

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 342

S.P. 121

In Senate, January 28, 2003

An Act to Amend the Law Relating to Annuities

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator LaFOUNTAIN of York.
Cosponsored by Representative O'NEIL of Saco and
Senator: MAYO of Sagadahoc, Representative: YOUNG of Limestone.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 24-A MRSA §2544, sub-§1**, as enacted by PL 1979, c. 442, §4, is amended to read:

6 1. With respect to contracts providing for flexible
8 considerations, the minimum nonforfeiture amount at any time at
10 or prior to the commencement of any annuity payments ~~shall be~~ is
12 equal to an accumulation up to that time at a rate of interest of
3% 1.0% per year of percentages of the net considerations, as
~~hereinafter~~ defined, paid prior to that time, decreased by the
sum of:

14 A. Any prior withdrawals from or partial surrenders of the
16 contract accumulated at a rate of interest of 3% 1.0% per
year; and

18 B. The amount of any indebtedness to the insurer on the
20 contract, including interest due and accrued and increased
to the contract.

22 The net ~~considerations~~ consideration for a given contract year
24 used to define the minimum nonforfeiture amount ~~shall be~~ is an
26 amount not less than zero and ~~shall--be~~ is equal to the
28 corresponding gross considerations credited to the contract
during that contract year less an annual contract charge of \$30
and less a collection charge of \$1.25 per consideration credited
30 to the contract during that contract year. The percentages of net
32 considerations ~~shall be~~ are 65% of the net consideration for the
first contract year and 87 1/2% of the net considerations for the
34 2nd and later contract years. Notwithstanding the provisions of
the preceding sentence, the percentage ~~shall~~ must be 65% of the
36 portion of the total net consideration for any renewal contract
year ~~which that~~ which exceeds by not more than 2 times the sum of those
portions of the net considerations in all prior contract years
for which the percentage was 65%.

40 **SUMMARY**

42 This bill decreases the annuity rate-of-return requirements
44 from 3% to 1.0%.