

# BULLETIN 374

## Life Insurance Policyholder Notice

(Supersedes Bulletin 370)

The Maine Viatical and Life Settlements Act requires the Superintendent of Insurance to develop an informational brochure to apprise consumers of their rights as owners of life insurance policies.<sup>1</sup>

Life insurers must provide copies of this brochure to policy owners in certain situations. This requirement applies only to individual life insurance. Group life insurance policies are not subject to this notice requirement.

### Individual Life Insurance Notice

Life insurers must provide copies of this brochure to owners of individual life insurance policies when the insured is 60 years of age or older, or is known by the insurer to be terminally ill or chronically ill, and:

- (1) the policyowner has requested the surrender of the policy in whole or in part;
- (2) the policyowner has requested an accelerated death benefit; or
- (3) the insurer sends an initial notice that the policy may lapse.

Insurers must begin providing copies of the informational brochure to all policyholders described in the statute no later than September 1, 2010. The brochure is Attachment 1 to this Bulletin. Insurers may reproduce the brochure as necessary, and may download copies at:

<https://www.maine.gov/pfr/insurance/licensees/individuals-business-entities/producers>

Insurers that wish to provide standardized notice on a multistate basis may use an alternative notice, Attachment 2 to this Bulletin, based on the Washington Life Settlement Regulation, WAC 284-97-910, which may be downloaded at:

<https://www.maine.gov/pfr/insurance/licensees/individuals-business-entities/producers>

The statute refers to “notice to the policyowner that there may be alternative transactions available, including a copy of the superintendent’s brochure.” The Bureau of Insurance has received questions as to whether this requirement contemplates some additional notice above and beyond the brochure. Sending the brochure is sufficient to satisfy the notice requirement. No cover letter or other additional information is required.

The Bureau will be conducting rulemaking to further clarify the statutory notice requirements discussed above. In the interim, it is the expectation of the Bureau that an insurer will send proper and timely notice to the owner of any individual life insurance policy with death benefits over \$100,000 when:

- the insured is 60 years of age or older, or is known by the insurer to be terminally ill or chronically ill, and:
  - a. the policyowner has requested the surrender of the policy in whole or in part or has requested an accelerated death benefit; or
  - b. the policyowner has failed to pay premium when due.

Further, life insurance for the purposes of this notice requirement does not include credit life or benefits limited to death by accident or other specified causes. Timely notice means that the policyowner has at least one month after the notice is sent in which to maintain or reinstate the policy or to rescind the policy surrender or accelerated death benefit, without fees or penalties.

<sup>1</sup> 24-A M.R.S.A. §6808-A(4).

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Superintendent of Insurance

NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Bureau of Insurance if additional information is needed.