**§6812-A. Inquiries and optional disclosures by life insurers**

**1. Permitted inquiries regarding premium financing.**  In addition to any other information a life insurer may lawfully request in an application for insurance, the insurer may ask whether the proposed owner intends to pay premiums with the assistance of financing from a lender that will use the policy as collateral to support the financing, and if so, whether:

A. The applicant has entered into any agreement or arrangement providing for the future sale of this life insurance policy; [PL 2009, c. 376, §15 (NEW).]

B. The loan arrangement for the policy provides funds sufficient to pay for some or all of the premiums, costs and expenses associated with obtaining and maintaining the applicant's life insurance policy; [PL 2009, c. 376, §15 (NEW).]

C. The applicant has entered into any agreement by which the applicant is to receive consideration in exchange for procuring the policy; and [PL 2009, c. 376, §15 (NEW).]

D. The borrower has an insurable interest in the insured. [PL 2009, c. 376, §15 (NEW).]

[PL 2009, c. 376, §15 (NEW).]

**2. Prohibited transactions.**  If the information obtained by the life insurer demonstrates that the loan provides funds that can be used for a purpose other than paying for the premiums, costs and expenses associated with obtaining and maintaining the life insurance policy and loan or that the transaction otherwise violates this chapter, the insurer shall reject the application.

[PL 2009, c. 376, §15 (NEW).]

**3. Optional disclosures by the life insurer.**  The insurer may make disclosures to the applicant, the insured and other affected persons, either on the application, an amendment to the application or a separate document, in the following form:

"If you have entered into a loan arrangement in which the policy is used as collateral and the policy does change ownership at some point in the future in satisfaction of the loan, the following may be true:

A. A change of ownership could lead to a stranger owning an interest in the insured's life; [PL 2009, c. 376, §15 (NEW).]

B. Your ability to purchase future insurance on the insured’s life could be limited because there is a limit to how much coverage insurers will issue on one life; [PL 2009, c. 376, §15 (NEW).]

C. Should there be a change of ownership and should you wish to obtain more insurance coverage on the insured’s life in the future, the insured’s higher issue age, a change in health status or other factors may reduce the ability to obtain coverage or may result in significantly higher premiums; and [PL 2009, c. 376, §15 (NEW).]

D. You should consult a professional advisor because a change in ownership in satisfaction of the loan may result in tax consequences to the owner, depending on the structure of the loan." [PL 2009, c. 376, §15 (NEW).]

[PL 2009, c. 376, §15 (NEW).]

SECTION HISTORY

PL 2009, c. 376, §15 (NEW).

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