

By: Carona

S.B. No. 1213

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain transactions related to life insurance and related products; providing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 5, Insurance Code, is amended by adding Chapter 525 to read as follows:

CHAPTER 525. LIFE INSURANCE CONSUMER DISCLOSURE ACT

Sec. 525.001. SHORT TITLE. This Act may be cited as the Life Insurance Consumer Disclosure Act.

Sec. 525.002. DEFINITIONS. In this chapter:

(1) "Insured" means a consumer who purchased a policy from an insurer.

(2) "Insurer" means the insurance company that issued the policy.

(3) "Person" means an individual, corporation, trust, partnership, association, or any other legal entity.

(4) "Policy" means an individual life insurance policy owned by a person who is a resident of this state regardless of whether the policy is issued, delivered, or renewed in this state.

(5) "Policy owner" means the owner of a policy.

Sec. 525.003. NOTICE TO POLICY OWNER REQUIRED. (a) An insurer shall provide the written notice required by Subsection (b) to a policy owner if the insured is at least 60 years old or if the insurer has actual knowledge that the insured is terminally or

1 chronically ill, and if:

2 (1) the policy owner requests:

3 (A) the surrender, wholly or partly, of a policy;

4 or

5 (B) an accelerated death benefit under a policy;

6 (2) the insurer sends notice to the policy owner that
7 the policy may lapse; or

8 (3) another circumstance occurs and the commissioner
9 has prescribed by rule that an insurer must send the notice under
10 this chapter in that circumstance.

11 (b) The commissioner by rule shall adopt or approve forms to
12 be used for notices under this chapter to inform a policy owner of:

13 (1) alternatives to the lapse or surrender of a
14 policy; and

15 (2) the policy owner's rights related to the
16 disposition of a policy.

17 (c) The written notice must be developed at no cost to
18 insurers or other license holders and must be written in simple,
19 nontechnical language.

20 (d) The written notice must contain:

21 (1) a statement explaining that life insurance is a
22 critical part of a broader financial plan;

23 (2) a statement explaining that there are alternatives
24 to the lapse or surrender of a policy;

25 (3) a general description of the following
26 alternatives to the lapse or surrender of a policy:

27 (A) accelerated death benefits available under

- 1 the policy or as a rider to the policy;
2 (B) the assignment of the policy as a gift;
3 (C) the sale of the policy under a life
4 settlement contract, including a life settlement under Chapter
5 1111;
6 (D) the replacement of the policy under Chapter
7 1114;
8 (E) the maintenance of the policy under the terms
9 of the policy or a rider to the policy or through a life settlement
10 contract;
11 (F) the maintenance of the policy through a loan
12 issued by an insurer or a third party, using the policy or the cash
13 surrender value of the policy as collateral for the loan;
14 (G) conversion of the policy from a term policy
15 to a permanent policy; and
16 (H) conversion of the policy to obtain long-term
17 care health insurance coverage or a long-term care benefit plan;
18 and
19 (4) a statement explaining that life insurance, life
20 settlements, or other alternatives to the lapse or surrender of the
21 policy described in the notice may be available to a particular
22 policy owner depending on a number of circumstances, including the
23 age and health status of the insured or the terms of a life
24 insurance policy, and that policy owners should contact their
25 financial advisor, insurance agent, broker, or attorney to obtain
26 further advice and assistance.

27 Sec. 525.004. PENALTIES. A violation of Section 525.003(a)

1 is an unfair or deceptive act or practice in the business of
2 insurance subject to sanctions and penalties under Chapter 541.

3 SECTION 2. The heading to Chapter 1111, Insurance Code, is
4 amended to read as follows:

5 CHAPTER 1111. LIFE SETTLEMENT CONTRACTS, [~~AND~~] VIATICAL
6 SETTLEMENTS, AND CERTAIN RELATED PRACTICES; ACCELERATED TERM LIFE
7 INSURANCE BENEFITS

8 SECTION 3. The heading to Subchapter A, Chapter 1111,
9 Insurance Code, is amended to read as follows:

10 SUBCHAPTER A. LIFE SETTLEMENT CONTRACTS AND VIATICAL SETTLEMENTS

11 SECTION 4. Section 1111.001, Insurance Code, is amended by
12 adding Subsections (2-a), (2-b), (2-c), (2-d), and (2-e) to read as
13 follows:

14 (2-a) "Premium finance loan" means a loan, made
15 primarily for the purpose of making premium payments on a life
16 insurance policy, that is secured by an interest in the life
17 insurance policy.

