

DEPARTMENT OF INSURANCE

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**NOTICE**

TO: Education Providers and Interested Parties

DATE: April 1, 2010

SUBJECT: New SB 98 (Life Settlements) Requirements for Education Providers

Background

On October 11, 2009 Governor Schwarzenegger signed into law Senate Bill (SB) 98 (Calderon, Chapter 393, Statutes of 2009) Life insurance: contract and viatical settlements. This bill repealed existing viatical settlement statutes and in its place created life settlement statutes now contained in Sections 10113.1 and 10113.2 in the California Insurance Code (CIC).

Life Settlement Notifications

Among the changes included in SB 98 were new requirements for individuals who transact life settlements. Most individuals transacting life settlements have been licensed as life agents for more than one year. Beginning on July 1, 2010, these individuals are required to notify CDI within ten days of transacting life settlements. CDI is currently developing a life settlement notification form so that the notifications will be submitted through CDI's Website. The cost for the notification is \$136 and is required to be renewed every two years at the same time that the individual's Life license is to be renewed.

Life Settlement Broker license

However, also beginning on July 1, 2010, individuals who have not been licensed life agents for at least one year who intend to transact life settlements must first obtain a Life Settlement Broker license. This license is a one-year license at a cost of \$136. Included in the requirements to be met to obtain this license is that the applicant must complete a 15-hour training course on life settlements. The renewal fee for this license is also \$136.

New Life Settlement Course Outline

To allow education providers time to develop life settlement courses prior to the July 1, 2010 effective date, the Commissioner-appointed Curriculum Board developed an outline specifying the life settlement topics to be included in all 15-hour life settlement training courses. The Life Settlement Broker course outline is available on CDI's website at the following link: <http://www.insurance.ca.gov/0200-industry/0050-renew-license/0400-resident-materials/Archived-Prelicensing-Educational-Object.cfm> To expedite the review of these courses, education providers submitting their life settlement courses for approval must provide specific references to each topic contained in the Life Settlement Broker course outline.

Revised Prelicensing Educational Objectives – Life Licensee

In addition, SB 98 required that the Commissioner review the examination for the licensing of life insurance agents and as a result of such a review may recommend changes to the examination to carry out the provisions of SB98. This review was conducted by the Commissioner-appointed Curriculum Board. The review resulted in the addition of several life settlement questions to be added to the life licensee examination (i.e. both the life/health examination and the life-only examination). The addition of these questions necessitated that the Prelicensing Educational Objectives for the Life licensee examination be revised to include life settlement topics. The revised educational objectives will take effect on July 1, 2010. These objectives may be accessed at the following link: <http://www.insurance.ca.gov/0200-industry/0030-see-pre-lic/0100-requirements/prelicensing-educational-objectives.cfm>

Prelicensing education providers that offer approved prelicensing courses for life/health and life-only licenses will need to update their courses to include the additional life settlement topics. The revised prelicensing courses will be due to the Producer Licensing Bureau's Education Section at the time the course is renewed. However, instruction on the life settlement topics will need to begin on or before June 1, 2010. This will allow students time to prepare for the life settlement questions that will be added to the life-only license examination on July 1, 2010.

Please contact the Education Section at (916) 492-3064 should you have any questions or concerns regarding this notice.