

KENTUCKY CHECKLIST

Please use this checklist to insure you have enclosed all the documents necessary to process your application efficiently.

- _____ Completed *Personal and Insurance Information Form*
- _____ Completed, signed and witnessed *Authorization to Release Policy Information*
- _____ Signed *Authorization For Disclosure Of Protected Health Information*
- _____ Photocopy of the *Life Insurance Policy*
- _____ Photocopy of the *Insured's Driver's License*
- _____ Review *Physician's Letter of Competency*
- _____ Read and Sign the *Kentucky Viatical Settlement Disclosure Form VS-007*
- _____ Review *Kentucky Guide to Understanding Viaticals*
- _____ Photocopy of *Medical Records* for past five years.*
- _____ Photocopy of *Divorce Decree* (if applicable)*
- _____ Photocopy of *Discharge from Bankruptcy* (if applicable).*
- _____ *Statement* from Insurance Company reflecting the policy's cash value, loan value and premium payment structure.*

FAX OR MAIL ALL COPIES AND DOCUMENTS TO:

Stephen M. Watson, President
Viatical Settlement Professionals, Inc.
1910 Byrd Avenue, Suite 203
Richmond, Virginia 23230

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Tel: 804-673-2991
Toll Free: 888-321-9057
Fax: 804-673-1111

*These items are optional at this time, but if included the response time will improve.

CONFIDENTIAL PERSONAL AND INSURANCE INFORMATION

After receiving the following pages of information, we will be able to evaluate the opportunity to present you with an offer to purchase your life insurance policy. Please complete the following forms and sign as indicated.

1. Personal Data: **Date:** _____

Name of Insured: _____

Social Security #: _____

Current Address: _____

City/State/Zip: _____

County: _____

Telephone Number(s): Daytime () _____ Evening () _____

Date of Birth: _____ Marital Status: _____ Sex: Male () Female ()

Dependent Children: Yes () No ()

If policy owner is different than above:

Name of policy owner: _____

Tax Identification No./Social Security #: _____

Current Address: _____

City/State/Zip: _____

Telephone Number(s): Daytime () _____ Evening () _____

Life Insurance Policy Information:

Please enclose a copy of the policy or please complete the following:

Name of Insurance Company: _____

Policy Number: _____

Date Policy was Issued: _____ Coverage/Face Amount: \$ _____

Amount of Premium: \$ _____ How frequently is premium paid? _____

Loans? \$ _____ Current Surrender Value: \$ _____

Type of Policy: Term ___ Whole Life ___ Universal Life ___ Other _____

Is this a group or individual policy? Individual ___ Group ___ Converted Group ___

If group policy, please provide the following information:

Name of Organization Providing Coverage: _____

Name of Benefits Manager or Third Party Administrator: _____

Phone Number: () _____ May we contact the person named above? Yes __ No __

3. Medical History

Please give a brief description of your medical condition: _____

Name of Physician seen for this medical condition:

Name of Physician: _____

Address: _____ Telephone: () _____

City: _____ State: _____ Zip: _____

Who is your primary or family physician? (if different than above)

Name of Physician: _____

Address: _____ Telephone: () _____

City: _____ State: _____ Zip: _____

If there are any other physicians that have treated you in the last three years, you may attach an additional page including their full name, address, and telephone.

Signature of Insured

Signature of Policy Owner

AUTHORIZATION FOR RELEASE OF MEDICAL AND/OR INSURANCE INFORMATION

I hereby authorize any physician, medical practitioner, hospice, hospital, clinic or other medical or medically related facility, insurance support organization, pharmacy, governmental agency, insurance company, group policyholder, employer, benefit plan administrator, or any other institution or person to provide Viatical Settlement Professionals, Inc. (VSPI) and/or its authorized representatives or designees, any and all information as to diagnosis, treatment and prognosis with respect to any physical or mental condition including psychiatric conditions, or drug or alcohol abuse, of or relating to the insured.

