

By: Hinojosa, et al.

S.B. No. 1168

Substitute the following for S.B. No. 1168:

By: Smithee

C.S.S.B. No. 1168

A BILL TO BE ENTITLED

AN ACT

relating to a rescission period for annuity contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle A, Title 7, Insurance Code, is amended by adding Chapter 1116 to read as follows:

CHAPTER 1116. REQUIRED PROVISIONS FOR ANNUITY CONTRACT

Sec. 1116.001. DEFINITION. In this chapter, "annuity" means a fixed, variable, or modified guaranteed annuity that is individually solicited, whether classified as an individual annuity or group annuity.

Sec. 1116.002. RESCISSION PERIOD REQUIRED. An annuity contract must provide:

(1) An unconditional refund of premiums paid for a fixed annuity contract, including any contract fees or charges, within 20 days of the delivery of the contract; and

(3) An unconditional refund for variable or modified guaranteed annuity contracts within 20 days of the delivery of the contract. The unconditional refund shall be equal to the cash surrender value provided in the annuity contract, plus any fees or charges deducted from the premiums or imposed under the contract. This subparagraph does not apply if the prospective owner is an accredited investor, as defined in Regulation D as adopted by the United States Securities and Exchange Commission.

SECTION 2. The change in law made by this Act applies only

1 to an annuity contract delivered or issued for delivery on or after  
2 January 1, 2010. A contract delivered or issued for delivery before  
3 January 1, 2010, is governed by the law in effect immediately before  
4 the effective date of this Act, and that law is continued in effect  
5 for that purpose.

6 SECTION 3. This Act takes effect September 1, 2009.