



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

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**Fiscal Note**

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**Drafting Number:** LLS 21-1000      **Date:** May 10, 2021  
**Prime Sponsors:** Sen. Rodriguez      **Bill Status:** Senate Finance  
**Fiscal Analyst:** Clare Pramuk | 303-866-2677  
clare.pramuk@state.co.us

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**Bill Topic:**      **MODIFY NONFORFEITURE PERCENT SURRENDER ANNUITY**

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**Summary of Fiscal Impact:**      **No fiscal impact.** The bill is reduces the minimum nonforfeiture interest rate for individual deferred annuities from 1.0 percent to 0.15 percent to conform to a national standard. It does not affect the revenue or expenditures of any state or local agency so is assessed as having no fiscal impact.

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**Appropriation Summary:**      No appropriation is required.

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**Fiscal Note Status:**      The fiscal note reflects the introduced bill.

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**Summary of Legislation**

Colorado’s Standard Nonforfeiture Law for Individual Deferred Annuities is based on a model law created by the National Association of Insurance Commissioners (NAIC). The members of the NAIC voted to amend the model law to lower the minimum non-forfeiture interest rate for individual deferred annuities to 0.15 percent, from 1.0 percent. This bill makes this change to the Colorado nonforfeiture law.

**Background**

Colorado law requires life insurance contracts to include nonforfeiture clauses that stipulate the benefits that the holder of an annuity receives when the contract lapses due to nonpayment of premium or surrender of the contract. These benefits can be an amount of paid-up term life insurance or a cash surrender value.

**Assessment of No Fiscal Impact**

The bill makes a change to insurance contracts to conform to a national standard. It does not affect the revenue or expenditures of any state or local agency so is assessed as having no fiscal impact.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to nonforfeiture amounts determined on or after the effective date.

## **State and Local Government Contacts**

Information Technology

Regulatory Agencies