7/15/2008). 2008 Ky. Acts ch. 32 intended to change all existing references in the KRS from "viator" to "owner." One reference to "viator's" in this section was overlooked during the bill drafting process. The Reviser of Statutes has made this change upon the authority of KRS 7.136(1)(h).