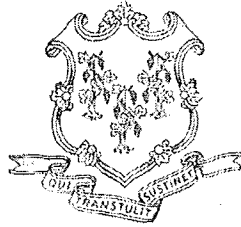


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State of Connecticut

SENATE

Twenty-seventh District

Chair
General Law Committee
Transportation Committee
Vice Chair
Finance, Revenue & Bonding Committee
Member
Commerce Committee

RE: S.B. 493 AN ACT CONCERNING THE PURCHASE OF AN ANNUITY TO FUND PENSION BENEFITS

Senator Larson, Senator Kelly, Representative Scanlon, and distinguished members of the Insurance and Real Estate Committee, my name is Carlo Leone. I am a state senator representing district 27 including Stamford and Darien, Connecticut. I'm here in support of **Senate Bill 493, An Act Concerning the Purchase of an Annuity to Fund Pension Benefits**.

The intent of this legislation is to protect the pensions and benefits of our hard-working men and women who believe that their savings will be there when they need it later in life. When pensions get turned into annuities, people have the right to know the details. Insurers who make those changes have the responsibility to provide the details to the people affected. This bill asks for nothing more than accountability and transparency. People deserve to know what is happening to their accounts and it's incumbent upon the insurers to provide their clients with that information.

In 2015, we passed Public Act 15-167, which provided protections to retirees in pension de-risking transfers, but we still need to do more. Senate Bill 493 would add further protections by requiring certain mandatory disclosures and limit future transfers of group annuity contracts. Similar to last year's House Bill 5445, insurers issuing annuity contracts would be required to fulfill certain criteria before taking any action. With this legislation, insurers would be prohibited from transferring an annuity unless it is made to an entity that maintains an A or better rating (or its equivalent) from two or more nationally recognized rating agencies. Insurers would also have to give advance notice of changes by disclosing important details of the transfer to clients – details such as: a description of the differences between the annuity contract's protections and those of ERISA or the PBGC; a list of state laws governing annuity payments; detailed contract information, including cost and expense schedules paid in connection with the contract's issuance; and most importantly, a detailed annual report of how invested assets are performing, along with other pertinent information. This bill would also authorize the insurance commissioner to adopt regulations and impose penalties on bad actors.

While insurance companies may call these disclosures and protections onerous and burdensome, anyone outside the industry would see this legislation as being well within the scope of reasonable accountability and transparency. This is not too much to ask when people's retirement savings are on the line. Too often companies lose sight of the lives and livelihoods of the people attached to the funds being invested. The requirements of this bill would not let them forget that for every transaction made, there is a dependent person who needs information and deserves to get it. I urge my colleagues to pass this important and impactful legislation.

I thank you for considering this bill, and I look forward to assisting in any way I can.