

1-1 By: Smithee (Senate Sponsor - Davis) H.B. No. 1032  
1-2 (In the Senate - Received from the House April 11, 2011;  
1-3 April 20, 2011, read first time and referred to Committee on State  
1-4 Affairs; May 3, 2011, reported favorably by the following vote:  
1-5 Yeas 8, Nays 0; May 3, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to a rescission period for annuity contracts.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Subtitle A, Title 7, Insurance Code, is amended  
1-11 by adding Chapter 1116 to read as follows:

1-12 CHAPTER 1116. REQUIRED PROVISIONS FOR ANNUITY CONTRACT

1-13 Sec. 1116.001. DEFINITION. In this chapter, "annuity"  
1-14 means a fixed, variable, or modified guaranteed annuity that is  
1-15 individually solicited, whether classified as an individual  
1-16 annuity or group annuity.

1-17 Sec. 1116.002. RESCISSION PERIOD REQUIRED. (a) A fixed  
1-18 annuity contract must provide that, for a period of at least 20 days  
1-19 after the date the contract is delivered, the purchaser may rescind  
1-20 the contract and receive an unconditional refund of premiums paid  
1-21 for the contract, including any contract fees or charges.

1-22 (b) Except as provided by Subsection (c), a variable or  
1-23 modified guaranteed annuity contract must provide that, for a  
1-24 period of at least 20 days after the date the contract is delivered,  
1-25 the purchaser may rescind the contract and receive an unconditional  
1-26 refund that is equal to the cash surrender value provided in the  
1-27 contract plus any fees or charges deducted from the premiums or  
1-28 imposed under the contract.

1-29 (c) Subsection (b) does not apply to an annuity contract if  
1-30 the prospective owner is an accredited investor, as defined by 17  
1-31 C.F.R. Section 230.501(a) as adopted by the United States  
1-32 Securities and Exchange Commission.

1-33 SECTION 2. The change in law made by this Act applies only  
1-34 to an annuity contract delivered or issued for delivery on or after  
1-35 January 1, 2012. A contract delivered or issued for delivery before  
1-36 January 1, 2012, is governed by the law in effect immediately before  
1-37 the effective date of this Act, and that law is continued in effect  
1-38 for that purpose.

1-39 SECTION 3. This Act takes effect September 1, 2011.

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