



General Assembly

February Session, 2016

***Raised Bill No. 5445***

LCO No. 1772



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING THE PURCHASE OF AN ANNUITY TO FUND PENSION BENEFITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) (a) As used in this  
2 subsection, "employer" means any person engaged in a business in this  
3 state and employing two or more employees, but does not include the  
4 state or a municipality or other political subdivision of the state, and  
5 "pension plan" has the same meaning as provided in 29 USC  
6 1002(2)(A), as amended from time to time.

7 (b) On and after October 1, 2016, any insurance company that issues  
8 an allocated or unallocated group annuity contract described in  
9 subparagraph (F) of subdivision (1) of subsection (a) of section 52-321a  
10 of the general statutes to an employer in this state or a pension plan  
11 providing retirement benefits to employees or retirees in this state shall  
12 provide, not later than thirty days before the effective date of such  
13 annuity contract, the following information in writing to each  
14 employee and retiree who is an intended participant of or beneficiary  
15 under such annuity contract:

16 (1) A description of the differences in the protections afforded by  
17 such annuity contract and the Employee Retirement Income Security  
18 Act of 1974 or the federal Pension Benefit Guaranty Corporation, and a  
19 list of applicable state laws governing annuity payments;

20 (2) A statement of the amount of, scope of and conditions precedent  
21 for coverage under the Connecticut Life and Health Insurance  
22 Guaranty Association pursuant to chapter 704a of the general statutes  
23 or any subsequent corresponding guaranty association that provides  
24 coverage of annuity contracts to annuitants and beneficiaries residing  
25 in the state and any supplemental coverage provided under state law  
26 in the event of the insolvency of the insurance company;

27 (3) A statement of the extent to which annuity payments may  
28 become subject to claims of creditors of the insurance company or to  
29 avoidance actions taken by bankruptcy trustees;

30 (4) A statement of any change in the tax treatment of a participant of  
31 or beneficiary under such annuity contract;

32 (5) Detailed information about the annuity contract, including a  
33 schedule of all costs and expenses to be paid in connection with the  
34 issuance of such contract; and

35 (6) A copy of any fairness opinions or solvency analysis performed  
36 by the insurance company in connection with the selection of the  
37 annuity.

38 (c) For each such annuity contract issued on or after October 1, 2016,  
39 the insurance company shall provide annually the following  
40 information in writing to each employee and retiree who is a  
41 participant of or beneficiary under such annuity contract:

42 (1) The funding level of all assets relative to the expected liabilities  
43 under the assumed pension benefit schedules;

44 (2) An investment performance summary by asset class;

- 45 (3) An investment performance detail report by asset class;
- 46 (4) A list of all expenses associated with such annuity contract,  
47 including payments made to beneficiaries and administrative  
48 expenses;
- 49 (5) Changes, if any, in actuarial assumptions; and
- 50 (6) A list of any public documents related to such annuity contract  
51 that have been filed with the Insurance Department and instructions  
52 for obtaining any such documents.
- 53 (d) No such annuity contract shall be subsequently transferred  
54 unless such transfer is made to an entity that maintains a rating  
55 equivalent to an A or better from two or more nationally recognized  
56 rating agencies.
- 57 (e) The Insurance Commissioner may adopt regulations, in  
58 accordance with the provisions of chapter 54 of the general statutes, to  
59 implement the provisions of this section, including the imposition of  
60 any penalties, fines or assessments for a violation of any provision of  
61 this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section

**Statement of Purpose:**

To require an insurance company to provide certain disclosures to employees and retirees of an employer when such company issues a group annuity contract to provide retirement benefits to such employees and retirees, and limit subsequent transfers of such annuity contract.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*