

CHAPTER 183

INSURANCE

HOUSE BILL 03-1299

BY REPRESENTATIVE(S) Cadman, Crane, Frangas, and Jahn;
also SENATOR(S) Dyer and Isgar.

AN ACT

CONCERNING THE MINIMUM AUTHORIZED RETURN FOR A LIFE INSURANCE ANNUITY.

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

SECTION 1. 10-7-504 (1) (a), Colorado Revised Statutes, is amended to read:

10-7-504. Minimum nonforfeiture amounts - repeal. (1) The minimum values specified in sections 10-7-505 to 10-7-508 and 10-7-509 (1) of any paid-up annuity, cash surrender, or death benefits available under an annuity contract shall be based upon the following minimum nonforfeiture amounts:

(a) (I) BEGINNING JULY 1, 2006, with respect to contracts providing for flexible considerations, the minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to such time at a rate of interest of three percent per annum of percentages of the net considerations, as defined in subsection (2) of this section, paid prior to such time, decreased by the sum of any prior withdrawals from or partial surrenders of the contract accumulated at a rate of interest of three percent per annum and the amount of any indebtedness to the company on the contract, including interest due and accrued, and increased by any existing additional amounts credited by the company to the contract.

(II) (A) WITH RESPECT TO CONTRACTS PROVIDING FOR FLEXIBLE CONSIDERATIONS, THE MINIMUM NONFORFEITURE AMOUNT AT ANY TIME AT OR PRIOR TO THE COMMENCEMENT OF ANY ANNUITY PAYMENTS SHALL BE EQUAL TO AN ACCUMULATION UP TO SUCH TIME AT A RATE OF INTEREST OF ONE AND ONE-HALF PERCENT PER ANNUM OF PERCENTAGES OF THE NET CONSIDERATIONS, AS DEFINED IN SUBSECTION (2) OF THIS SECTION, PAID PRIOR TO SUCH TIME, DECREASED BY THE SUM OF ANY PRIOR WITHDRAWALS FROM OR PARTIAL SURRENDERS OF THE CONTRACT

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

ACCUMULATED AT A RATE OF INTEREST OF ONE AND ONE-HALF PERCENT PER ANNUM AND THE AMOUNT OF ANY INDEBTEDNESS TO THE COMPANY ON THE CONTRACT, INCLUDING INTEREST DUE AND ACCRUED, AND INCREASED BY ANY EXISTING ADDITIONAL AMOUNTS CREDITED BY THE COMPANY TO THE CONTRACT.

(B) THIS SUBPARAGRAPH (II) IS REPEALED, EFFECTIVE JULY 1, 2006.

SECTION 2. Effective date - applicability. (1) This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to contracts entered into on or after the applicable effective date of this act.

Approved: April 22, 2003