

By Senator Peaden

2-01680B-09

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1                   A bill to be entitled  
2           An act relating to annuity contracts for senior  
3           consumers; creating s. 627.45545, F.S.; providing a  
4           short title; providing legislative findings; providing  
5           definitions; specifying annuity contract protection  
6           criteria for senior consumers; providing for  
7           application of the act; providing an effective date.  
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9   Be It Enacted by the Legislature of the State of Florida:  
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11           Section 1. Section 627.45545, Florida Statutes, is created  
12   to read:

13           627.45545 Senior annuity protections.-

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

16           (2) The Legislature finds that equity indexed, fixed equity  
17   indexed, and indexed annuities are substantially similar in  
18   complexity to securities and should therefore be regulated as  
19   securities relative to setting appropriate consumer protections  
20   and agent training. Agents who sell equity indexed, fixed equity  
21   indexed, and indexed annuities should be required to have the  
22   same license as that required to sell securities under chapter  
23   517.

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

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

29           (b) "Equity indexed annuity," "fixed equity indexed

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30 annuity," or "indexed annuity" means a fixed annuity that earns  
31 interest or provides benefits that are linked to an external  
32 equity reference or an equity index.

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

36 (d) "Senior consumer" means a person 70 years of age or  
37 older. In the event of a joint purchase by more than one party,  
38 a purchase is considered to be made by a senior consumer if any  
39 party is age 70 or older.

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

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

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

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

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

55 (b) The maximum annual surrender charge percentage shall be  
56 9 percent of the purchase payments.

57 (c) After the first contract year, senior consumers shall  
58 be allowed free annual withdrawals in each contract year of up

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59 to 10 percent of the purchase payments for annuity contracts  
60 with a surrender charge period of 7 years or longer.

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

65 Section 2. This act shall take effect January 1, 2010, and  
66 applies to annuity contracts issued or renewed on or after that  
67 date.