

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

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

¹ Florida Department of Financial Services : 2008 White Paper on Annuities: by Roxanne Rehm, Assistant General Counsel

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

III. COMMENTS

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