This authorization allows for the disclosure, inspection and copying of any and all records, reports, and/or documents, including any underlying data, regarding the care and treatment of the insured, and any other information in your possession concerning any treatment or hospitalization, including, but not limited to, all testing materials completed by or administered to the insured, along with any and all medical charts, clinical or doctors' notes, memoranda, medical reports, X-ray reports, index cards, history notes, pictures, records and medical bills in your possession and control.

I understand that the information authorized for release may also include insurance policy information, including but not limited to, forms, riders and amendments concerning the policy. I understand that funding sources will use information released or obtained pursuant to this Authorization for the purposes of pursuing and/or completing the sale of life insurance policy(ies) on which I am the owner or insured. I agree that a photographic copy or facsimile of this Authorization shall be valid as the original. I agree that this Authorization shall remain valid for the life time of the undersigned (or the last to survive of the undersigned if more than one signatory), absent any provision of any applicable state statute or regulation to the contrary, in which event it shall remain valid for the maximum period permitted thereunder.

Signature of Insured Date Signature of Policy Owner Date

Printed Name Date Printed Name Date

Signature of Witness Date Signature of Witness Date

Printed Name Date Printed Name Date

AUTHORIZATION TO RELEASE POLICY INFORMATION

I, _____ hereby authorize _____
(Name of Policy Owner) (Name of Insurance Company)

the issuer of insurance policy number _____ insuring the life/lives of:
(Policy Number)

_____ to release any and all
(Name of Insured(s))

information directly to Viatical Settlement Professionals, Inc. (VSPI), and/or its successors, assigns, and authorized representatives. The information may include, but is not limited to, the following information and documents:

- Copy of the policy, including the application therefor.
- Any and all forms promulgated with respect to the Policy and rights of the insured and/or owner, including forms relating to the beneficiary, absolute or collateral assignment, change of ownership, premium payments, loans, withdrawals, payment provisions and/or conversion.
- In-force illustrations of the policy including projections of values into the future.
- All other requested information related to my life insurance Policy.

A photographic copy or facsimile of this Authorization shall be valid as the original. This Authorization shall remain valid for the life time of the undersigned (or the last to survive of the undersigned if more than one signatory), absent any provision of any applicable state statute or regulation to the contrary, in which event it shall remain valid for the maximum period permitted thereunder.

Signature of Policy Owner

Date

Signature of Witness

Date

Printed Name

Printed Name

AUTHORIZATION FOR DISCLOSURE OF PROTECTED HEALTH INFORMATION

I, the undersigned individual, authorize the disclosure of my Protected Health Information (“PHI”) as defined under the privacy regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) as follows:

1. Classes of Persons Authorized to Disclose My Protected Health Information: I authorize each doctor, hospital, nurse, pharmacy, physician, physician practice group, and any other type of Health Care Provider listed below (each, an “HCP”) having any PHI about me to disclose any and all of my PHI as provided under this authorization. I authorize each Authorized HCP to rely upon a photostatic or facsimile copy or other reproduction of this authorization.

2. Classes of Persons Authorized to Receive My Protected Health Information: I authorize each Authorized HCP to disclose my PHI under this authorization to VIATICAL SETTLEMENT PROFESSIONALS, INC. (“VSPI”), its affiliates and any of their directors, officers, employees, agents, independent contractors, service providers or other representatives (each, an “Authorized Recipient”).

3. Description of Protected Health Information Authorized for Disclosure and Purpose of Disclosure: This authorization shall apply to any and all of my health and medical data, information and records, whether or not personally or individually identifiable or protected under any federal or state confidentiality or privacy laws or regulations. This authorization and all disclosures of my PHI made under this authorization are for purposes of allowing the Authorized Recipient (1) to analyze, assess, evaluate or underwrite my health or medical condition, or life expectancy, in connection with the possible sale of any life insurance policy, or certificate of life insurance, under which my life is insured to the Authorized Recipient and (2) to monitor, track or verify my health or medical status and condition in connection with any life insurance policy under which my life is insured that is purchased.

