



General Assembly

Raised Bill No. 5445

February Session, 2016

LCO No. 1772

* _____ HB05445 INS ___ 031616 _____ *

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	October 1, 2016	New section

INS *Joint Favorable*