

Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session
STAFF MEASURE SUMMARY
House Committee On Consumer Protection and Government Effectiveness

MEASURE: HB 2467 A
CARRIER: Rep. Buehler

Fiscal: No Fiscal Impact
Revenue: No Revenue Impact

Action Date: 02/24/15
Action: Do Pass As Amended And Be Printed Engrossed.
Meeting Dates: 02/03, 02/24
Vote:
Yeas: 7 - Buehler, Fagan, Gallegos, Holvey, Nearman, Rayfield, Stark
Prepared By: Wendy Simons, Committee Administrator

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:

- Methods of calculating surrender charges on individual annuity policies
- Appropriate scope of rulemaking authority for DCBS
- Definition of “reasonable” in context of surrender charges
- Regulation of annuity policies in other states

EFFECT OF COMMITTEE AMENDMENT:

Deletes reference to renewed annuity contracts, as annuity contracts are generally not renewed once entered into. Makes grammatical correction.

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.