

NOTICE OF RULE DEVELOPMENT

DEPARTMENT OF FINANCIAL SERVICES
Division of Insurance Agent and Agency Services

RULE NO.: 69B-215.090
RULE TITLE: Information to be Provided When Recommending the Surrender of an Annuity or Life Insurance Policy with a Cash Value

PURPOSE AND EFFECT: Section 627.4553, F.S., was created by Chapter 2014-123, Laws of Florida, and took effect on July 1, 2014. It requires an insurance agent or insurance company to provide certain information to the consumer prior to surrender of an annuity or life insurance policy. The Department is also directed to adopt by rule key pieces of information an agent or insurance company must provide on a form to the consumer before execution of the surrender check.

SUBJECT AREA TO BE ADDRESSED: Information to be provided when recommending the surrender of an annuity or life insurance policy and not recommending the proceeds from the surrender be used to fund or purchase another annuity or life insurance policy.

RULEMAKING AUTHORITY: 624.308, 627.4553 FS

LAW IMPLEMENTED: 627.4553 FS

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:

DATE AND TIME: September 26, 2014 @ 10:00 A.M.

PLACE: Room 143, Larson Building, 200 E. Gaines Street, Tallahassee, FL

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 5 days before the workshop/meeting by contacting Ray Wenger (850) 413-5605 or Ray.Wenger@myfloridacfo.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Ray Wenger, Bureau of Investigation, 200 E. Gaines Street, Tallahassee, FL 32399-0320 (850) 413-5654 or Ray.Wenger@myfloridacfo.com. The text of the proposed rule is also available on the Department's website @

<http://www.MyFloridaCFO.com/Division/LegalServices/RuleWorkshopMeetings/default.asp>

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

69B-215.090 Information to be Provided When Recommending the Surrender of an Annuity or Life Insurance Policy with a Cash Value.

(1) The purpose of this rule is to implement the provisions of Section 627.4553, F.S., with respect to the surrender of a cash value life insurance or annuity policy, when the surrender is recommended by an insurance agent, and the proceeds will not be used to fund or purchase another life insurance or annuity policy.

(2) Before the execution of the surrender check, the insurance agent or insurance company shall provide a form that contains the following:

(a) Information identifying the policy or annuity to be surrendered.

(b) Any surrender charge and the net dollar amount.

(c) The loss of any guaranteed minimum interest rate and the percentage lost.

(d) The amount of any possible tax consequences resulting from the transaction.

(e) The amount of any actual forfeited death benefit.

(f) The actual value of any other investment performance guarantees being forfeited.

(3) For the purposes of this rule, the term "tax consequences" means the value of the annuity that the insurer knows will be reported as being taxable to the Internal Revenue Service.

(4) This rule also applies to self-appointed licensed insurance agents, attorneys and certified public accountants that are exempt from licensure. Insurance companies that are not aware of an agent's involvement shall provide the required information.

Rulemaking Authority 624.308, 627.4553 FS. Law Implemented 627.4553 FS. History – New _____.