

1 ENGROSSED SENATE
2 BILL NO. 529

By: Quinn of the Senate

3 and

4 Mize of the House

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7 An Act relating to life insurance and annuities;
8 amending 36 O.S. 2011, Section 4030.5, which relates
9 to minimum nonforfeiture amounts; modifying
10 calculation of certain interest rate; and providing
11 an effective date.

12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 36 O.S. 2011, Section 4030.5, is
14 amended to read as follows:

15 Section 4030.5. A. The minimum values as specified in Sections
16 4030.6, 4030.7, 4030.8, 4030.9 and 4030.11 of this title, of any
17 paid-up annuity, cash surrender or death benefits available under an
18 annuity contract shall be based upon minimum nonforfeiture amounts
19 as defined in this section.

20 B. 1. The minimum nonforfeiture amount at any time at or prior
21 to the commencement of any annuity payments shall be equal to an
22 accumulation up to such time at rates of interest as indicated in
23 subsection C of this section of the net considerations, as
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1 hereinafter defined, paid prior to such time, decreased by the sum
2 of:

- 3 a. any prior withdrawals from or partial surrenders of
4 the contract accumulated at rates of interest
5 indicated in subsection C of this section,
- 6 b. an annual contract charge of Fifty Dollars (\$50.00),
7 accumulated at rates of interest indicated in
8 subsection C of this section,
- 9 c. any premium tax paid by the company for the contract,
10 accumulated at rates of interest indicated in
11 subsection C of this section, and
- 12 d. the amount of any indebtedness to the company on the
13 contract, including interest due and accrued.

14 2. The net considerations for a given contract year used to
15 define the minimum nonforfeiture amount shall be an amount equal to
16 eighty-seven and one-half percent (87.5%) of the gross
17 considerations credited to the contract during that contract year.

18 C. The interest rate used in determining minimum nonforfeiture
19 amounts shall be an annual rate of interest determined as the lesser
20 of three percent (3%) per annum and the following, which shall be
21 specified in the contract if the interest rate will be reset:

22 1. The five-year Constant Maturity Treasury Rate reported by
23 the Federal Reserve as of a date, or average over a period, rounded
24 to the nearest one-twentieth of one percent (1/20 of 1%), specified

1 in the contract no longer than fifteen (15) months prior to the
2 contract issue date or redetermination date under paragraph 4 of
3 this subsection;

4 2. Reduced by one hundred twenty-five (125) basis points;

5 3. If the resulting interest rate is not less than ~~one percent~~
6 ~~(1%)~~ fifteen one-hundredths of one percent (.15%); and

7 4. The interest rate shall apply for an initial period and may
8 be redetermined for additional periods. The redetermination date,
9 basis and period, if any, shall be stated in the contract. The
10 basis is the date or average over a specified period that produces
11 the value of the five-year Constant Maturity Treasury Rate to be
12 used at each redetermination date.

13 D. During the period or term that a contract provides
14 substantive participation in an equity indexed benefit, it may
15 increase the reduction described in paragraph 2 of subsection C of
16 this section by up to an additional one hundred (100) basis points
17 to reflect the value of the equity index benefit. The present value
18 at the contract issue date, and at each redetermination date
19 thereafter, of the additional reduction shall not exceed the market
20 value of the benefit. The Commissioner may require a demonstration
21 that the present value of the additional reduction does not exceed
22 the market value of the benefit. Lacking such a demonstration that
23 is acceptable to the Commissioner, the Commissioner may disallow or
24 limit the additional reduction.

1 E. The Commissioner may adopt rules to implement the provisions
2 of paragraph 4 of subsection C of this section and to provide for
3 further adjustments to the calculation of minimum nonforfeiture
4 amounts for contracts that provide substantive participation in an
5 equity index benefit and for other contracts that the Commissioner
6 determines are justified.

7 SECTION 2. This act shall become effective November 1, 2021.

8 Passed the Senate the 8th day of March, 2021.

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Presiding Officer of the Senate

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12 Passed the House of Representatives the ____ day of _____,
13 2021.

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Presiding Officer of the House
of Representatives

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