

Proposed

**KANSAS INSURANCE DEPARTMENT
Notice of Hearing on Proposed
Administrative Regulations**

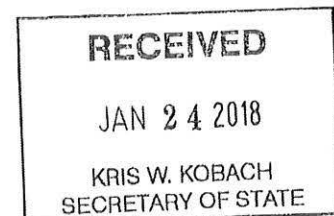
A public hearing will be conducted at 1:30 p.m., April 2nd, 2018, in the third floor conference room, Kansas Insurance Department ("KID"), 420 S.W. 9th, Topeka, Kansas, to consider the adoption of a proposed rule and regulation.

The 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to Diane Minear, Kansas Insurance Department, 420 S.W. 9th, Topeka, Kansas, 66612-1678, via facsimile at 785-291-3190, or via email at diane.minear@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulation during the hearing.

A summary of the proposed regulation and its economic impact follows:

K.A.R. 40-2-31. Minimum requirements for viaticating a policy. This regulation sets the minimum percentage requirements for payments to an insured when they sell a policy to a viatical settlement provider. Viatical settlement providers would have to comply with the minimum discount rate requirements in the regulation. There would be no economic impact for life insurers. Similarly, there will be no economic impact on the Kansas Insurance Department, consumers, small businesses, or other governmental agencies.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request any proposed regulation and the economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least 5 working days in advance by contacting Diane Minear at (785) 296-7847 or via email at diane.minear@ks.gov. Any individual desiring a copy of any regulation and/or the policy and procedure that is being adopted by reference, if applicable, may obtain a copy from our website, www.ksinsurance.org, under the Legal Issues link or by contacting Diane Minear by phone at (785) 296-7847 or via email at diane.minear@ks.gov. The charge for copies is fifty cents per page.



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K.A.R. 40-2-31. Minimum requirements for viaticating a policy. (a) As used in this

regulation, each of the following terms shall have the meaning specified in this subsection:

(1) "Insured" means the person covered under a policy being considered for viatication.

(2) "Life expectancy" means the average number of months that the insured can be expected to live as determined by the viatical settlement provider, as defined in K.S.A. 40-5002 and amendments thereto, considering medical records and appropriate experiential data.

(3) "Policy" has the meaning specified in K.S.A. 40-5002, and amendments thereto.

(4) "Viaticating a policy" means selling a policy to a viatical settlement provider pursuant to a viatical settlement contract.

(5) "Viator" has the meaning specified in K.S.A. 40-5002, and amendments thereto.

(b)(1) The viatical settlement provider shall apply the following schedule and pay the viator at least the minimum of the one of the following, after deducting any outstanding loans against the policy:

(A) 80 percent of the remaining death benefit, if the insured has a life expectancy of less than six months;

(B) 70 percent of the remaining death benefit, if the insured has a life expectancy of at least six months but less than 12 months;

(C) 65 percent of the remaining death benefit, if the insured has a life expectancy of at least 12 months but less than 18 months; or

(D) 60 percent of the remaining death benefit, if the insured has a life expectancy of 18 months but less than 25 months.



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(2) If the insured has a life expectancy of 25 months or more, the viatical settlement provider shall pay the viator the greater of the cash surrender value or the accelerated death benefit of the policy, after deducting any outstanding loans.

(3) Unless the cash surrender value is paid, any percentage or amount specified in this subsection may be reduced by five percent for viaticating a policy written by an insurer rated less than the highest four categories by a rating agency. (Authorized by K.S.A. 40-103, K.S.A. 2017 Supp. 40-5015; implementing K.S.A. 2017 Supp. 40-5015; effective P-_____.)

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JAN 24 2018

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ECONOMIC IMPACT STATEMENT

Proposed Kansas Administrative Regulation 40-2-31

Pursuant to the requirement of K.S.A. 77-416(b) the Kansas Insurance Department submits the following description of the economic impact of the above referenced regulation K.A.R. 40-2-31:

1. This regulation sets the minimum percentage requirements for payments to an insured when they sell a policy to a viatical settlement provider.
2. Viatical settlement providers would have to comply with the minimum discount rate requirements in the regulation. There would be no economic impact for life insurers.
3. Similarly, there will be no economic impact on the Kansas Insurance Department, consumers, small businesses, or other governmental agencies.

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KRIS W. KOBACH
SECRETARY OF STATE