



Maine Governor Authorizes Life Settlements -- Gives Consumers Access to Market Value of Life Insurance

WASHINGTON, June 4 /PRNewswire/ -- Governor John Elias Baldacci has signed legislation that authorizes and regulates life settlements in the state of Maine, assuring the consumer's right to realize the fair market value of unwanted or unneeded life insurance.

The legislation, co-sponsored by Representative Christopher O'Neil and Senator Arthur F. Mayo, creates a secondary market for life insurance in Maine that allows qualifying individuals to realize greater value for their life insurance. Prior to the new law, consumers who wanted to dispose of underperforming life insurance were limited to surrendering the policy for the cash value established by the issuing insurance company, or letting it lapse. The sale of a policy to a third party was available only to policyowners who were chronically or terminally ill.

Last year, a working group of industry, consumer groups, and producer representatives convened by Maine's Superintendent of Insurance Alessandro A. Iuppa recommended that the option to sell a life insurance policy be extended to all citizens. The group's recommendations form the basis of the new law. "Life settlements are an important alternative to the traditional means of disposing of an underperforming life insurance policy," said James J. Butera, Executive Director of the Life Insurance Consumers Alliance (LICA). "This legislation ensures the consumer's right to be informed about the opportunities presented by the secondary market for life insurance, to access the market, and to have their privacy assured throughout the process." The law, which takes effect in August 2004, includes consumer privacy protections, a rescission period and clear funding requirements for secondary market transactions. The law also requires that insurance advisors inform policyowners of alternatives to life settlements and about the tax, legal and other implications of life settlements, and that policyowners affirm that they understand the benefits of their life insurance policy and that they consent to the settlement. The new legislation establishes numerous measures to prevent, detect and combat fraud against insurers, providers and others in the business of settlements. The legislation also recognizes the authority of licensed life insurance agents in Maine to negotiate settlements without obtaining additional licensing.

About LICA

The Life Insurance Consumers Alliance (LICA) is dedicated to ensuring that life insurance consumers possess the knowledge and information they need to maximize value in their policies. LICA advances its mission by educating and

supporting consumers through professional support, direct consumer initiatives and publications. LICA encourages public policies that increase the value of life insurance for consumers. LICA membership, which is based in 17 states, Canada and Puerto Rico, consists of consumers, professional financial advisors, and other financial services organizations. Information on LICA can be found on the organization's website at www.lifeinsuranceconsumers.org.

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