

LIFE SETTLEMENT PROVIDER ANTIFRAUD PLAN CHECKLIST
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Name of Life Settlement Provider		
Contact Person Name	E-mail Address	Phone Number

INSTRUCTIONS: An applicant for a life settlement provider certificate of authority is required to provide an antifraud plan that meets the requirements of Arizona Revised Statutes (ARS) § 20-3211 and that includes the information listed in ARS § 20-3202(E)(3). The applicant shall submit its antifraud plan with a completed version of this Antifraud Plan Checklist, identifying places within the applicant’s antifraud plan where each of the following requirements is addressed.

Enter the page number and paragraph number within your antifraud plan where each of the following begins.

Page Number	Paragraph Number	Plan Part Code*	ARS § 20-3202(E)(3) Requirement
		A	Procedures for detecting and investigating possible fraudulent acts. ARS § 20-3202(E)(3)(a).
		B	Procedures for resolving material inconsistencies between medical records and insurance applications. ARS § 20-3202(E)(3)(a).
		C	Procedures for reporting fraudulent insurance acts to the Department of Insurance and Financial Institutions. ARS § 20-3202(E)(3)(b).
		D	The plan for antifraud education and training of underwriters and other personnel. ARS § 20-3202(E)(3)(c).
		E	Description of, or organizational chart showing, the antifraud personnel responsible investigating and reporting possible fraudulent insurance acts, and for investigating unresolved material inconsistencies between medical records and insurance applications. ARS § 20-3202(E)(3)(d).

**You will refer to the “Plan Part Code” in the next section of this checklist.*

For each fraudulent settlement act, enter an “X” in the Plan Part Code column(s) that correspond to the parts of your antifraud plan (A, B, C, D and/or E) that contain measures to minimize the potential for the act. In the “Locations” column, note the specific page/paragraph numbers for the parts of your plan that are designed to minimize the act.

It is a fraudulent life settlement act for any person to do, allow or assist anyone else in doing any of the following:	Plan Part Code					Locations where addressed in the antifraud plan (pages and paragraphs)
	A	B	C	D	E	
1. Enter into a life settlement contract if a person knows or reasonably should have known that the life insurance policy was obtained by means of a false, deceptive or misleading application for the policy. ARS § 20- 3211(U)(1).						
2. Engage in any transaction, practice or course of business if a person knows or reasonably should have known that the intent was to avoid the notice requirements of ARS § 20-3211. ARS § 20-3211(U)(2).						
3. Engage in any fraudulent act or practice in connection with any transaction relating to any settlement involving an owner who is a resident of this state. ARS § 20-3211(U)(3).						
4. Fail to provide the disclosures or file the required reports with the director as required by Arizona Revised Statutes, Title 20, Chapter 22. ARS § 20- 3211(U)(4).						

