

AMENDATORY SECTION (Amending WSR 02-18-044, filed 8/28/02, effective 9/28/02)

**WAC 460-10A-215 Security--Viatical and life settlement agreements.** (1) A viatical or life settlement agreement constitutes a security if the agreement falls within the definition of "security" under RCW 21.20.005(~~((12))~~) as an investment contract; an investment of money or other consideration in the risk capital of a venture with the expectation of some valuable benefit to the investor where the investor does not receive the right to exercise practical and actual control over the managerial decisions of the venture; or otherwise.

(2) For purpose of this section, a "viatical or life settlement agreement" means an agreement for consideration for the purchase, assignment, transfer, sale, devise or bequest of any portion of the death benefit under, or ownership of, either an insurance policy or certificate of insurance. A viatical or life settlement agreement does not include:

(a) Any agreement for the original issuance of an insurance policy or certificate of insurance;

(b) An assignment, transfer, sale, devise or bequest of a death benefit under, or ownership of, either an insurance policy or certificate of insurance by the original owner, or a person who has an insurable interest in the insured, to any of the following:

(i) The insured;

(ii) A person who has an insurable interest in the insured;

(iii) A dealer; or

(iv) A person who is engaged in the business of purchasing the death benefit under, or ownership of, either insurance policies or certificates of insurance;

(c) An assignment of an insurance policy or certificate of insurance to any bank, savings bank, savings and loan association, credit union, or other licensed lending institution as collateral for a loan; or

(d) The exercise of accelerated benefits pursuant to the life insurance policy.