

AMENDMENTS TO LB 52

1 1. Strike original sections 18 and 19 and insert the
2 following new sections:

3 "Sec. 18. Section 8-1111, Revised Statutes Supplement,
4 2000, is amended to read:

5 8-1111. Except as provided in this section, sections
6 8-1103 to 8-1109 shall not apply to any of the following
7 transactions:

8 (1) Any isolated transaction, whether effected through a
9 broker-dealer or not;

10 (2)(a) Any nonissuer transaction by a registered agent of
11 a registered broker-dealer, and any resale transaction by a sponsor
12 of a unit investment trust registered under the Investment Company
13 Act of 1940, in a security of a class that has been outstanding in
14 the hands of the public for at least ninety days if, at the time of
15 the transaction:

16 (i) The issuer of the security is actually engaged in
17 business and not in the organization stage or in bankruptcy or
18 receivership and is not a blank check, blind pool, or shell company
19 whose primary plan of business is to engage in a merger or
20 combination of the business with, or an acquisition of, an
21 unidentified person or persons;

22 (ii) The security is sold at a price reasonably related
23 to the current market price of the security;

24 (iii) The security does not constitute the whole or part

1 of an unsold allotment to, or a subscription or participation by,
2 the broker-dealer as an underwriter of the security;

3 (iv) A nationally recognized securities manual designated
4 by rule and regulation or order of the director or a document filed
5 with the Securities and Exchange Commission which is publicly
6 available through the Electronic Data Gathering and Retrieval
7 System (EDGAR) contains:

8 (A) A description of the business and operations of the
9 issuer;

10 (B) The names of the issuer's officers and the names of
11 the issuer's directors, if any, or, in the case of a
12 non-United-States issuer, the corporate equivalents of such persons
13 in the issuer's country of domicile;

14 (C) An audited balance sheet of the issuer as of a date
15 within eighteen months or, in the case of a reorganization or
16 merger when parties to the reorganization or merger had such
17 audited balance sheet, a pro forma balance sheet; and

18 (D) An audited income statement for each of the issuer's
19 immediately preceding two fiscal years, or for the period of
20 existence of the issuer if in existence for less than two years,
21 or, in the case of a reorganization or merger when the parties to
22 the reorganization or merger had such audited income statement, a
23 pro forma income statement; and

24 (v) The issuer of the security has a class of equity
25 securities listed on a national securities exchange registered
26 under the Securities Exchange Act of 1934 or designated for trading
27 on the National Association of Securities Dealers Automated

1 Quotation System (NASDAQ), unless:

2 (A) The issuer of the security is a unit investment trust
3 registered under the Investment Company Act of 1940;

4 (B) The issuer of the security has been engaged in
5 continuous business, including predecessors, for at least three
6 years; or

7 (C) The issuer of the security has total assets of at
8 least two million dollars based on an audited balance sheet as of a
9 date within eighteen months or, in the case of a reorganization or
10 merger when parties to the reorganization or merger had such
11 audited balance sheet, a pro forma balance sheet; or

12 (b) Any nonissuer transaction in a security by a
13 registered agent of a registered broker-dealer if:

14 (i) The issuer of the security is actually engaged in
15 business and not in the organization stage or in bankruptcy or
16 receivership and is not a blank check, blind pool, or shell company
17 whose primary plan of business is to engage in a merger or
18 combination of the business with, or an acquisition of, an
19 unidentified person or persons; and

20 (ii) The security is senior in rank to the common stock
21 of the issuer both as to payment of dividends or interest and upon
22 dissolution or liquidation of the issuer and such security has been
23 outstanding at least three years and the issuer or any predecessor
24 has not defaulted within the current fiscal year or the three
25 immediately preceding fiscal years in the payment of any dividend,
26 interest, principal, or sinking fund installment on the security
27 when due and payable;

1 (3) Any nonissuer transaction effected by or through a
2 registered agent of a registered broker-dealer pursuant to an
3 unsolicited order or offer to buy, but the director may by rule or
4 regulation require that the customer acknowledge upon a specified
5 form that the sale was unsolicited and that a signed copy of each
6 such form be preserved by the broker-dealer for a specified period;