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	A	B	C	D	E	
5. Issue, solicit or market the purchase of a new life insurance policy for the sole purpose of, or with a primary emphasis on, settling the policy. ARS § 20-3211(U)(5).						
6. With respect to any settlement contract or insurance policy and a broker, knowingly solicit an offer from, effectuate a life settlement contract with or make a sale to any provider, financing entity or related provider trust that is controlling, controlled by or under common control with a broker, unless the relationship has been fully disclosed to the owner. ARS § 20- 3211(U)(6).						
7. With respect to any life settlement contract or insurance policy and a provider, knowingly enter into a life settlement contract with an owner if, in connection with a life settlement contract, anything of value will be paid to a broker that is controlling, controlled by or under common control with a provider or the financing entity or related provider trust that is involved in a settlement contract, unless the relationship has been fully disclosed to the owner. ARS § 20-3211(U)(7).						
8. With respect to a provider, enter into a life settlement contract unless the life settlement promotional, advertising and marketing materials, have been filed with the Director. ARS § 20-3211(U)(8).						
9. With respect to any life insurance producer, insurance company, broker or provider, make any statement or representation to the applicant or policyholder in connection with the sale or financing of a life insurance policy to the effect that the insurance is free or without cost to the policyholder for any period of time unless provided in the policy. ARS § 20-3211(U)(9).						
10. Present, cause to be presented or prepare with knowledge and belief that it will be presented to or by a provider, premium finance lender, broker, insurer, insurance producer or any other person, false material information, or concealing material information as part of, in support of or concerning a fact material to one or more of the following: ARS § 20- 3211(X)(1)(a) i) An application for the issuance of a life settlement contract or insurance policy. ii) The underwriting of a life settlement contract or insurance policy. iii) A claim for payment or benefit pursuant to a life settlement contract or insurance policy. iv) Premiums paid on an insurance policy. v) Payments and changes in ownership or beneficiary made according to the terms of a life settlement contract or insurance policy. vi) The reinstatement or conversion of an insurance policy. vii) The solicitation, offer to enter into or effectuation of a life settlement contract or insurance policy. viii) The issuance of written evidence of life settlement contracts or insurance and any application for or the existence of or any payments related to a loan secured directly or indirectly by any interest in a life insurance policy.						
11. Employ any device, scheme or artifice to defraud in the business of life settlements. ARS § 20-3211(X)(1)(b).						

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	A	B	C	D	E	
12. Enter into any intentional practice or plan than involves stranger originated life insurance as prescribed in ARS § 20-443.02. ARS § 20- 3211(X)(1)(c).						
13. Employ any device, scheme or artifice in violation of ARS § 20-1104. ARS § 20-3211(X)(1)(d).						
14. If providing premium financing, receive any proceeds, fees or other consideration from the policy or owner of the policy that are in addition to the amounts required to pay principal, interest and any costs or expenses incurred by the lender or borrower in connection with the premium finance agreement, except for a default, unless the default on such a loan or transfer of the policy occurs pursuant to an agreement or understanding with any other person for the purpose of evading regulation under Arizona Revised Statutes, Title 20, Chapter 22. ARS § 20-3211(X)(1)(e).						
15. Remove, conceal, alter, destroy or sequester from the director the assets or records of a licensee or other person engaged in the business of life settlements. ARS § 20-3211(X)(2)(a).						
16. Misrepresent or conceal the financial condition of a licensee, financing entity, insurer or other person. ARS § 20-3211(X)(2)(b).						
17. Transact the business of life settlements in violation of any law requiring a license, certificate of authority or other legal authority for the transaction of the business of life settlements. ARS § 20-3211(X)(2)(c).						
18. File with the director of Insurance and Financial Institutions or the chief insurance regulatory official of another jurisdiction a document containing false information or otherwise conceal information about a material fact from the director of insurance. ARS § 20-3211(X)(2)(d).						
19. Engage in embezzlement, theft, misappropriation or conversion of moneys, funds, premiums, credits or other property of a provider, insurer, insured, owner, insurance policy owner or any other person engaged in the business of life settlements or insurance. ARS § 20-3211(X)(2)(e).						
20. Enter into, broker or otherwise deal in a life settlement contract that was obtained by presenting false information concerning any fact material to the policy or by concealing, for the purpose of misleading another, information requested concerning any fact material to the policy where the owner or the owner's agent intended to defraud the policy's issuer. ARS § 20-3211(X)(2)(f).						
21. Attempt to commit, assist, aid or abet in the commission of, or conspiracy to commit the acts or omissions defined as a fraudulent life settlements act. ARS § 20-3211(X)(2)(g).						
22. Misrepresent the state of residence of an owner to be a state or jurisdiction that does not have a law substantially similar to Arizona Revised Statutes, Title 20, Chapter 22 for the purpose of evading or avoiding the provisions of the chapter. ARS § 20-3211(X)(2)(h).						

Submit your antifraud plan and this checklist with your certificate of authority application and within 30 days of a material change to this plan.

Send to financialfilings@difi.az.gov.