

BILL ANALYSIS

Senate Research Center

S.B. 1107
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It has been asserted that the authority of the Texas Department of Insurance (TDI) to regulate annuities has not kept pace with the growing market of annuity products. There is additional concern that in the context of new and unique annuity products, such as contingent deferred annuities and indexed annuities that replicate investment market returns, the current authority of TDI to regulate annuity contracts results in an incomplete regulatory framework that does not respond well to market changes or adequately protect consumers. S.B. 1107 seeks to address these issues.

S.B. 1107 amends current law relating to contingent deferred annuity contracts.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 (Section 1116.003, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1107.002(a), Insurance Code, to provide that this chapter does not apply to a contingent deferred annuity contract as defined by Section 1116.003.

SECTION 2. Amends Chapter 1116, Insurance Code, by adding Section 1116.003, as follows:

Sec. 1116.003. RULEMAKING AUTHORITY FOR CONTINGENT DEFERRED ANNUITY CONTRACTS. (a) Defines "contingent deferred annuity contract" in this section.

(b) Authorizes the commissioner of insurance by rule to adopt reasonable standards for contingent deferred annuity contracts, including standards for:

(1) the procedures for Texas Department of Insurance (TDI) review and approval of contingent deferred annuity contracts and the criteria TDI will use in approving the contracts;

(2) replacement, suitability, and disclosure requirements that are consistent with applicable model regulations developed by the National Association of Insurance Commissioners; and

(3) advertising of contingent deferred annuity contracts that are consistent with applicable model regulations developed by the National Association of Insurance Commissioners.

SECTION 3. Effective date: upon passage or September 1, 2015.