18 (2-b) "Provider" means a person, other than an owner,
19 who enters into or effectuates a life settlement contract with an
20 owner. The term does not include:

21 (A) a bank, savings bank, savings and loan
22 association, or credit union;

23 (B) a licensed lending institution, creditor, or
24 secured party under a premium finance loan agreement that takes an
25 assignment of a policy or certificate as collateral for a loan;

26 (C) the insurer of a policy or rider to the extent
27 of providing accelerated death benefits, riders, or cash surrender

1 value;

2 (D) any individual who enters into or effectuates
3 not more than one agreement in a calendar year for the transfer of
4 an insurance policy or certificate for compensation or anything of
5 value less than the expected death benefit payable under the
6 policy;

7 (E) a purchaser;

8 (F) an authorized or eligible insurer that
9 provides stop loss coverage to a provider, purchaser, financing
10 entity, special purpose entity, or related provider trust;

11 (G) a financing entity;

12 (H) a special purpose entity;

13 (I) a related provider trust;

14 (J) a broker; or

15 (K) an accredited investor or qualified
16 institutional buyer, as defined respectively by Securities and
17 Exchange Commission Regulation D (17 C.F.R. Section 230.501 et
18 seq.) and Securities and Exchange Commission Rule 144A (17 C.F.R.
19 Section 230.144A), who purchases a life settlement contract from a
20 provider.

21 (2-c) "Purchaser" means a person who pays compensation
22 or anything of value as consideration for a beneficial interest in a
23 trust that is vested with, or for the assignment, transfer, or sale
24 of, an ownership or other interest in an insurance policy or a
25 certificate that has been the subject of a life settlement
26 contract.

27 (2-d) "Related provider trust" means a titling trust

1 or other trust established by a registered provider or a financing
2 entity for the sole purpose of holding the ownership or beneficial
3 interest in purchased policies in connection with a financing
4 transaction, that includes a written agreement with the registered
5 provider under which:

6 (A) the registered provider is responsible for
7 ensuring compliance with all statutory and regulatory
8 requirements; and

9 (B) the trust agrees to make all records and
10 files relating to life settlement transactions available to the
11 department as if those records and files were maintained directly
12 by the provider.

13 (2-e) "Special purpose entity" means a corporation,
14 partnership, trust, limited liability company, or other legal
15 entity formed solely to provide, either directly or indirectly,
16 access to institutional capital markets for a financing entity or
17 provider in connection with a transaction in which the securities
18 in the special purpose entity:

19 (A) are acquired by the owner or by a "qualified
20 institutional buyer," as defined by Securities and Exchange
21 Commission Rule 144A (17 C.F.R. Section 230.144A); or

22 (B) pay a fixed rate of return commensurate with
23 established asset-backed institutional capital markets.

24 SECTION 5. Subchapter A, Chapter 1111, Insurance Code, is
25 amended by adding Sections 1111.0011, 1111.0012, and 1111.0013 to
26 read as follows:

27 Sec. 1111.0011. LIFE SETTLEMENT CONTRACT. (a) For

1 purposes of this subchapter, a "life settlement contract" means a
2 written agreement, entered into between a provider and an owner,
3 that establishes the terms under which:

4 (1) compensation or any thing of value that is less
5 than the expected death benefit of an insurance policy or
6 certificate of insurance will be paid in return for the owner's
7 assignment, transfer, sale, devise, or bequest, for compensation,
8 of the death benefit or any portion of the insurance policy or
9 certificate of insurance for compensation; and

10 (2) the minimum contract value is greater than any
11 cash surrender value or accelerated death benefit available on the
12 date of the application for the contract.

13 (b) The term includes:

14 (1) the transfer for compensation or value of
15 ownership or a beneficial interest in a trust or other entity that
16 owns the policy if the trust or other entity was formed or availed
17 of for the principal purpose of acquiring one or more life insurance
18 contracts owned by a person residing in this state; and

19 (2) a premium finance loan made for a policy on or
20 before the date of issuance of the policy if:

21 (A) the loan proceeds are not used solely to pay:

22 (i) policy premiums; and

23 (ii) any costs or expenses incurred by the
24 lender or the borrower in connection with the financing;

25 (B) the owner receives on the date of the premium
26 finance loan a guarantee of the future life settlement value of the
27 policy; or

1 (C) the owner agrees on the date of the premium
2 finance loan to sell the policy or any portion of the death benefit
3 of the policy on any date following the issuance of the policy.

