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Annuity Sales to Seniors: State Legislative Proposals

Two bills involving annuity sales to seniors have been introduced in the Connecticut legislature. The Connecticut Select Committee on Aging introduced Raised S.B. No. 155, "AN ACT PROHIBITING THE SALE OF VARIABLE ANNUITY CONTRACTS TO SENIORS." In addition, the House Insurance and Real Estate Committee introduced Raised Bill No. 5158, "AN ACT MAKING CHANGES TO THE INSURANCE STATUTES," which requires the Insurance Commissioner to establish standards for sales to seniors.

Rather than imposing heightened suitability requirements on the sale of variable annuities to seniors, Raised S.B. No. 155, as its name states, is an outright prohibition on the sale of variable annuities to individuals age 65 or older. In particular, Raised S.B. No. 155 amends Connecticut's separate account law, Section 38a-433, by adding a new subsection (f), which states:

(f) On and after January 1, 2009, no insurance company shall sell a policy or contract that provides for annuities payable in variable amounts to a person who is sixty-five years of age or older.

While the language in new subsection (f) may be read as prohibiting contracts that allow persons who are 65 or older to select any variable payout options, the expressed purpose of the bill clarifies that it is intended to "prohibit the sale of [new] **variable annuity** policies or contracts to seniors to protect seniors from fraud." Yesterday, there was a hearing of the Connecticut Select

Committee on Aging to discuss this bill.

The Connecticut House Insurance and Real Estate Committee's measure takes a more pragmatic approach to protecting seniors. Raised Bill No. 5158 amends Section 38a-432a by requiring the Insurance Commissioner to adopt standards for the sale or exchange of any type of annuity, not just variable annuities, to senior consumers and standards for making recommendations to senior consumers. Thus, if Raised Bill No. 5158 is adopted, standards allowing appropriate sales of annuities to seniors can be developed by the regulatory authority that is best suited to do so. "Senior consumer" is defined as "an individual sixty-five years of age or older, except that in the event of a joint purchase by more than one person, the purchaser shall be considered to be a senior consumer if any of the purchasers is sixty-five years of age or older."

Jorden Burt will monitor the developments of these two bills and provide updates on any significant developments. If you have a question or comment regarding either bill, please contact Ann Black at (305) 347-6859 or ay@jordenusa.com or Ann Furman at (202) 965-8130 or abf@jordenusa.com.

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