7 (4) Any transaction between the issuer or other person on
8 whose behalf the offering is made and an underwriter or among
9 underwriters;

10 (5) Any transaction in a bond or other evidence of
11 indebtedness secured by a real or chattel mortgage or deed of trust
12 or by an agreement for the sale of real estate or chattels if the
13 entire mortgage, deed of trust, or agreement, together with all the
14 bonds or other evidences of indebtedness secured thereby, are
15 offered and sold as a unit. Such exemption shall not apply to any
16 transaction in a bond or other evidence of indebtedness secured by
17 a real estate mortgage or deed of trust or by an agreement for the
18 sale of real estate if the real estate securing the evidences of
19 indebtedness are parcels of real estate the sale of which requires
20 the subdivision in which the parcels are located to be registered
21 under the Interstate Land Sales Full Disclosure Act, 82 Stat. 590
22 et seq., 15 U.S.C. 1701 et seq.;

23 (6) Any transaction by an executor, personal
24 representative, administrator, sheriff, marshal, receiver,
25 guardian, or conservator;

26 (7) Any transaction executed by a bona fide pledgee
27 without any purpose of evading the Securities Act of Nebraska;

1 (8) Any offer or sale to a bank, savings institution,
2 trust company, insurance company, investment company as defined in
3 the Investment Company Act of 1940, pension or profit-sharing
4 trust, or other financial institution or institutional buyer, to an
5 individual accredited investor, or to a broker-dealer, whether the
6 purchaser is acting for itself or in some fiduciary capacity. For
7 purposes of this subdivision, the term "individual accredited
8 investor" means (a) any director, executive officer, or general
9 partner of the issuer of the securities being offered or sold, or
10 any director, executive officer, or general partner of a general
11 partner of that issuer, (b) any manager of a limited liability
12 company that is the issuer of the securities being offered or sold,
13 (c) any natural person whose individual net worth, or joint net
14 worth with that person's spouse, at the time of his or her
15 purchase, exceeds one million dollars, or (d) any natural person
16 who had an individual income in excess of two hundred thousand
17 dollars in each of the two most recent years or joint income with
18 that person's spouse in excess of three hundred thousand dollars in
19 each of those years and has a reasonable expectation of reaching
20 the same income level in the current year;

21 (9) Any transaction pursuant to an offering in which
22 sales are made to not more than fifteen persons, other than those
23 designated in subdivisions (8), (11), and (17) of this section, in
24 this state during any period of twelve consecutive months if (a)
25 the seller reasonably believes that all the buyers are purchasing
26 for investment, (b) no commission or other remuneration is paid or
27 given directly or indirectly for soliciting any prospective buyer

1 except to a registered agent of a registered broker-dealer, (c) a
2 notice generally describing the terms of the transaction and
3 containing a representation that the conditions of this exemption
4 are met is filed by the seller with the director within thirty days
5 after the first sale for which this exemption is claimed, except
6 that failure to give such notice may be cured by an order issued by
7 the director in his or her discretion, and (d) no general or public
8 advertisements or solicitations are made;

9 (10) Any offer or sale of a preorganization certificate
10 or subscription if (a) no commission or other remuneration is paid
11 or given directly or indirectly for soliciting any prospective
12 subscriber, (b) the number of subscribers does not exceed ten, and
13 (c) no payment is made by any subscriber;

14 (11) Any transaction pursuant to an offer to existing
15 security holders of the issuer, including persons who at the time
16 of the transaction are holders of convertible securities,
17 nontransferable warrants, or transferable warrants exercisable
18 within not more than ninety days of their issuance, if (a) no
19 commission or other remuneration, other than a standby commission,
20 is paid or given directly or indirectly for soliciting any security
21 holder in this state or (b) the issuer first files a notice
22 specifying the terms of the offer and the director does not by
23 order disallow the exemption within the next five full business
24 days;

