



General Assembly

January Session, 2017

Committee Bill No. 493

LCO No. 4448



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 January 1, 2018*) (a) As used in this
2 section, "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 January 1, 2018, 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, as amended from time to time, or the federal Pension
19 Benefit Guaranty Corporation, and a list of applicable state laws
20 governing annuity payments;

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

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

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

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

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

39 (c) For each such annuity contract issued on or after January 1, 2018,
40 the insurance company shall provide annually the following
41 information in writing to each employee and retiree who is a
42 participant of or beneficiary under such annuity contract:

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2018	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.

Co-Sponsors: SEN. LEONE, 27th Dist.

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