

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:

(1) authorize the purchaser to rescind the contract and return it to the issuer without surrender fees for at least:

(A) 20 days after the date the contract is entered into; or

(B) 30 days after the date the contract is entered into if:

(i) the purchaser is 65 years of age or older; or

(ii) the agreement is entered into by mail; and

(2) provide for a refund to a purchaser who rescinds the contract during the applicable rescission period equal to the

1 amount paid by the purchaser under the contract.

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

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