4 (c) The term does not include:

5 (1) a policy loan made by a life insurer under the
6 terms of a life insurance policy or accelerated death provisions
7 contained in the life insurance policy, whether issued with the
8 original policy or as a rider;

9 (2) a premium finance loan, or any loan made by a bank
10 or other licensed financial institution, if default on the loan or
11 the transfer of the policy in connection with such a default is not
12 in accordance with an agreement or understanding with any other
13 person entered into for the purpose of evading regulation under
14 this subchapter;

15 (3) a collateral assignment of a life insurance policy
16 made by an owner;

17 (4) a loan made by a lender that does not violate
18 Chapter 651, if the loan does not qualify as a life settlement
19 contract under Subsection (a) or (b);

20 (5) an agreement:

21 (A) in which each of the parties:

22 (i) is closely related to the insured by
23 consanguinity or affinity; or

24 (ii) otherwise has a lawful substantial
25 economic interest in the continued life, health, and bodily safety
26 of the insured; or

27 (B) that is a trust established primarily for the

1 benefit of a party described by Paragraph (A);

2 (6) any designation, consent, or agreement by an
3 insured who is an employee of an employer in connection with the
4 purchase by the employer, or a trust established by the employer, of
5 life insurance on the life of the employee;

6 (7) a bona fide business succession planning
7 arrangement:

8 (A) between one or more shareholders in a
9 corporation or between a corporation and one or more of its
10 shareholders or one or more trusts established by its shareholders;

11 (B) between one or more partners in a partnership
12 or between a partnership and one or more of its partners or one or
13 more trusts established by its partners; or

14 (C) between one or more members in a limited
15 liability company or between a limited liability company and one or
16 more of its members or one or more trusts established by its
17 members;

18 (8) an agreement entered into by a service recipient,
19 or a trust established by the service recipient, and a service
20 provider, or a trust established by the service provider, who
21 performs significant services for the service recipient's trade or
22 business; or

23 (9) any other contract, transaction, or arrangement
24 that the commissioner determines is not of the type intended to be
25 regulated by this subchapter.

26 Sec. 1111.0012. OWNER. (a) In this subchapter, "owner"
27 means the owner of a life insurance policy or a certificate holder

1 under a group policy who is a resident of this state who enters or
2 seeks to enter into a life settlement contract. The term includes a
3 viator. Except as otherwise provided by this subchapter, the term
4 is not limited to an owner of a life insurance policy or a
5 certificate holder under a group policy that insures the life of an
6 individual with a terminal or chronic illness or condition.

7 (b) The term does not include:

8 (1) a registered provider or any other person licensed
9 under this code while operating under this subchapter;

10 (2) a qualified institutional buyer, as defined by
11 Securities and Exchange Commission Rule 144A (17 C.F.R. Section
12 230.144A) under the Securities Act of 1933 (15 U.S.C. Section 77a et
13 seq.);

14 (3) a financing entity;

15 (4) a special purpose entity; or

16 (5) a related provider trust.

17 Sec. 1111.0013. STRANGER-ORIGINATED LIFE INSURANCE. (a) A
18 person may not procure a new insurance policy covering the life of
19 an insured if the person:

20 (1) lacks an insurable interest in the insured; and

21 (2) at the inception of the policy, owns or controls
22 the policy or the majority of the policy's death benefits.

23 (b) This section does not apply to the lawful assignment of
24 a life insurance policy, including a life settlement contract or a
25 viatical settlement, or a practice described by Section
26 1111.0011(c).

27 (c) For purposes of Chapter 701, an act that violates this

1 section constitutes a fraudulent insurance act.

2 SECTION 6. Section 1111.002, Insurance Code, is amended to
3 read as follows:

4 Sec. 1111.002. PURPOSE. The purpose of this subchapter is
5 to:

6 (1) provide for registration of persons engaged in the
7 business of life settlement contracts or viatical settlements; and

8 (2) provide consumer protection for a person who may
9 sell or otherwise transfer the person's life insurance policy.

