

By Senator Bennett

21-00845-09

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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 an effective
7 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 65 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 65 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. The insurer
61 may also specify in the contract that a senior consumer may take
62 a free annual withdrawal in an amount greater than 10 percent in
63 such contract, but in no event may the amount be less than 10
64 percent.

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

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