

# An Act

ENROLLED SENATE  
BILL NO. 529

By: Quinn of the Senate

and

Mize of the House

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

SUBJECT: Insurance

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

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

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

B. 1. 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 rates of interest as indicated in subsection C of this section of the net considerations, as hereinafter defined, paid prior to such time, decreased by the sum of:

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

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

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

1. The five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest one-twentieth of one percent (1/20 of 1%), specified in the contract no longer than fifteen (15) months prior to the contract issue date or redetermination date under paragraph 4 of this subsection;

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

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

4. The interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces

the value of the five-year Constant Maturity Treasury Rate to be used at each redetermination date.

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

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

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

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

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Presiding Officer of the Senate

Passed the House of Representatives the 22nd day of April, 2021.

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Presiding Officer of the House  
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_

Approved by the Governor of the State of Oklahoma this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_