25 (12) Any offer, but not a sale, of a security for which
26 registration statements have been filed under both the Securities
27 Act of Nebraska and the Securities Act of 1933 if no stop order or

1 refusal order is in effect and no public proceeding or examination
2 looking toward such an order is pending under either the Securities
3 Act of Nebraska or the Securities Act of 1933;

4 (13) The issuance of any stock dividend, whether the
5 corporation distributing the dividend is the issuer of the stock or
6 not, if nothing of value is given by the stockholders for the
7 distribution other than the surrender of a right to a cash dividend
8 when the stockholder can elect to take a dividend in cash or stock;

9 (14) Any transaction incident to a right of conversion or
10 a statutory or judicially approved reclassification,
11 recapitalization, reorganization, quasi-reorganization, stock
12 split, reverse stock split, merger, consolidation, or sale of
13 assets;

14 (15) Any transaction involving the issuance for cash of
15 any evidence of ownership interest or indebtedness by an
16 agricultural cooperative formed as a corporation under section
17 21-1301 or 21-1401 if the issuer has first filed a notice of
18 intention to issue with the director and the director has not by
19 order, mailed to the issuer by certified or registered mail within
20 ten business days after receipt thereof, disallowed the exemption;

21 (16) Any transaction in this state not involving a public
22 offering when (a) there is no general or public advertising or
23 solicitation, (b) no commission or remuneration is paid directly or
24 indirectly for soliciting any prospective buyer, except to a
25 registered agent of a registered broker-dealer or registered
26 issuer-dealer, (c) a notice generally describing the terms of the
27 transaction and containing a representation that the conditions of

1 this exemption are met is filed by the seller with the director
2 within thirty days after the first sale for which this exemption is
3 claimed, except that failure to give such notice may be cured by an
4 order issued by the director in his or her discretion, (d) a filing
5 fee of two hundred dollars is paid at the time of filing the
6 notice, and (e) any such transaction is effected in accordance with
7 rules and regulations adopted and promulgated by the director
8 relating to this section when the director finds in adopting and
9 promulgating such rules and regulations that the applicability of
10 sections 8-1104 to 8-1107 is not necessary or appropriate in the
11 public interest or for the protection of investors. For purposes
12 of this subdivision, not involving a public offering means any
13 offering in which the seller has reason to believe that the
14 securities purchased are taken for investment and in which each
15 offeree, by reason of his or her knowledge about the affairs of the
16 issuer or otherwise, does not require the protections afforded by
17 registration under sections 8-1104 to 8-1107 in order to make a
18 reasonably informed judgment with respect to such investment;

19 (17) The issuance of any investment contract issued in
20 connection with an employee's stock purchase, savings, pension,
21 profit-sharing, or similar benefit plan if no commission or other
22 remuneration is paid or given directly or indirectly for soliciting
23 any prospective buyer except to a registered agent of a registered
24 broker-dealer and if the director is notified in writing within
25 thirty days after the inception of the plan or, with respect to
26 plans which were in effect prior to August 18, 1965, but closed on
27 that date, within thirty days after they are reopened. Failure to

1 provide such notice may be cured by an order issued by the director
2 in his or her discretion;

3 (18) Any interest in a common trust fund or similar fund
4 maintained by a bank or trust company organized and supervised
5 under the laws of any state or a bank organized under the laws of
6 the United States for the collective investment and reinvestment of
7 funds contributed to such common trust fund or similar fund by the
8 bank or trust company in its capacity as trustee, personal
9 representative, administrator, or guardian and any interest in a
10 collective investment fund or similar fund maintained by the bank
11 or trust company for the collective investment of funds contributed
12 to such collective investment fund or similar fund by the bank or
13 trust company in its capacity as trustee or agent which interest is
14 issued in connection with an employee's savings, pension,
15 profit-sharing, or similar benefit plan or a self-employed person's
16 retirement plan, if a notice generally describing the terms of the
17 collective investment fund or similar fund is filed by the bank or
18 trust company with the director within thirty days after the
19 establishment of the fund. Failure to give the notice may be cured
20 by an order issued by the director in his or her discretion;

