HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1003 **Annuity Products**

SPONSOR(S): Ford **TIED BILLS:**

IDEN./SIM. BILLS: SB 2082

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Committee on Financial Institutions		Holt/Bradford	Haug
2) Jobs & Entrepreneurship Council		_	
3)		_	
4)			
5)		_	

SUMMARY ANALYSIS

HB1003 provides that any individual, 75 years or older, who purchases an annuity product may rescind that purchase for any reason, without penalty, provided the rescission occurs within one year of purchase. A senior consumer rescinding a contract or agreement must do so in writing. Upon receipt of the written rescission, the bill requires an insurer to fully refund a consumer any costs paid for the product or related services.

The bill requires an insurer licensed to write or sell annuities or annuity products in Florida include in its agreement provisions that allow a person 75 years or older to rescind the contract and obtain a full refund. Failure to include such provisions constitutes a violation of this code, subject to appropriate penalties.

There is no fiscal impact to the state, local governments or the private sector.

This act shall take effect July 1, 2008.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives. STORAGE NAME: h1003a.Fl.doc 3/18/2008

DATE:

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower families: Provides that senior consumers may rescind an annuity product within one year of purchase and obtain a full refund.

B. EFFECT OF PROPOSED CHANGES:

Background

Sales of annuities to seniors have risen dramatically over the past several years. and in turn, so have instances of deceptive sales practices. Seniors comprise a vital component of Florida's economy, and are frequently a prime target for fraud because of the lifetime of savings they have amassed.1

Section 1: Subsection (9) is added to section 627.4554. F.S., Annuity investments by seniors.— The bill provides any person who purchases an annuity product in Florida and is 75 years of age or older at the time of purchase may rescind without penalty a contract for the sale of such annuity product for any reason within one (1) year of purchase.

Such rescission must be in writing and may be delivered to the insured or any agent of the insured selling annuity products. A person rescinding a contract or agreement for such annuity product shall receive from the insurer a full refund of costs paid upon receipt of the written notice of rescission.

Any insurer licensed to write or sell annuities or annuity products must include contractual provisions allowing a person 75 years of age or older who purchases an annuity product to rescind such agreement in accordance with this subsection. Moreover, an insurer is to provide a senior consumer a full refund. Failure to include such provisions constitutes a violation of this code, subject to the appropriate penalties.

Section2: This act shall take effect July 1, 2008.

C. SECTION DIRECTORY:

None

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

Α.	FISCAL	IMPACT	ON	STATE	GO\	/ERNMENT:

1. Revenues:

None

2. Expenditures:

None

- B. FISCAL IMPACT ON LOCAL GOVERNMENTS:
 - 1. Revenues:

None

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2. Expenditures:	
None	
C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:	
None	
D. FISCAL COMMENTS:	
None	
III COMMENTS	

III. COMMENIS

- A. CONSTITUTIONAL ISSUES:
 - 1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

None.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

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