

REVENUE: No Revenue Impact
FISCAL: No Fiscal Impact
SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 4/27

WHAT THE MEASURE DOES: Allows the Department of Consumer and Business Services (DCBS) to adopt rules regulating penalties, fees, and charges imposed on certain withdrawals from individual deferred annuity policies. Becomes operative January 1, 2016, and applies to contracts entered into on or after operative date. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Under individual deferred annuity contracts, policy holders make premium payments which accumulate over several years, usually on a tax-deferred basis, to provide future retirement income. The contracts often include surrender charges for withdrawals made prior to maturity or after the owner or annuitant dies; these charges can vary significantly depending on the method of calculation used by the insurance company. House Bill 2467-A gives the Department of Consumer and Business Services authority to adopt rules regulating surrender charges for contracts entered into or renewed on or after January 1, 2016.