SCS SB 1188 -- ANNUITY CONTRACTS

This bill amends the formula that may be used for determining the minimum present value of an annuity when it is terminated early. Current law requires these contracts to offer a minimum interest rate of 1.5%. The minimum rate is removed and allows it to be tied to the five-year Constant Maturity Treasury Rate, as reported by the United States Federal Reserve. Sellers of annuities are allowed to use the current formula, which expires on July 1, 2004, until July 1, 2006.

The bill contains an emergency clause.