10 SECTION 7. Section 1111.003, Insurance Code, is amended to
11 read as follows:

12 Sec. 1111.003. RULES; REGISTRATION AND REGULATION. (a) To
13 implement this subchapter, the commissioner shall adopt reasonable
14 rules relating to life settlement contracts [~~settlements~~] and
15 relating to viatical settlements.

16 (b) The rules adopted by the commissioner under this section
17 must include rules governing:

18 (1) registration of providers [~~a person engaged in the~~
19 ~~business of life settlements~~];

20 (2) registration of persons [~~a person~~] engaged in the
21 business of viatical settlements;

22 (3) approval of contract forms;

23 (4) disclosure requirements;

24 (5) prohibited practices relating to:

25 (A) unfair discrimination regarding [~~in the~~
26 ~~provision of~~] life settlement contracts or in the provision of

27 viatical settlements; and

1 (B) referral fees paid by providers and persons
2 engaged in the business of [~~life or~~] viatical settlements;

3 (6) assignment or resale of life insurance policies;

4 (7) maintenance of appropriate confidentiality of
5 personal and medical information; and

6 (8) the responsibility of a registrant to ensure
7 compliance with this subchapter and rules relating to life
8 settlement contracts or viatical settlements after the
9 registration is revoked, suspended, or otherwise lapses.

10 (c) The commissioner may not adopt a rule establishing a
11 price or fee for the sale or purchase of a life settlement under a
12 life settlement contract. This subsection does not prohibit the
13 commissioner from adopting a rule relating to an unjust price or fee
14 for the sale or purchase of a life settlement.

15 (d) The commissioner may not adopt a rule that regulates the
16 actions of an investor providing money to a provider [~~life~~] or a
17 viatical settlement company.

18 SECTION 8. Section 1111.005(a), Insurance Code, is amended
19 to read as follows:

20 (a) The commissioner may suspend or revoke a registration or
21 deny an application for registration if the commissioner determines
22 that the registrant or applicant, individually or through any
23 officer, director, or shareholder of the registrant or applicant:

24 (1) wilfully violated:

25 (A) this subchapter;

26 (B) an applicable provision of this code or
27 another insurance law of this state; or

1 (C) a rule adopted under a law described by
2 Paragraph (A) or (B);

3 (2) intentionally made a material misstatement in the
4 application for registration;

5 (3) obtained or attempted to obtain registration by
6 fraud or misrepresentation;

7 (4) misappropriated, converted to the registrant's or
8 applicant's own use, or illegally withheld money belonging to a
9 party to a life settlement contract or viatical settlement;

10 (5) was guilty of fraudulent or dishonest practices;

11 (6) materially misrepresented the terms of business
12 conducted under this subchapter or any other provision of this code
13 or another insurance law of this state;

14 (7) made or issued, or caused to be made or issued, a
15 statement materially misrepresenting or making incomplete
16 comparisons regarding the material terms of any business conducted
17 under this subchapter; or

18 (8) was convicted of a felony or was convicted of a
19 misdemeanor involving moral turpitude or fraud.

20 SECTION 9. Section 1111.006, Insurance Code, is amended to
21 read as follows:

22 Sec. 1111.006. APPLICABILITY OF OTHER INSURANCE LAWS. The
23 following laws apply to a provider or a person engaged in the
24 business of [~~life or~~] viatical settlements:

25 (1) Chapters 82, 83, 84, 481, 541, and 701;

26 (2) Sections 31.002, 32.021, 32.023, 32.041, 38.001,
27 81.004, 86.001, 86.051, 86.052, 201.004, 401.051, 401.054,

1 401.151(a), 521.003, 521.004, 543.001(c), 801.056, and 862.052;

2 (3) Subchapter A, Chapter 32;

3 (4) Subchapter C, Chapter 36;

4 (5) Subchapter B, Chapter 404; and

5 (6) Subchapter B, Chapter 491.

6 SECTION 10. Subchapter A, Chapter 1111, Insurance Code, is
7 amended by adding Sections 1111.007, 1111.008, and 1111.009 to read
8 as follows:

9 Sec. 1111.007. DISCLOSURE TO INSURER. (a) In addition to
10 other questions an insurer may lawfully pose to an applicant for
11 life insurance, an insurer may inquire in the application for
12 insurance whether the proposed owner intends to pay premiums with
13 the assistance of financing from a lender who will use the policy as
14 collateral for a premium finance loan used to support the
15 financing.

