

1                   A bill to be entitled  
 2           An act relating to annuity contracts for senior consumers;  
 3           creating s. 627.45545, F.S.; providing a short title;  
 4           providing legislative findings; providing definitions;  
 5           specifying annuity contract protection criteria for senior  
 6           consumers; providing an effective date.

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 8 Be It Enacted by the Legislature of the State of Florida:

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 10           Section 1. Section 627.45545, Florida Statutes, is created  
 11 to read:

12           627.45545 Senior annuity protections.--

13           (1) This section may be cited as the "Florida Senior  
 14 Annuity Bill of Rights."

15           (2) The Legislature finds that equity indexed, fixed  
 16 equity indexed, and indexed annuities are substantially similar  
 17 in complexity to securities and should therefore be regulated as  
 18 securities relative to setting appropriate consumer protections  
 19 and agent training. Agents who sell equity indexed, fixed equity  
 20 indexed, and indexed annuities should be required to have the  
 21 same license as that required to sell securities under chapter  
 22 517.

23           (3) As used in this section, the term:

24           (a) "Annuity contract" means a fixed annuity, equity  
 25 indexed annuity, fixed equity indexed annuity, indexed annuity,  
 26 or variable annuity that is individually solicited, whether the  
 27 product is classified as an individual annuity or group annuity.

28           (b) "Equity indexed annuity," "fixed equity indexed  
29 annuity," or "indexed annuity" means a fixed annuity that earns  
30 interest or provides benefits that are linked to an external  
31 equity reference or an equity index.

32           (c) "Purchase payment" means any amount paid to the  
33 insurer under an annuity contract as consideration for the  
34 benefits provided by the contract.

35           (d) "Senior consumer" means a person 65 years of age or  
36 older. In the event of a joint purchase by more than one party,  
37 a purchase is considered to be made by a senior consumer if any  
38 party is age 65 or older.

39           (e) "Surrender charge" means any charge levied against the  
40 purchase payments for withdrawal of the purchase payment prior  
41 to the expiration of the surrender charge period.

42           (f) "Surrender charge percentage" means the percentage of  
43 the purchase payments that the contract holder will forfeit for  
44 withdrawal of the purchase payment prior to the expiration of  
45 the surrender charge period.

46           (g) "Surrender charge period" means the number of years  
47 before purchase payments of the annuity contract may be  
48 withdrawn without penalty.

49           (4) The following protections shall be incorporated into  
50 any annuity contract purchased by an individual who, at the time  
51 of purchase, is a senior consumer:

52           (a) The maximum surrender charge period shall be 9 years  
53 from the date of each purchase payment.

54           (b) The maximum annual surrender charge percentage shall  
55 be 9 percent of the purchase payments.

HB 141

2009

56        (c) After the first contract year, senior consumers shall  
57 be allowed free annual withdrawals in each contract year of up  
58 to 10 percent of the purchase payments for annuity contracts  
59 with a surrender charge period of 7 years or longer. The insurer  
60 may also specify in the contract that a senior consumer may take  
61 a free annual withdrawal in an amount greater than 10 percent in  
62 such contract, but in no event may the amount be less than 10  
63 percent.

64        (d) Senior consumers diagnosed with a terminal illness  
65 that will result in death within 2 years after the diagnosis may  
66 withdraw all purchase payments from an annuity contract prior to  
67 the expiration of the surrender charge period without penalty.

68        Section 2. This act shall take effect January 1, 2010.