4. Expiration of Authorization: This authorization shall remain valid until, and shall expire on, the date of my death.

5. Right to Revoke Authorization: I acknowledge and understand that I may revoke this authorization any time with respect to any Authorized HCP by notifying such Authorized HCP in writing of my revocation of this authorization and delivering my revocation by mail or personal delivery at such address designated to me by such Authorized HCP; provided, that, any revocation of this authorization shall not apply to the extent that the Authorized HCP has taken action in reliance upon this authorization prior to receiving written notice of my revocation.

6. Inability to Condition Treatment, Payment, Enrollment or Eligibility for Benefits on Provision of Authorization. No HCP or other covered entity may condition your treatment, payment, enrollment or eligibility for benefits on whether you sign this authorization.

I understand that this authorization is not a consent or an authorization requested by a health care provider, health care clearinghouse or health plan covered by the privacy regulations promulgated pursuant to HIPAA. I further understand that, as a result of this authorization, there is the potential for my PHI that is disclosed by any Authorized HCP to an Authorized Recipient to be subject to redisclosure by the Authorized Recipient and my PHI that is disclosed to such Authorized Recipient may no longer be protected by HIPAA privacy regulations.

I certify that I am executing and delivering this authorization freely and unilaterally as of the date written below and that all information contained in this authorization is true and correct. I further certify that this authorization is written in plain language and that I have received and retained a copy of this signed authorization for future reference.

Signature of Individual

Signature of Personal Representative of Individual
(if necessary)

Print or Type Name of Individual

Description of Personal Representative's Authority
(Power of Attorney, Guardian *ad litem* or similar status)

Date: _____

Date: _____

PHYSICIAN'S LETTER OF COMPETENCY

Date: _____

PHYSICIAN'S NAME: _____

ADDRESS: _____

I am licensed physician for: _____
(Name of Patient)

I have determined that:

- (1) The patient is under no constraint or undue influence; and
- (2) The patient is of sound mind.

This information is provided in order to comply with applicable state insurance and privacy codes.

Physician's Signature

Printed Name

**THE KENTUCKY VIATICAL SETTLEMENT DISCLOSURE FORM
NOTICE REGARDING VIATICAL SETTLEMENT CONTRACTS**

NOTE: SELLING YOUR LIFE INSURANCE POLICY could be a good decision or a bad one. To make sure you understand the facts you should:

- 1) Know that there are possible alternatives to viatical settlement contracts for persons with catastrophic or life-threatening illnesses, including, but not limited to, accelerated benefits offered by the issuer of the life insurance policy.
- 2) The viatical settlement could be subject to the claims of creditors.
- 3) All medical, financial or personal information solicited or obtained by a viatical settlement provider or viatical settlement broker about an insured, including the insured's identity or the identity of family members, a spouse or a significant other may be disclosed as necessary to effect the viatical settlement between you and the viatical settlement provider. If asked to provide this information, you will be asked to consent to the disclosure. The information may be provided to someone who buys the policy or provides funds for the purchase. You may be asked to renew this permission to share information every two years.
- 4) Know that a viatical settlement provider shall not discriminate in making viatical settlements on the basis of race, age, sex, national origin, creed, religion, occupation, marital or family status.
- 5) Know that a viatical settlement provider shall not discriminate between a viator with a dependent and a viator with no dependent.
- 6) Some or all of the proceeds of the viatical settlement may be taxable, and that assistance should be sought from a personal tax advisor.
- 7) Receipt of a viatical settlement may adversely affect your eligibility for Medicaid or other government benefits or entitlements, and that advice should be obtained from the appropriate agency.
- 8) Viaticating a joint policy or policy with family riders or coverage of any life other than yours may cause a loss of coverage on the other lives and that you should consult with an insurance advisor.
- 9) Entering into a viatical settlement contract may cause other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the policy or certificate, to be forfeited by you. Assistance should be sought from a financial adviser.

10) Know that the dollar amount of the current death benefit payable to the viatical settlement provider under the policy or certificate shall be disclosed to you. Also, the availability of any additional guaranteed insurance benefits, the dollar amount of any accidental death and dismemberment benefits under the policy or certificate and the viatical settlement provider's interest in those benefits shall also be disclosed to you. Be sure that you are aware of these additional riders and that they may provide more value to your policy.