16 (b) If the premium finance loan provides funds that can be
17 used for a purpose other than paying for the premiums, costs, and
18 expenses associated with obtaining and maintaining the life
19 insurance policy and loan, the application may be rejected as a
20 prohibited practice.

21 (c) If the financing does not violate Subsection (b) or the
22 insurer's lawful underwriting guidelines, the insurer may not
23 reject the application solely because the premiums will be
24 financed. The insurer may make disclosures to the applicant, on
25 either the application or an amendment to the application, to be
26 completed not later than the date the policy is delivered, that
27 include the following:

1 "If you have entered into a loan arrangement under which the
2 policy is used as collateral, and the policy changes ownership at
3 some point in the future in satisfaction of the loan, the following
4 may be true:

5 (A) a change of ownership could lead to a stranger
6 owning an interest in the insured's life; and

7 (B) a change of ownership could in the future limit
8 your ability to purchase insurance on the insured's life because
9 there is a limit to how much coverage insurers will issue on one
10 life.

11 You should consult a professional adviser, since a change in
12 ownership in satisfaction of the loan may result in tax
13 consequences to the owner, depending on the structure of the loan."

14 (d) The insurer may also require certifications from the
15 applicant for insurance coverage or the insured, such as the
16 following:

17 "(A) I have not entered into any agreement or
18 arrangement under which I have agreed to make a future sale of this
19 life insurance policy.";

20 "(B) My loan arrangement for this policy provides
21 funds sufficient to pay for some or all of the premiums, costs, and
22 expenses associated with obtaining and maintaining my life
23 insurance policy, but I have not entered into any agreement under
24 which I am to receive consideration in exchange for procuring this
25 policy."; and

26 "(C) The borrower has an insurable interest in the
27 insured."

1 Sec. 1111.008. GENERAL REQUIREMENTS REGARDING LIFE
2 SETTLEMENT CONTRACTS. (a) Effective September 1, 2011, a person
3 may not enter into a life settlement contract during any period
4 before or on the date of the application for or the issuance of an
5 insurance policy, or during a period before the second anniversary
6 of issuance of the policy, regardless of the date:

7 (1) the compensation is to be provided; or

8 (2) the assignment, transfer, sale, devise, bequest,
9 or surrender of the policy is to occur.

10 (b) The prohibition under Subsection (a) does not apply if
11 the owner certifies to the provider that:

12 (1) the policy was issued on the owner's exercise of
13 conversion rights arising out of a group or individual policy, if
14 the total time covered under the conversion policy plus the time
15 covered under the prior policy is at least 24 months, and the time
16 covered under a group policy is computed without regard to a change
17 in insurers if the coverage has been continuous and under the same
18 group sponsorship; or

19 (2) the owner submits independent evidence to the
20 provider that one or more of the following conditions have been met
21 within the 24-month period:

22 (A) the owner or insured is terminally or
23 chronically ill;

24 (B) the owner or insured disposes of the
25 ownership interests in a closely held corporation under the terms
26 of a buyout or other similar agreement in effect at the time the
27 insurance policy was initially issued;

1 (C) the owner's spouse dies;

2 (D) the owner divorces his or her spouse;

3 (E) the owner retires from full-time employment;

4 (F) the owner becomes physically or mentally
5 disabled and a physician determines that the disability prevents
6 the owner from maintaining full-time employment; or

7 (G) on the application of a creditor of the
8 owner, a final order, judgment, or decree is entered by a court of
9 competent jurisdiction:

10 (i) adjudicating the owner bankrupt or
11 insolvent;

12 (ii) approving a petition seeking
13 reorganization of the owner; or

14 (iii) appointing a receiver, trustee, or
15 liquidator to all or a substantial part of the owner's assets.

16 (c) Copies of the independent evidence required by
17 Subsection (b)(2) must be submitted to the insurer when the
18 provider submits a request to the insurer for verification of
19 coverage. The copies must be accompanied by a letter from the
20 provider attesting that the copies are true and correct copies of
21 the documents received by the provider. Nothing in this subsection
22 affects the right of an insurer to contest the validity of any
23 insurance policy.

