

HB 733 -- SECURITIES REGULATION

SPONSOR: Page

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of 7 to 1.

This bill changes the definition of "security" as it is used in the laws regulating securities so that the sale of variable annuities will be governed by the Commissioner of Securities appointed by the Secretary of State. Currently, sales are regulated by the Department of Insurance, Financial Institutions, and Professional Registration.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill provides protection for all investors, but specifically protects the elderly by regulating the sale of variable annuities. Many older citizens rely on a monthly, fixed income to survive. Because of the complex nature of variable annuities, many seniors purchase the annuities despite being on a fixed income. The bill brings stability and cohesion to securities regulation in the state by bringing all vendors of investment products under a single regulatory system and allows the Division of Securities in the Office of the Secretary of State to monitor sales practices and implement anti-fraud measures.

Testifying for the bill were Representative Page; Office of the Secretary of State; Michael Kickham; and Missouri Association of Independent Insurance Agents.

OPPOSERS: Those who oppose the bill say that rules and regulations within the Department of Insurance, Financial Institutions, and Professional Registration are already in place to regulate variable annuities. The transfer of enforcement authority will put Missouri in conflict with most other states' laws. Missouri has adopted the Uniform Securities Act which specifically removed variable annuities from the oversight of the Secretary of State and placed it with the department. The bill will also add an unnecessary layer of oversight in an already heavily regulated industry.

Testifying against the bill were Life Insurance Association of Missouri; American Council of Life Insurers; American International Group; and MetLife.