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FLOOR DEBATE

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part of a viatical settlement in which you, as an investor, give money to a viatical company; the viatical company pays a broker to go out and find essentially a sick person. The sick person gets an insurance policy, the premiums of which are paid by the viatical company, and then you get named as the death beneficiary of the sick person. So your share here of guaranteed returns is that you know that the sick person is going to die and you're going to get their life insurance. That's the system. Well, although it grew out of a legitimate purpose a number of years ago, this business has come to take on very questionable activities. There are a number of ways in which individuals can be stung by the misuse of the viatical methodology. One of the things that can happen is the clean-sheeting of sick people, which is where doctors, for a fee, fraudulently fill out insurance forms, claim that individuals are well when they are not, thereby inducing insurance companies to write policies they would not otherwise do. And that clean-sheeting practice is made an illegal insurance fraud practice by LB 52. Another thing that can happen is that individuals who have insurance policies and essentially sell their death benefits to a viatical company can receive very low payments, because they're in desperate circumstances. In fact, there are records of cases in which people have sold their death benefits for as little as 20 percent of the value of those death benefits, because they're looking to get an immediate lump sum payment. There's a third way in which this system has produced unconscionable results. And that is that the investors, who believe themselves to be guaranteed results, and who are likely to believe the headline here saying, guaranteed results up to 14 percent per year, are likely to think of their being guaranteed 14 percent. They are not. They're being guaranteed 14 percent of the death benefit whenever it comes. So they think 14 percent per year, thinking that this investment will come to a head in one year in which the sick person will die and they'll get the insurance benefits; but in fact the person continues to live past that time, and although they...the investor does get 14 percent of the death benefits, it can shrink lower and lower as a percentage, the longer the individual who was insured lives. This provokes the strange phenomenon of either the viatical company or the investor calling up the sick person, the insured person and