11) You are entitled to know the name, address, and telephone number of the independent third-party trustee. You may inspect and receive copies of the relevant trust, or escrow agreements, or other documents.

Yes, I am requesting this information.

No, I do not want this information at the present time, however, I may request at a later date.

12) You have the right to receive the amount and method of calculation of any fee, commission, or compensation to be paid the viatical settlement broker.

Yes, I am requesting this information.

No, I do not want this information at the present time, however, I may request at a later date.

13) You have the right to know the affiliation, if any between the viatical settlement provider and the issuer of the insurance policy to be viaticated.

Yes, I am requesting this information.

No, I do not want this information at the present time, however, I may request at a later date.

14) You should know that you have the right to rescind a viatical settlement contract within thirty (30) days of the date it is executed by all parties or within fifteen (15) days of the receipt of the viatical settlement proceeds by the viator, whichever is less, that the contract is rescinded if the insured dies within the rescission period.

15) The viatical settlement provider shall deposit the proceeds due you and any commissions due the viatical settlement broker with an independent third-party trustee within three (3) days of receipt of the contract signed by yourself. The independent third-party trustee shall mail proof of deposit within three (3) days of deposit, and that the funds will be available to you within two (2) business days of notification from the insurer of the effect of the transfer of ownership.

16) The provider is required to notify you within twenty (20) days of the change of ownership or beneficiary.

17) Know that within three (3) days of execution of the viatical settlement agreement, the viatical settlement provider shall mail to you copies of the following:

- a) The executed viatical settlement contract
- b) The application for the Viatical settlement contract
- c) The statement from the licensed attending physician that the viator is of sound mind and not under undue influence or constraint
- d) If the viator and insured are the same person, any medical report on the insured obtained by the provider

I hereby declare that I have read and understand the 17 disclosure statements listed above.

Printed Name of Viator

Signature of Viator

Date Signed

Printed Name of Viator

Signature of Viator

Date Signed

Caution: Please be sure that you have completed questions 11, 12 and 13.

Printed Name of Viatical Settlement Provider

Signature of Viatical Settlement Provider

Date Signed

Printed Name of Viatical Settlement Broker (if any)

Signature of Viatical Settlement Broker (if any)

Date Signed

KENTUCKY CONSUMER GUIDE TO UNDERSTANDING VIATICALS

Explore all your options: a checklist

Before you enter into any viatical settlement transaction, you should:

- Contact your life insurer to learn about all of your possible options under your policy, such as accelerated benefits. It could pay you a substantial portion of your policy's death benefit without selling your policy to a third party. Also ask if there is any cash value in your policy. You may be able to use some of the cash value to meet your immediate needs and keep your policy in force for your beneficiaries. You may also be able to use the cash value as security for a loan from a financial institution.
- Contact a licensed viatical settlement broker or licensed viatical settlement provider for information about viatical settlements.
- Consult with your own financial adviser who knows your personal financial needs. Be sure to ask about tax and other financial consequences if you sell your policy. Contact a professional tax adviser to find out the tax implications. Proceeds are only tax-free under certain circumstances.
- Contact the Kentucky Department of Insurance at 800-595-6053 for information about current laws that may protect you.

Other things to consider

- Know that your creditors could claim the proceeds.
- Find out if you will lose any Medicaid benefits.
- Find out if you will lose any public assistance benefits.
- Know that you must provide certain medical and personal information to third parties who will receive the proceeds from your policy upon your death. These third parties may sell your policy and pass along your medical and personal information to other individuals.

Consumer tips

- Understand how the process works and when the different phases will happen.
- Decide whether to sell your policy directly to a viatical settlement provider or go through a viatical settlement broker who will do the comparison shopping for you.
- If you don't use a viatical settlement broker, comparison shop on your own.
- You don't have to accept any viatical settlement offer.
- Check all application forms for accuracy, especially information about your medical history.

