

BILL ANALYSIS

Senate Research Center
81R5533 AJA-D

S.B. 1168
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A "free look" period would allow Texans time to examine a recently purchased annuity policy. During this time period, consumers can receive a refund if they decide they do not want the annuity. Free look periods give consumers the opportunity to consult with friends, family, or a financial advisor to be sure that this long-term investment is right for them. Some states have laws that establish annuity free look periods for up to 45 days.

As proposed, S.B. 1168 requires an annuity contract to authorize the purchaser to rescind the contract and return it to the issuer without surrender fees for at least 30 days after the date the contract is entered into.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle A, Title 7, Insurance Code, by adding Chapter 1116, as follows:

CHAPTER 1116. REQUIRED PROVISIONS FOR ANNUITY CONTRACT

Sec. 1116.001. DEFINITION. Defines "annuity."

Sec. 1116.002. RESCISSION PERIOD REQUIRED. Authorizes an annuity contract to authorize the purchaser to rescind the contract and return it to the issuer without surrender fees for at least 30 days after the date the contract is entered into; and provide for a refund to a purchaser who rescinds the contract during that period equal to the amount paid by the purchaser under the contract.

SECTION 2. Makes application of this Act prospective to January 1, 2010.

SECTION 3. Effective date: September 1, 2009.