24 (d) If the provider submits to the insurer a copy of
25 independent evidence under Subsection (b)(2) on submission of a
26 request to the insurer to effect the transfer of the policy to the
27 provider, the copy is deemed to establish that the life settlement

1 contract satisfies the requirements of this section.

2 Sec. 1111.009. REPORTING REQUIREMENTS AND PRIVACY. (a)

3 Each registered provider shall file with the commissioner on or
4 before March 1 of each year an annual statement containing the
5 information the commissioner prescribes by rule.

6 (b) In addition to any other information required by
7 commissioner rule, the annual statement required under Subsection
8 (a) must specify:

9 (1) the total number, aggregate face amount, and life
10 settlement proceeds of insurance policies settled during the
11 immediately preceding calendar year; and

12 (2) a breakdown of the information described by
13 Subdivision (1) by policy issue year.

14 (c) The information required under Subsection (b) is
15 limited to transactions in which the owner is a resident of this
16 state and does not include:

17 (1) individual transaction information regarding the
18 business of life settlements; or

19 (2) information that reasonably could be used to
20 identify the owner or the insured.

21 (d) Each provider who wilfully fails to file the annual
22 statement required by this section, or who wilfully fails to reply
23 not later than the 30th day after the date of a written inquiry by
24 the department in connection with the annual statement, is subject,
25 after notice and an opportunity for a hearing, to an administrative
26 penalty of up to \$250 per day of delay, not to exceed \$25,000 in the
27 aggregate, for each failure. A penalty imposed under this

1 subsection is in addition to other penalties provided by this
2 chapter.

3 (e) Except as otherwise allowed or required by law, a
4 provider, broker, insurer, agent, information bureau, or rating
5 agency or company, or any other person with actual knowledge of an
6 insured's identity, may not disclose the identity of an insured, or
7 information that reasonably could be used to identify the insured
8 or the insured's financial or medical information, to any other
9 person unless the disclosure:

10 (1) is necessary to effect a life settlement contract
11 between the owner and a provider and the owner and insured have
12 provided prior written consent to the disclosure;

13 (2) is necessary to effect the sale of life settlement
14 contracts, or interests in those contracts, as investments, if:

15 (A) the sale is conducted in accordance with
16 applicable state and federal securities laws; and

17 (B) the owner and the insured have both provided
18 prior written consent to the disclosure;

19 (3) is provided:

20 (A) in response to an investigation or
21 examination by the commissioner or any other governmental officer
22 or agency; or

23 (B) under the investigation of fraud
24 requirements of Subtitle F, Title 5;

25 (4) is a term or condition to the transfer of a policy
26 by one provider to another provider, in which case the receiving
27 provider is required to comply with the confidentiality

1 requirements of this section;

2 (5) is necessary to allow the provider or broker or
3 their authorized representatives to make contacts for the purpose
4 of determining health status; or

5 (6) is required to purchase stop loss coverage.

6 (f) For the purposes of Subsection (e)(5), the term
7 "authorized representative" does not include a person who has or
8 may have any financial interest in the life settlement contract
9 other than a provider, licensed broker, financing entity, related
10 provider trust, or special purpose entity. A provider or broker
11 must require its authorized representative to agree in writing to
12 adhere to the privacy provisions of this subchapter.

13 (g) Nonpublic personal information solicited or obtained in
14 connection with a proposed or actual life settlement contract is
15 subject to the provisions applicable to financial institutions
16 under 15 U.S.C. Section 6801 et seq. and all other state and federal
17 laws relating to confidentiality of nonpublic personal
18 information.

19 SECTION 11. Section 1111.001(1), Insurance Code, is
20 repealed.

21 SECTION 12. The commissioner of insurance shall adopt all
22 rules necessary to implement Chapter 1111, Insurance Code, as
23 amended by this Act, not later than March 1, 2012.

24 SECTION 13. An insurer is not required to provide a notice
25 under Chapter 525, Insurance Code, as added by this Act, before
26 September 1, 2011.

27 SECTION 14. This Act applies only to a life settlement

1 contract entered into or renewed on or after January 1, 2012. A
2 life settlement contract entered into or renewed before January 1,
3 2012, is governed by the law as it existed immediately before the
4 effective date of this Act, and that law is continued in effect for
5 that purpose.

6 SECTION 15. This Act takes effect September 1, 2011.