

WISCONSIN 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 example of *Physician's Letter of Competency*
- _____ Read and sign the *Disclosure Statement*
- _____ 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.
2 West Runswick Dr.
Richmond, Virginia 23238

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Tel: 804-740-3900
Toll Free: 888-321-9057
Fax: 804-740-8880

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

WARNING: Any person who knowingly presents false information in an application for insurance or a viatical settlement contract may be guilty of a crime and may be subject to fines and confinement in prison.

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:

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 () _____

2. 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.

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

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

Date: _____

PLEASE PLACE THE OFFICE STAMP ON THIS LETTER.

VIATICAL SETTLEMENT PROFESSIONALS, INC.

STATE OF WISCONSIN

INFORMATIONAL AND DISCLOSURE STATEMENT VIATICAL SETTLEMENT

SELLING YOUR LIFE INSURANCE POLICY

Today it is possible for you to sell your life insurance policy to someone else (a viatical settlement provider) for an immediate cash payment. This financial arrangement, known as a viatical settlement, is best suited for people who are living with an immediate life-threatening illness and facing tough financial choices.

It may not always be in your best interest to sell your life insurance policy. Before you take action, you want to be sure you understand:

- a. What future benefits you may lose.
- b. What other options may be available.

Selling your life insurance policy is a complex financial arrangement. This guide will help you make an informed decision.

We recommend that you:

1. Evaluate your needs
2. Check all your options
3. Understand how the process works
4. Know your rights
5. Check with your state insurance department

STEP 1: EVALUATE YOUR NEEDS

Before you sell your policy and give up valuable insurance protection, think about whether your need for life insurance has changed since you bought the policy. If it hasn't, selling your policy may not be the right choice. If you sell your policy now, your beneficiaries will not be paid a benefit at your death.

If you sell your policy now, remember premiums go up a lot as you grow older. You may not want to pay the higher cost to replace your coverage later.

STEP 2: CHECK ALL YOUR OPTIONS

You may be able to get the cash you need now without selling your policy. Persons with catastrophic or life-threatening illnesses or conditions may have alternatives to viatical settlements, including accelerated benefits offered by the issuer of the policy, loans secured by the policy and surrender of the policy for cash value.

POLICY CASH VALUES

Contact your current life insurance agent or company to see if you have any cash value in your policy. Ask if you can:

1. Borrow from the cash value and still keep the insurance in force.
2. Cancel the policy for its current cash value.
3. Use the cash value as collateral to get a loan from a financial institution.

Your insurance company must tell you about your options if you ask.

ACCELERATED DEATH BENEFITS

Find out if your policy has an “accelerated death benefit”. It may be your best option.

Many life insurance policies do have an accelerated death benefit. With that benefit, policyholders who are terminally ill, affected with certain diseases or permanently confined in a nursing home can access fifty per cent or more of a policy’s death benefit while still living. An accelerated death benefit could pay you a large part of your policy’s death benefit and you could keep your policy.

A very important feature of the accelerated benefit is that when the policyholder dies, the beneficiaries get the remaining death benefit. This means that eventually one hundred per cent of the policy benefits will be paid out either to the insured or the beneficiary.

OTHER CONSIDERATIONS

Think about what it will mean if you do sell your policy. Check out the tax implications. Not all proceeds from a viatical settlement are tax-free. A viator may incur tax consequences from entering into a viatical settlement. Persons interested in entering into a viatical settlement should consult their tax advisor. Find out if creditors could claim any of the money you would get from a viatical settlement. The proceeds of a viatical settlement payable to the viator may not be exempt from the viator’s creditors, personal representatives, trustees in bankruptcy and receivers in state or federal court. Persons interested in entering into a viatical settlement should consult an attorney or financial advisor regarding these potential consequences. Find out if you will lose any public assistance benefits such as Medicaid or other government benefits if you accept a cash settlement for your life policy. A viatical settlement may affect a viator’s ability to receive supplemental social security income, public assistance and public medical services. Persons interested in entering into a viatical settlement should consult an attorney, financial advisor or social services agency regarding these potential consequences.

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. Assistance should be sought from a financial adviser.