- Be truthful in your answers to the application questions.
- Make sure the viatical settlement provider agrees to put your settlement proceeds in escrow with an independent third party custodial bank to make sure your funds are safe during transfer.
- Find out if you have the right to change your mind about the viatical settlement offer after you get the money. In Kentucky, you have the right to stop the transaction within a certain period of time. If you decide not to continue with the deal, you will have to return the money you were paid and any premiums the buyer gave to the life insurance company.
- Understand whether buyers may learn your identity when they buy your policy and whether they will know certain medical and personal information about you, such as your address and life expectancy.

Additional Questions to Consider

- Do I still need life insurance protection?
- If I sell my policy, how will they decide how much cash I get?
- If I sell my policy, will there be any costs I have to pay?
- If I sell my policy, will the money be put in an escrow account? If so, who will the escrow agent be?
- Is the viatical settlement broker licensed in Kentucky?
- Is my policy an employer or other group coverage? If so, do I need their permission to sell it?
- If I sell my policy, who will be the legal owner?
- Is the viatical settlement provider licensed in Kentucky?
- After I sell my policy, can the buyer resell it?

Steps Required by Law In Kentucky

Kentucky law requires the following steps when you enter into a viatical settlement contract:

1. A written statement from a licensed attending physician that you are of sound mind and under no pressure to complete this transaction.
2. A witnessed document in which you:
 - a. consent to the viatical settlement contract;
 - b. acknowledge any catastrophic or life threatening illness;
 - c. state that you fully understand the viatical settlement contract;
 - d. fully understand the benefits of your life insurance policy;
 - e. release your medical records; and
 - f. acknowledge that you entered into the viatical settlement contract freely and voluntarily.
3. Make a choice as to whether or not you wish to be notified each time your policy is sold to a new owner.

Defining the Terms

A **viatical settlement** occurs when a person sells his or her life insurance policy to a third party. The owner of the policy sells the policy for a cash payment that is less than the full amount of the death benefit.

A **viatical settlement provider** is the person or company who buys the life insurance policy. The viatical settlement provider becomes the new owner and/or beneficiary of the policy, pays all future premiums and collects the death benefit when the insured dies.

A **viatical settlement purchase agreement** is the contract or agreement in which the viatical settlement buyer agrees to purchase all or a portion of the life insurance policy.

The **viatical settlement broker** arranges the deal between the seller of the life insurance policy and the viatical settlement buyer. The broker would typically use a viatical settlement purchase agreement. The person selling the life insurance policy is the **viator**. He or she will get a cash payment from the settlement. This person gives up ownership of the policy in return for a cash payment less than the full amount of the death benefit.

Understanding Viatical Settlements

A viatical settlement is the sale of a life insurance policy to a third party. The owner of the life insurance policy sells it for a cash payment that is less than the full amount of the death benefit. The buyer becomes the new owner and/or beneficiary, pays all future premiums and collects the full amount of the death benefit when the insured dies. People decide to sell their life insurance policies for many reasons. An individual with a terminal or chronic illness may sell a policy in order to pay medical bills. Other reasons for selling may include changed needs of dependents, wanting to reduce premiums or needing to raise cash for expenses. A viatical settlement may or may not be the right choice for you. The Kentucky Department of Insurance, along with the National Association of Insurance Commissioners, is concerned that many consumers may not fully understand viatical settlements. Please continue reading before making any decisions.

Consumer Alert

Be cautious if you are:

-asked to invest in or buy a viatical settlement contract.

-interested in selling your life insurance policy and want more information,
or

-contacted by someone who wants you to buy a life insurance policy and
then immediately sell that policy as a viatical settlement transaction.

To learn more call the Kentucky Department of Insurance at 800-595-6053
or the TTY line at 800-462-2081. Visit our website at
<http://www.doi.state.ky.us>

Kentucky Department of Insurance

PO Box 517, Frankfort, KY 40602

Consumer Hotline: 1-800-595-6053

Life Division: 502-564-6071

TTY: 1-800-462-2081

www.doi.state.ky.us

*This publication was prepared by the Kentucky Department of Insurance.
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upon request, reasonable accommodation, including auxiliary aids and
services necessary to afford an individual with a disability an equal
opportunity to participate in services, programs and activities.*

7/2000