21 (19) Any transaction in which a United States Series EE
22 Savings Bond is given or delivered with or as a bonus on account of
23 any purchase of any item or thing; or

24 (20) Any transaction in this state not involving a public
25 offering by a Nebraska issuer selling solely to Nebraska residents,
26 when (a) any such transaction is effected in accordance with rules
27 and regulations adopted and promulgated by the director relating to

1 this section when the director finds in adopting and promulgating
2 such rules and regulations that the applicability of sections
3 8-1104 to 8-1107 is not necessary or appropriate in the public
4 interest or for the protection of investors, (b) no commission or
5 remuneration is paid directly or indirectly for soliciting any
6 prospective buyer, except to a registered agent of a registered
7 broker-dealer or registered issuer-dealer, (c) a notice generally
8 describing the terms of the transaction and containing a
9 representation that the conditions of this exemption are met is
10 filed by the seller with the director no later than twenty days
11 prior to any sales for which this exemption is claimed, except that
12 failure to give such notice may be cured by an order issued by the
13 director in his or her discretion, (d) a filing fee of two hundred
14 dollars is paid at the time of filing the notice, and (e) there is
15 no general or public advertising or solicitation.

16 The director may by order deny or revoke the exemption
17 specified in subdivision (2) of this section with respect to a
18 specific security. Upon the entry of such an order, the director
19 shall promptly notify all registered broker-dealers that it has
20 been entered and of the reasons therefor and that within fifteen
21 business days of the receipt of a written request the matter will
22 be set down for hearing. If no hearing is requested within fifteen
23 business days of the issuance of the order and none is ordered by
24 the director, the order shall automatically become a final order
25 and shall remain in effect until it is modified or vacated by the
26 director. If a hearing is requested or ordered, the director,
27 after notice of and opportunity for hearing to all interested

1 persons, shall enter his or her written findings of fact and
2 conclusions of law and may affirm, modify, or vacate the order. No
3 such order may operate retroactively. No person may be considered
4 to have violated the provisions of the Securities Act of Nebraska
5 by reason of any offer or sale effected after the entry of any such
6 order if he or she sustains the burden of proof that he or she did
7 not know and in the exercise of reasonable care could not have
8 known of the order. In any proceeding under the act, the burden of
9 proving an exemption from a definition shall be upon the person
10 claiming it.

11 (21) Any offer or sale of any viatical settlement
12 contract or any fractionalized or pooled interest therein in a
13 transaction that meets all of the following criteria:

14 (a) Sales of such securities are made only to the
15 following purchasers;

16 (i) A natural person who, either individually or jointly
17 with the person's spouse, (A) has a minimum net worth of two
18 hundred fifty thousand dollars and had taxable income in excess of
19 one hundred twenty-five thousand dollars in each of the two most
20 recent years and has a reasonable expectation of reaching the same
21 income level in the current year or (B) has a minimum net worth of
22 five hundred thousand dollars. Net worth shall be determined
23 exclusive of home, home furnishings, and automobiles;

24 (ii) A corporation, partnership, or other organization
25 specifically formed for the purpose of acquiring securities offered
26 by the issuer in reliance upon this exemption if each equity owner
27 of the corporation, partnership, or other organization is a person

1 described in this subsection;

2 (iii) A pension or profit-sharing trust of the issuer, a
3 self-employed individual retirement plan, or an individual
4 retirement account, if the investment decisions made on behalf of
5 the trust, plan, or account are made solely by persons described in
6 this subsection; or

7 (iv) An organization described in section 501(c)(3) of
8 the Internal Revenue Code as defined in section 49-801.01, or a
9 corporation, Massachusetts or similar business trust, or
10 partnership with total assets in excess of five million dollars
11 according to its most recent audited financial statements;

12 (b) The amount of the investment of any purchaser, except
13 a purchaser described in subdivision (a)(ii) of this subsection,
14 does not exceed five percent of the net worth, as determined by
15 this subdivision, of that purchaser;

