

## DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or [library@lcb.state.nv.us](mailto:library@lcb.state.nv.us).

684-6850  
Fred Hillerby

PROPOSED AMENDMENT AB453

Amend AB453 by adding the following two sections:

Section X NRS 688.361 is hereby amended to read as follows:

688A.361 No contract of annuity may be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the commissioner are at least as favorable to the contract holder:

1. A statement that upon cessation of payment of considerations under a contract or upon the written request of the contract owner, the company will grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in NRS 688A.3631 to 688A.3637, inclusive, and 688A.366;

2. If a contract provides for a lump-sum settlement at maturity or any other time, a statement that upon surrender of the contract at or before the commencement of any annuity payments, the company will pay in lieu of any paid-up annuity benefit a cash surrender benefit of an amount specified in NRS 688A.3631, 688A.3633, 688A.3637 and 688A.366, and that the company may reserve[s] the right to defer the payment of such cash surrender benefit for a period [of] not to exceed 6 months after demand therefore with surrender of the contract after making written request and receiving written approval of the commissioner. The request shall address the necessity and equitability to all policyholders of the deferral;

3. A statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender or death benefits which are guaranteed under the contract, together with sufficient information to determine the amounts of those benefits; and

4. A statement that any paid-up annuity, cash surrender or death benefits which may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which such benefits are altered by the existence of any additional amounts credited by the company to the contract, any indebtedness to the company on the contract or any prior withdrawals from or partial surrenders of the contract, except that any deferred annuity contract may provide that if no considerations have been received under a contract for a period of 2 full years, and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from considerations paid before that period would be less than \$20 monthly, the company may terminate the contract by payment in cash of the then present value of such portion of the paid-up annuity benefit, calculated on the basis of the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by such payment shall be relieved of any further obligation under the contract.

**Section XX** NRS 688A.363 is hereby amended to read as follows:

688A.363 The minimum values, specified in NRS 688A.3631 to 688A.3637, inclusive, and 688A.366, of any paid-up annuity, cash surrender or death benefits available under

an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this section.

1. With respect to contracts providing for flexible considerations, the minimum nonforfeiture amount for any time at or before the commencement of any annuity payments is equal to an accumulation up to such time at a rate of interest [~~of 3 percent per annum of percentages of the net considerations paid before such time~~] calculated pursuant to subsection 2, decreased by the sum of:

(a) Any prior withdrawals from or partial surrenders of the contract, accumulated at a rate of interest [~~of 3 percent per annum~~] calculated pursuant to subsection 2; and

(b) An annual contract charge of \$50, accumulated at rates of interest calculated pursuant to subsection 2; and

(c) Any premium tax paid by the company for the contract, accumulated at rates of interest calculated pursuant to subsection 2;

(d) The amount of any indebtedness to the company on the contract, including interest due and accrued. [~~and increased by any existing additional amounts credited by the company to the contract.~~] The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount [~~not less than zero and shall be~~] equal to [~~the corresponding~~] eighty-seven and one-half percent (87.5%) of gross considerations credited to the contract during that contract year. [~~less an annual contract charge of \$30 and a collection charge of \$1.25 per consideration credited to the contract~~

during that contract year. ~~The percentages of net considerations shall be 65 percent of the net consideration for the first contract year and 87.5 percent of the net considerations for the second and later contract years, except that the percentage shall be 65 percent of the portion of the total net consideration for any renewal contract year which exceeds by not more than 2 times the sum of those portions of the net considerations in all prior contract years for which the percentage was 65 percent.]~~

2. ~~[With respect to contracts providing for fixed scheduled considerations, minimum nonforfeiture amounts shall be calculated on the assumption that considerations are paid annually in advance and shall be defined as for contracts with flexible considerations which are paid annually, with the following exceptions:~~

~~(a) The portion of the net consideration for the first contract year to be accumulated shall be the sum of 65 percent of the net consideration for the first contract year plus 22.5 percent of the excess of the net consideration for the first contract year over the lesser of the net considerations for the second and third contract years.~~

~~(b) The annual contract charge shall be the lesser of:~~

~~(1) Thirty dollars; or~~

~~(2) Ten percent of the gross annual consideration.~~

~~3. With respect to contracts providing for a single consideration, minimum nonforfeiture amounts shall be defined as for contracts with flexible considerations except that the percentage of net consideration used to determine the minimum nonforfeiture amount shall be equal to 90 percent and the net consideration shall be the gross consideration less a contract charge of \$75.]~~

*The interest rate used in determining the minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent (3%) per annum or a rate specified in the contract if that rate is calculated in accordance with regulations adopted by the commissioner. At no time can the resulting rate be less than one percent (1%) per annum.*

Effective dates: July 1, 2003 for regulations required by Section XX, subsection 2.

2-year window from effective date for contract-by-contract conversion to new sections.