Where a policy that is the subject of a viatical settlement contains a provision for double or additional indemnity for accidental death, or contains riders or other provisions insuring the lives of spouses, family members or anyone else other than the person with the catastrophic or life-threatening illness, the viatical settlement contract will affect those provisions or riders and may

cause spouses, family members or others to lose the additional benefits afforded by those provisions or riders.

COMPARISON SHOP

To learn the market value of your policy, it is a good idea to contact three to five viatical settlement providers. Or you could use a viatical settlement broker who would contact several viatical settlement providers for you. Your financial advisor can help you decide whether to work with a viatical settlement provider or through a viatical settlement broker.

SUMMARY

Everyone's financial situation is different. A viatical settlement may or may not be the best approach for you. Check it out for yourself. We recommend that you ask an advisor who is qualified to review your finances to help you review your options.

STEP 3: HOW THE PROCESS WORKS

If you decide to sell your life insurance policy to a viatical settlement provider, you will enter into a viatical settlement agreement with the provider. You, the seller, agree to accept a cash payment for your policy. The amount will be less than the face amount the policy would pay upon your death. (For example, you might agree to accept a \$75,000 cash payment for a \$100,000 policy.)

The viatical settlement provider buying your policy:

1. Becomes the new owner of your policy.
2. Names the beneficiary
3. Collects the full death benefit when you die
4. Begins paying premiums on the policy, and
5. May sell your policy again.

There are four basic phases required to complete a viatical transaction.

PHASE 1: QUALIFYING TO SELL YOUR POLICY (UNDERWRITING)

The viatical settlement provider will need information about you before making an offer. Usually it will take some preliminary information about you before making an offer. Usually it will take some preliminary information from you over the phone and send you this paperwork to sign:

1. A medical release form so the viatical settlement provider can get and review your medical records.
2. An authorization form to contact your insurance company to confirm benefit, premium and ownership of your policy.

To avoid delays, it is important that you give complete and accurate information about your medical history. If you apply with more than one viatical settlement provider, each will contact your doctor for medical records and your insurance company for policy information.

PHASE 2: CALCULATING THE OFFER

The viatical settlement provider uses the information it gets in the underwriting phase to make an offer. To develop an offer, a viatical settlement provider takes into account various factors including:

1. Estimated life expectancy and medical condition of the insured. Generally the shorter the life expectancy of the insured, the more the viatical settlement provider will offer for the policy.
2. The amount of life insurance coverage.
3. Loans or advances, if any, previously taken against the policy.
4. Amount of premiums necessary to keep the life insurance policy in force.
5. The rating of the issuing insurance company
6. Prevailing interest rates
7. State laws, if any, that require a minimum payment.

PHASE 3: CLOSING THE AGREEMENT

If you accept the offer, a closing package is forwarded to you, the seller, for approval and signature. Closing documents typically include an offer letter, a viatical settlement contract, and the forms the insurance company needs to transfer ownership of the policy to the viatical settlement provider.

The closing documents are then returned to the viatical settlement provider for its signature.

The viatical settlement provider will put the cash payment owed to you in escrow, if required, and send the signed insurance forms to the insurance company to record the change.

PHASE 4: RECEIVING THE PAYMENT

Once the insurance company notifies the viatical settlement provider that the changes on the life insurance policy have been recorded, the payment is released to you, the seller, usually the next business day.

In many states, you may have the right to change your mind about the settlement after you receive the money, provided you return all the money. Typically the law allows 15 days to review your settlement arrangement. In some states the viatical settlement company has the option to deny rescission after 15 days from the date the proceeds are placed in escrow as provided by law.