16 (c) Each purchaser represents that the purchaser is
17 purchasing for the purchaser's own account or trust account, if the
18 purchaser is a trustee, and not with a view to or for sale in
19 connection with a distribution of the security;

20 (d)(i) Each purchaser receives, on or before the date the
21 purchaser remits consideration pursuant to the purchase agreement,
22 the following information in writing:

23 (A) The name, principal business and mailing address, and
24 telephone number of the issuer;

25 (B) The suitability standards for prospective purchasers
26 as set forth in subdivision (a) of this subsection;

27 (C) A description of the issuer's type of business

1 organization and the state in which the issuer is organized or
2 incorporated;

3 (D) A brief description of the business of the issuer;

4 (E) If the issuer retains ownership or becomes the
5 beneficiary of the insurance policy, an audit report from an
6 independent certified public accountant together with a balance
7 sheet and related statements of income, retained earnings, and cash
8 flows that reflect the issuer's financial position, the results of
9 the issuer's operations, and the issuer's cash flows as of a date
10 within fifteen months before the date of the initial issuance of
11 the securities described in this subdivision. The financial
12 statements shall be prepared in conformity with generally accepted
13 accounting principles. If the date of the audit report is more
14 than one hundred twenty days before the date of the initial
15 issuance of the securities described in this subdivision, the
16 issuer shall provide unaudited interim financial statements;

17 (F) The names of all directors, officers, partners,
18 members, or trustees of the issuer;

19 (G) A description of any order, judgment, or decree that
20 is final as to the issuing entity of any state, federal, or foreign
21 governmental agency or administrator, or of any state, federal, or
22 foreign court of competent jurisdiction (I) revoking, suspending,
23 denying, or censuring for cause any license, permit, or other
24 authority of the issuer or of any director, officer, partner,
25 member, trustee, or person owning or controlling, directly or
26 indirectly, ten percent or more of the outstanding interest or
27 equity securities of the issuer, to engage in the securities,

1 commodities, franchise, insurance, real estate, or lending business
2 or in the offer or sale of securities, commodities, franchises,
3 insurance, real estate, or loans, (II) permanently restraining,
4 enjoining, barring, suspending, or censuring any such person from
5 engaging in or continuing any conduct, practice, or employment in
6 connection with the offer or sale of securities, commodities,
7 franchises, insurance, real estate, or loans, (III) convicting any
8 such person of, or pleading nolo contendere by any such person to,
9 any felony or misdemeanor involving a security, commodity,
10 franchise, insurance, real estate, or loan, or any aspect of the
11 securities, commodities, franchise, insurance, real estate, or
12 lending business, or involving dishonesty, fraud, deceit,
13 embezzlement, fraudulent conversion, or misappropriation of
14 property, or (IV) holding any such person liable in a civil action
15 involving breach of a fiduciary duty, fraud, deceit, embezzlement,
16 fraudulent conversion, or misappropriation of property. This
17 subdivision does not apply to any order, judgment, or decree that
18 has been vacated, overturned, or is more than ten years old;

19 (H) Notice of the purchaser's right to rescind or cancel
20 the investment and receive a refund;

21 (I) A statement to the effect that any projected rate of
22 return to the purchaser from the purchase of a viatical settlement
23 contract or any fractionalized or pooled interest therein is based
24 on an estimated life expectancy for the person insured under the
25 live insurance policy; that the return on the purchase may vary
26 substantially from the expected rate of return based upon the
27 actual life expectancy of the insured that may be less than, equal

1 to, or may greatly exceed the estimated life expectancy; and that
2 the rate of return would be higher if the actual life expectancy
3 were less than, and lower if the actual life expectancy were
4 greater than the estimated life expectancy of the insured at the
5 time the viatical settlement contract was closed;

6 (J) A statement that the purchaser should consult with
7 his or her tax advisor regarding the tax consequences of the
8 purchase of the viatical settlement contract or any fractionalized
9 or pooled interest therein; and

10 (K) Any other information as may be prescribed by rule of
11 the director.

