

By: Smithee

H.B. No. 1032

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. (a) A fixed annuity contract must provide that, for a period of at least 20 days after the date the contract is delivered, the purchaser may rescind the contract and receive an unconditional refund of premiums paid for the contract, including any contract fees or charges.

(b) Except as provided by Subsection (c), a variable or modified guaranteed annuity contract must provide that, for a period of at least 20 days after the date the contract is delivered, the purchaser may rescind the contract and receive an unconditional refund that is equal to the cash surrender value provided in the contract plus any fees or charges deducted from the premiums or imposed under the contract.

(c) Subsection (b) does not apply to an annuity contract if the prospective owner is an accredited investor, as defined by 17

1 C.F.R. Section 230.501(a) as adopted by the United States
2 Securities and Exchange Commission.

3 SECTION 2. The change in law made by this Act applies only
4 to an annuity contract delivered or issued for delivery on or after
5 January 1, 2012. A contract delivered or issued for delivery before
6 January 1, 2012, is governed by the law in effect immediately before
7 the effective date of this Act, and that law is continued in effect
8 for that purpose.

9 SECTION 3. This Act takes effect September 1, 2011.