General Rules with respect to Wisconsin include the following:

(a) If the policyholder or certificate holder who desires to enter into a viatical settlement contract is the person with a catastrophic or life-threatening illness or condition whose life is insured under the policy or certificate, the viatical settlement provider shall obtain all of the following before entering into the contract:

1. A written statement from the person's attending physician that the person is of sound mind.
2. A written statement, signed by the person and witnessed by two (2) disinterested adults, in which the person does all of the following:
 - a. Consents to the viatical settlement contract.
 - b. Acknowledges his or her catastrophic or life-threatening illness or condition.
 - c. Releases his or her medical records to the viatical settlement provider.
 - d. Represents that he or she understands the viatical settlement contract, the benefits under the life insurance policy or certificate and the relationship between the viatical settlement contract and the life insurance policy or certificate.
 - e. Acknowledges that he or she is entering into the viatical settlement contract freely and voluntarily.
 - f. Affirms that he or she has received a recommendation from a viatical settlement provider or a viatical settlement broker in writing to seek financial advice from an individual or entity other than the viatical settlement provider or a viatical settlement broker regarding the effect of the viatical settlement on creditor claims, income taxes and government benefits.

(b) Before the execution of a viatical settlement contract, a viatical settlement provider or a viatical settlement broker shall disclose to the policyholder or certificate holder all of the following:

1. That he or she is a viatical settlement provider or broker.
2. That there may be alternatives to viatical settlements for persons with a catastrophic or life-threatening illness or condition and what those alternatives are, including accelerated benefits under the life insurance policy or certificate.
3. That the policyholder or certificate holder should obtain financial advice from a financial counselor, a tax adviser or an appropriate agency.
4. That some or all of the viatical settlement proceeds may be taxable and that he or she should seek advice from a personal tax adviser.
5. That the viatical settlement proceeds may be subject to the claims of creditors.
6. That receipt of a viatical settlement may adversely affect the recipient's eligibility for Medicaid or other government benefits and that he or she should seek advice from any appropriate agencies.
7. That the policyholder or certificate holder may rescind the viatical settlement contract as provided by law.
8. The frequency of and procedure for contracts by the provider or broker to determine the health status of the policyholder or certificate holder after the performance of the contract.
9. The bank from which the viatical settlement proceeds will be available and the trustee or escrow agent holding the proceeds is required to pay the proceeds to the policyholder or certificate holder immediately upon notification from the insurer that the policy or certificate has been transferred to the viatical settlement provider.

10. That, except for double or additional indemnity provisions for accidental death, as a result of the viatical settlement contract no beneficiary named by the policy-holder or certificate holder will receive any insurance proceeds under the policy or certificate.
 11. The name of the new policyholder or certificate holder under the viatical settlement contract.
- (c) 1. Every viatical settlement shall be reasonable and shall meet the following minimum payment requirements:
- a. If the insured's life expectancy is six (6) months or less, 80% of the policy or certificate face value after reducing the face value by the amount of any outstanding loans against the policy or certificate.
 - b. If the insured's life expectancy is more than six (6) months but not more than twelve (12) months, 75% of the policy or certificate face value after reducing the face value by the amount of any outstanding loans against the policy or certificate.
 - c. If the insured's life expectancy is more than 12 months but not more than 24 months, 65% of the policy or certificate face value after reducing the face value by the amount of any outstanding loans against the policy or certificate.
 - d. If the insured's life expectancy is more than 24 months but not more than 36 months, 55% of the policy or certificate face value after reducing the face value by the amount of any outstanding loans against the policy or certificate.
 - e. If the insured's life expectancy is more than 36 months but not more than 48 months, 45% of the policy or certificate face value after reducing the face value by the amount of any outstanding loans against the policy or certificate.
 - f. If the insured's life expectancy is more than 48 months, 30% of the policy or certificate face value after reducing the face value by the amount of any outstanding loans against the policy or certificate.
3. If the total of the premiums that the viatical settlement provider expects to pay under the policy or certificate exceeds 5% of the face value of the policy or certificate, the viatical settlement provider may reduce the minimum payment amount under subdivision 1 above by the percentage of the face value that the total of the premiums that the viatical settlement provider expects to pay equals.
- (d) Every viatical settlement contract entered into in Wisconsin shall provide that the policyholder or certificate holder entering into the contract has the unconditional right to rescind the contract within 30 days after the contract is entered into or 15 days after receiving the viatical settlement proceeds, whichever is sooner. If the policyholder or certificate holder wishes to rescind the contract after receipt of the viatical settlement proceeds, the policyholder or certificate holder must refund the proceeds.
- (e) If a policy or certificate that is the subject of a viatical settlement contract contains a provision for double or additional indemnity for accidental death, the viatical settlement contract shall provide for the same additional payment to a beneficiary named payable in the viatical settlement contract by the policyholder or certificate holder.
- (f) Upon receipt from the policyholder or certificate holder of all documents necessary for the transfer of the life insurance policy or certificate, the viatical settlement provider shall pay all of the proceeds of the settlement into a trust account or escrow account in a bank, to be managed by a trustee or escrow agent. The trustee or escrow agent shall pay the proceeds to the former policyholder or certificate holder immediately upon receiving acknowledgement