12 (ii) The purchaser receives in writing at least five
13 business days prior to closing the transaction:

14 (A) The name, address, and telephone number of the
15 issuing insurance company, and the name, address, and telephone
16 number of the state or foreign country regulator of the insurance
17 company;

18 (B) The total face value of the insurance policy and the
19 percentage of the insurance policy the purchaser will own;

20 (C) The insurance policy number, issue date, and type;

21 (D) If a group insurance policy, the name, address, and
22 telephone number of the group, and, if applicable, the material
23 terms and conditions of converting the policy to an individual
24 policy, including the amount of increased premiums;

25 (E) If a term insurance policy, the term and the name,
26 address, and telephone number of the person who will be responsible
27 for renewing the policy if necessary;

1 (F) That the insurance policy is beyond the state statute
2 for contestability and the reason therefor;

3 (G) The insurance policy premiums and terms of premium
4 payments;

5 (H) The amount of the purchaser's money that will be set
6 aside to pay premiums;

7 (I) The name, address, and telephone number of the person
8 who will be the insurance policy owner and the person who will be
9 responsible for paying premiums;

10 (J) The date on which the purchaser will be required to
11 pay premiums and the amount of the premium, if known; and

12 (K) Any other information as may be prescribed by rule of
13 the director;

14 (e) The purchaser may rescind or cancel the purchase for
15 any reason by giving written notice of rescission or cancellation
16 to the issuer or the issuer's agent within (i) fifteen calendar
17 days after the date the purchaser remits the required consideration
18 or receives the disclosure required under subdivision (d)(i) of
19 this subsection and (ii) five business days after the date the
20 purchaser receives the disclosure required by subdivision (d)(ii)
21 of this subsection. No specific form is required for the
22 rescission or cancellation. The notice is effective when
23 personally delivered, deposited in the United States mail, or
24 deposited with a commercial courier or delivery service. The
25 issuer shall refund all the purchaser's money within seven calendar
26 days after receiving the notice of rescission or cancellation;

27 (f) A notice of the issuer's intent to sell securities

1 pursuant to this subsection, signed by a duly authorized officer of
2 the issuer and notarized, together with a filing fee of two hundred
3 dollars, is filed with the Department of Banking and Finance before
4 any offers or sales of securities are made under this subsection.

5 Such notice shall include:

6 (i) The issuer's name, the issuer's type of organization,
7 the state in which the issuer is organized, the date the issuer
8 intends to begin selling securities within or from this state, and
9 the issuer's principal business;

10 (ii) A consent to service of process; and

11 (iii) An audit report of an independent certified public
12 accountant together with a balance sheet and related statements of
13 income, retained earnings and cash flows that reflect the issuer's
14 financial position, the results of the issuer's operations, and the
15 issuer's cash flows as of a date within fifteen months before the
16 date of the notice prescribed in this subdivision. The financial
17 statements shall be prepared in conformity with generally accepted
18 accounting principles and shall be examined according to generally
19 accepted auditing standards. If the date of the audit report is
20 more than one hundred twenty days before the date of the notice
21 prescribed in this subdivision, the issuer shall provide unaudited
22 interim financial statements;

23 (g) No commission or remuneration is paid directly or
24 indirectly for soliciting any prospective purchaser, except to a
25 registered agent of a registered broker-dealer or registered
26 issuer-dealer; and

27 (h) At least ten days before use within this state, the

1 issuer files with the department all advertising and sales
2 materials that will be published, exhibited, broadcast, or
3 otherwise used, directly or indirectly, in the offer or sale of a
4 viatical settlement contract in this state.

5 Sec. 19. Section 59-1803, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 59-1803. Issuance of a charitable gift annuity does not
8 constitute:

9 (1) Engaging in business as a trust company subject to
10 the Nebraska Trust Company Act;

11 (2) Engaging in the business of insurance subject to
12 Chapter 44;

13 (3) Engaging in an act in violation of sections 59-801 to
14 59-831;

15 (4) Engaging in an act in violation of the Viatical
16 Settlements Act; or

17 ~~(4)~~ (5) Engaging in an act in violation of the Uniform
18 Deceptive Trade Practices Act. Conduct other than issuance of a
19 charitable gift annuity, including the marketing of a charitable
20 gift annuity, is not exempt from application of the Uniform
21 Deceptive Trade Practices Act pursuant to this subdivision.

