

SCS HB 938 -- ANNUITY CONTRACTS

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 1.5%. 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 sellers of annuities are allowed to continue to use the current formula until July 1, 2006. The current law expires on July 1, 2004.