



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Final Fiscal Note

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| <b>Drafting Number:</b> | LLS 21-1000                            | <b>Date:</b>           | August 12, 2021   |
| <b>Prime Sponsors:</b>  | Sen. Rodriguez<br>Rep. Bird; Sandridge | <b>Bill Status:</b>    | Signed into Law   |
|                         |  | <b>Fiscal Analyst:</b> | Clare Pramuk   303-866-2677<br>clare.pramuk@state.co.us |

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| <b>Bill Topic:</b> | <b>MODIFY NONFORFEITURE PERCENT SURRENDER ANNUITY</b> |
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| <b>Summary of Fiscal Impact:</b> | <b>No fiscal impact.</b> The bill reduces the minimum nonforfeiture interest rate for individual deferred annuities from 1.0 percent to 0.15 percent to conform to a national standard. It does not affect the revenue or expenditures of any state or local agency so is assessed as having no fiscal impact. |
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| <b>Appropriation Summary:</b> | No appropriation is required. |
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| <b>Fiscal Note Status:</b> | The fiscal note reflects the enacted bill. |
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## Summary of Legislation

Colorado's Standard Nonforfeiture Law for Individual Deferred Annuities is based on a model law created by the National Association of Insurance Commissioners (NAIC). The members of the NAIC voted to amend the model law to lower the minimum non-forfeiture interest rate for individual deferred annuities to 0.15 percent, from 1.0 percent. This bill makes this change to the Colorado nonforfeiture law.

## Background

Colorado law requires life insurance contracts to include nonforfeiture clauses that stipulate the benefits that the holder of an annuity receives when the contract lapses due to nonpayment of premium or surrender of the contract. These benefits can be an amount of paid-up term life insurance or a cash surrender value.

## Assessment of No Fiscal Impact

The bill makes a change to insurance contracts to conform to a national standard. It does not affect the revenue or expenditures of any state or local agency so is assessed as having no fiscal impact.

## **Effective Date**

The bill was signed into law by the Governor and took effect on June 30, 2021. It applies to nonforfeiture amounts determined on or after the effective date.

## **State and Local Government Contacts**

Information Technology

Regulatory Agencies