

HB 1423 -- SECURITIES REGULATION

SPONSOR: Page

COMMITTEE ACTION: Voted "do pass" by the Committee on Senior Citizen Advocacy by a vote of 9 to 2.

This bill changes the definition of "security" as it is used in the laws regulating securities so that the sale of variable annuities will be regulated by the Secretary of State. Currently, sales are regulated by the Department of Insurance.

FISCAL NOTE: No impact on state funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that the bill provides protection for all investors, but specifically protects seniors by regulating the sale of variable annuities. Many seniors rely on a monthly, fixed income to survive. Because of the complex nature of variable annuities, many seniors purchase the annuities despite the lack of a fixed income. The bill brings stability and cohesion to securities regulation in the state by bringing all vendors of investment products under a single regulatory system and allows the Division of Securities to monitor sales practices and implement anti-fraud measures.

Testifying for the bill were Representative Page; Office of the Secretary of State; Michael Kickham, Financial Planners Association of Missouri and Illinois; Missouri Association of Independent Insurance Agents; and Department of Insurance.

OPPOSERS: Those who oppose the bill say that rules and regulations within the Department of Insurance are already in place to regulate variable annuities. The bill should not create restitution authority in the Secretary of State's Division of Securities. The bill will also add an unnecessary layer of oversight into an already heavily regulated industry.

Testifying against the bill were Life Insurance Association of Missouri; Missouri Insurance Coalition; and American Council of Life Insurers.

Alex Curchin, Legislative Analyst