22 Sec. 20. Sections 1 to 16, 19, and 21 of this act become
23 operative three calendar months after the adjournment of this
24 legislative session. The other sections of this act become
25 operative on their effective date.

26 Sec. 21. Original section 59-1803, Reissue Revised
27 Statutes of Nebraska, is repealed.

1 Sec. 22. Original section 8-1101, Reissue Revised
2 Statutes of Nebraska, and section 8-1111, Revised Statutes
3 Supplement, 2000, are repealed.

4 Sec. 23. Since an emergency exists, this act takes
5 effect when passed and approved according to law."

6 2. On page 3, line 12, strike "or" and insert "and".

7 3. On page 6, line 25, after the period insert "Viatical
8 settlement broker includes a licensed life insurance producer that
9 meets the requirements of section 3 of this act.".

10 4. On page 9, line 20, after "(1)" insert "(a)".

11 5. On page 10, after line 1 insert the following new
12 subdivision:

13 "(b)(i) A licensed insurance producer who has received
14 qualification for a license in life insurance shall be exempt from
15 the requirements of subdivision (1)(a) of this section if:

16 (A) The insurance producer is involved in no more than
17 five viatical settlements per year;

18 (B) The insurance producer registers as a licensed
19 insurance producer involved in no more than five viatical
20 settlements per year;

21 (C) The insurance producer makes such registration no
22 later than three days following the referral of a potential
23 settlement to a viatical settlement provider; and

24 (D) The insurance producer meets the requirements set
25 forth in subsections (4) through (7) of this section.

26 (ii) A registration application made pursuant to this
27 subdivision shall be accompanied by a registration fee as set forth

1 in subsection (2) of this section.

2 (iii) The director may suspend, revoke, or refuse to
3 issue or renew a registration of an insurance producer pursuant to
4 this subdivision for any of the grounds set forth in section 4 of
5 this act.".

6 6. On page 15, strike lines 16 and 17 and insert
7 "requirements of the act.".

8 7. On page 31, strike lines 14 through 16 and insert
9 "viator."; and in line 28 strike "three" and insert "six".

10 8. On page 32, line 2, strike "one per month" and insert
11 "once every three months"; and in lines 17 and 19 after "group"
12 insert "or individual".

13 9. On page 41, strike lines 27 and 28 and insert:

14 "(ii) The Director of Banking and Finance or his or
15 employees, agents, or representatives;

16 (iii) Federal, state, or local law enforcement officials
17 or their employees, agents, or representatives;".

18 10. On page 42, strike lines 1 through 4; and in lines
19 14 and 19 after "malice" insert ", fraudulent intent, or bad
20 faith".

21 11. On page 51, line 28, after "that" insert "(a)".

22 12. On page 52, line 8, after "issued" insert "and (b)
23 with respect to a fractional or pooled interest in a viatical
24 settlement contract, issuer means the person who creates, for the
25 purpose of sale, the fractional or pooled interest. In the case of
26 a viatical settlement contract that is not fractionalized or
27 pooled, issuer means the person effecting a transaction with a

1 purchaser of such contract".

2 13. On page 54, line 21, after "contract" insert ".
3 Viatical settlement contract does not include (a) the assignment,
4 transfer, sale, devise, or bequest of a death benefit of a life
5 insurance policy or contract made by the viator to an insurance
6 company or to a viatical settlement provider or broker licensed
7 pursuant to the Viatical Settlements Act, (b) the assignment of a
8 life insurance policy or contract to a bank, savings bank, savings
9 and loan association, credit union, or other licensed lending
10 institution as collateral for a loan, or (c) the exercise of
11 accelerated benefits pursuant to the terms of a life insurance
12 policy or contract and consistent with applicable law".

13 14. Renumber the remaining sections accordingly.