

By: Eltife
(Smithee)

S.B. No. 1107

Substitute the following for S.B. No. 1107:

By: Vo

C.S.S.B. No. 1107

A BILL TO BE ENTITLED

AN ACT

relating to contingent deferred annuity contracts.

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

SECTION 1. Section 1107.002(a), Insurance Code, is amended to read as follows:

(a) This chapter does not apply to:

(1) a reinsurance contract;

(2) a group annuity contract that is purchased under a retirement plan or plan of deferred compensation established or maintained by an employer, including a partnership or sole proprietorship, by an employee organization, or by both, other than a plan that provides individual retirement accounts or individual retirement annuities under Section 408, Internal Revenue Code of 1986, as amended;

(3) a premium deposit fund;

(4) a variable annuity contract;

(5) an investment annuity contract;

(6) an immediate annuity contract;

(7) a deferred annuity contract under which annuity payments have begun; ~~or~~

(8) a reversionary annuity contract; or

(9) a contingent deferred annuity contract as defined by Section 1116.003.

SECTION 2. Chapter 1116, Insurance Code, is amended by

1 adding Section 1116.003 to read as follows:

2 Sec. 1116.003. RULEMAKING AUTHORITY FOR CONTINGENT
3 DEFERRED ANNUITY CONTRACTS. (a) In this section, "contingent
4 deferred annuity contract" means an annuity contract in which a
5 life insurer makes periodic payments for the annuitant's lifetime
6 beginning when a designated investment that is not owned or held by
7 the insurer is depleted to an amount specified by the contract due
8 to contractually permitted withdrawals, market performance, fees,
9 or other charges.

10 (b) The commissioner by rule may adopt reasonable standards
11 for contingent deferred annuity contracts, including standards
12 for:

13 (1) the procedures for department review and approval
14 of contingent deferred annuity contracts and the criteria the
15 department will use in approving the contracts;

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

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

23 SECTION 3. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2015.