

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 21-1000.01 Thomas Morris x4218

SENATE BILL 21-259

SENATE SPONSORSHIP

Rodriguez, Liston, Smallwood

HOUSE SPONSORSHIP

Bird and Sandridge,

Senate Committees

Finance

House Committees

A BILL FOR AN ACT

101 **CONCERNING A MODIFICATION TO THE MINIMUM NONFORFEITURE**
102 **PERCENTAGE REQUIRED TO BE PAID UPON THE SURRENDER OF**
103 **AN ANNUITY POLICY.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

When the holder of an annuity policy surrenders the policy, the holder forfeits most of the accumulated value of the policy, but the insurance company that issued the policy must pay to the holder a percentage of the policy's value (the nonforfeiture rate). Under current law, the nonforfeiture rate is the lesser of 3% per year or a fraction of the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
3rd Reading Unamended
May 20, 2021

SENATE
2nd Reading Unamended
May 19, 2021

federal reserve's 5-year constant maturity treasury rate; the rate resulting from this fraction must not be less than one percent. The bill reduces the minimum nonforfeiture rate resulting from this fraction to not less than .15%.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 10-7-504, **amend**
3 (3)(a)(II)(C) as follows:

4 **10-7-504. Minimum nonforfeiture amounts - rules.** (3) (a) The
5 interest rate used to determine minimum nonforfeiture amounts shall be
6 the lesser of the following:

7 (II) If specified in the contract that the interest rate will reset, the
8 five-year constant maturity treasury rate reported by the federal reserve
9 as of a specified date or averaged over a period reduced by one hundred
10 twenty-five basis points so long as:

11 (C) The resulting interest is not less than ~~one~~ FIFTEEN
12 ONE-HUNDREDTHS percent;

13 **SECTION 2. Applicability.** This act applies to nonforfeiture
14 amounts determined on or after the effective date of this act.

15 **SECTION 3. Safety clause.** The general assembly hereby finds,
16 determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, or safety.