

HB 938 -- Annuity Contracts

Sponsor: Luetkemeyer

This bill amends the formula that may be used for determining the minimum present value of an annuity when it is terminated early. Current law requires these contracts to offer a minimum interest rate of 3%. The bill removes this minimum and allows these contracts to offer a rate that is tied to the five-year Constant Maturity Treasury Rate, as reported by the Federal Reserve. The bill allows the sellers of annuities to continue to use the current formula until July 1, 2006. The current law is set to expire on July 1, 2004.