from the insurer issuing the life insurance policy or certificate that the policy or certificate has been transferred to the viatical settlement provider. Payment shall be made in a lump sum by certified check, wire transfer or electronic fund transfer to an account of the former policyholder or certificate holder, or in installments if the settlement is effected through the purchase of an annuity or similar instrument from a person authorized by the state of Wisconsin or another state to issue annuities.

General Rules Related to Viatical Settlements:

- (a) A viatical settlement provider or broker may not discriminate in the making of viatical settlements on the basis of race, age, sex, national origin, creed, religion, occupation, marital or family status, sexual orientation or whether the person whose life is insured under the policy or certificate has dependents, unless any such factor affects the life expectancy of the person whose life is insured.
- (b) A viatical settlement provider or broker may not pay or offer to pay a finder's fee, commission or other compensation to a physician, attorney, accountant or other person providing medical, legal or financial planning services to the policyholder or certificate holder of a policy or certificate that may be the subject of a viatical settlement contract or to any other person acting as an agent of the policyholder or certificate holder with respect to a viatical settlement.
- (c) A viatical settlement provider or broker shall comply with the confidentiality requirements of the law with respect to any medical information obtained by the viatical settlement provider or broker concerning the person whose life is insured under the policy or certificate.
- (d) Contacts by a viatical settlement provider or broker for the purpose of determining the health status of a person whose life is insured under a policy or certificate that was the subject of a viatical settlement contract shall be limited to once every 3 months if the person's life expectancy was more than one year at the time that the viatical settlement contract was entered into and once per month if the person's life expectancy was one year or less at the time that the viatical settlement contract was entered into.
- (e) The owner of a life insurance policy or certificate may not be required to enter into a viatical settlement contract as a condition of eligibility for public assistance, or as a condition for receiving the full amount of public assistance benefits for which the person is otherwise eligible.
- (f) A viatical settlement provider or broker may not solicit or accept as investors in a life insurance policy or certificate that is the subject of a viatical settlement contract persons who are in a position to influence the treatment of the catastrophic or life-threatening illness or condition of the person whose life is insured under the policy or certificate.
- (g) Advertising related to viatical settlements shall be truthful and may not be misleading by fact or implication.

FEDERAL TAX LAWS

Two groups of people may receive benefits from a viatical settlement without owing federal income tax:

1. persons who have been diagnosed with a terminal illness and with a life expectancy of 24 months or less, and
2. certain chronically ill individuals.

If you qualify for this federal tax-free treatment, you also must use a viatical settlement provider that is licensed in the state where you live, or, in states where licensing is not required, that complies with the standards of the National Association of Insurance Commissioner's Viatical Settlements Model Act.

When interpreting tax laws it is best to check with your financial advisor. Viatical Settlement Professionals, Inc. is not a tax advisor. It is recommended that a tax advisor be consulted on such issues. The undersigned understands that the function of the broker is solely to secure a buyer for the life insurance policy and that there are no representations or warranties about the financial status of the buyer, the legal status of the buyer or any subsequent purchaser, or of any tax consequences of the transaction. The undersigned releases and holds harmless the broker in this transaction of any claims resulting from this transaction other than intentional fraud.

I have read the above informational and disclosure statement and enter into a viatical settlement knowingly and voluntarily.

Signature: _____

Date: _____

Witness Signature: _____

Date: _____

Witness Signature: _____

Date: _____

VSPI
Viatical Settlement Professionals, Inc.
2 West Runswick Dr.
Richmond, VA 23238