



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
SB2439

Introduced 2/3/2004, by Denny Jacobs

SYNOPSIS AS INTRODUCED:

215 ILCS 5/229.4

from Ch. 73, par. 841.4

Amends the Illinois Insurance Code. In provisions pertaining to the minimum values, as specified in the Section, of any paid-up, cash surrender or death benefits available under an annuity contract be based upon minimum nonforfeiture amounts as defined, modifies the definition determining the minimum nonforfeiture amount. Provides that the interest rate used in determining minimum nonforfeiture amounts to be an annual rate of interest determined as the lesser of 3% per annum and the following, which shall be specified in the contract if the interest rate will be reset, (i) the 5-year Constant Maturity Rate reported by the Federal Reserve, (ii) reduced by 125 basis points, (iii) the resulting interest rate is not less than 1%, and (iv) the interest rate applies for an initial period and may be redetermined for additional periods. Clarifies existing language and makes other changes. Effective July 1, 2006.

LRB093 17013 SAS 42674 b

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 229.4 as follows:

6

7 (215 ILCS 5/229.4) (from Ch. 73, par. 841.4)

8 Sec. 229.4. Standard Non-forfeiture Law for Individual
9 Deferred Annuities.

10 (1) Title. This Section shall be known as the Standard
11 Nonforfeiture Law for Individual Deferred Annuities.

12 (2) Applicability. This Section shall not apply to any
13 reinsurance, group annuity purchased under a retirement plan or
14 plan of deferred compensation established or maintained by an
15 employer (including a partnership or sole proprietorship) or by
16 an employee organization, or by both, other than a plan
17 providing individual retirement accounts or individual
18 retirement annuities under Section 408 of the Internal Revenue
19 Code, as now or hereafter amended, premium deposit fund,
20 variable annuity, investment annuity, immediate annuity, any
21 deferred annuity contract after annuity payments have
22 commenced, or reversionary annuity, nor to any contract which
23 shall be delivered outside this State through an agent or other
24 representative of the company issuing the contract.

25 (3) Nonforfeiture Requirements.

26 (A) In the case of contracts issued on or after the
27 effective date of this Section as defined in Section 13, no
28 contract of annuity, except as stated in Section 2, shall
29 be delivered or issued for delivery in this State unless it
30 contains in substance the following provisions, or
31 corresponding provisions which in the opinion of the
32 Director of Insurance are at least as favorable to the

1 contract holder, upon cessation of payment of
2 considerations under the contract:

3 (1) That upon cessation of payment of considerations
4 under a contract, or upon the written request of the
5 contract owner, the company shall grant will paid-up
6 annuity benefit on a plan stipulated in the contract of
7 such value as is specified in Sections 5, 6, 7, 8 and 10;

8 (2) If a contract provides for a-lump sum settlement at
9 maturity, or at any other time, that upon surrender of the
10 contract at or prior to the commencement of any annuity
11 payments, the company shall pay in lieu of a paid-up
12 annuity benefit a cash surrender benefit of such amount as
13 is specified in Sections 5, 6, 8 and 10. The company may
14 reserve the right to defer the payment of the cash
15 surrender benefit for a period not to exceed 6 months to
16 demand therefor with surrender of the contract after making
17 written request and receiving written approval of the
18 Director. The request shall address the necessity and
19 equitability to all policyholders of the deferral;

20 (3) A statement of the mortality table, if any, and
21 interest rates used calculating any minimum paid-up
22 annuity, cash surrender, or death benefits that are
23 guaranteed under the contract, together with sufficient
24 information to determine the amounts of the benefits; and

25 (4) A statement that any paid-up annuity, cash
26 surrender or death benefits that may be available under the
27 contract are not less than the minimum benefits required by
28 any statute of the state in which the contract is delivered
29 and an explanation of the manner in which the benefits are
30 altered by the existence of any additional amounts credited
31 by the company to the contract, any indebtedness to the
32 company on the contract or any prior withdrawals from or
33 partial surrenders of the contract.

34 (B) Notwithstanding the requirements of this
35 Section, a deferred annuity contract may provide that
36 if no considerations have been received under a

1 contract for a period of 2 full years and the portion
2 of the paid-up annuity benefit at maturity on the plan
3 stipulated in the contract arising from prior
4 considerations paid would be less than \$20 monthly, the
5 company may at its option terminate the contract by
6 payment in cash of the then present value of the
7 portion of the paid-up annuity benefit, calculated on
8 the basis on the mortality table, if any, and interest
9 rate specified in the contract for determining the
10 paid-up annuity benefit, and by this payment shall be
11 relieved of any further obligation under the contract.

12 (4) Minimum values. The minimum values as specified in
13 Sections 5, 6, 7, 8 and 10 of any paid-up annuity, cash
14 surrender or death benefits available under an annuity contract
15 shall be based upon minimum nonforfeiture amounts as defined in
16 this Section.

17 (A) (1) The minimum nonforfeiture amount at any time at
18 or prior to the commencement of any annuity payments shall
19 be equal to an accumulation up to such time at rates of
20 interest as indicated in subsection B of the net
21 considerations (as hereinafter defined) paid prior to such
22 time, decreased by the sum of paragraphs (a) through (d)
23 below:

24 (a) Any prior withdrawals from or partial
25 surrenders of the contract accumulated at rates of
26 interest as indicated in subsection B; and

27 (b) An annual contract charge of \$50,
28 accumulated at rates of interest as indicated in
29 subsection B; and

30 (c) Any premium tax paid by the company for the
31 contract, accumulated at rates of interest as
32 indicated in subsection B; and

33 (d) The amount of any indebtedness to the
34 company on the contract including interest due and
35 accrued.

36 (2) The net considerations for a given contract year

1 used to define the minimum nonforfeiture amount shall be an
2 amount equal to 87.5% of the gross considerations, credited
3 to the contract during that contract year.

4 (B) The interest rate used in determining minimum
5 nonforfeiture amounts shall be an annual rate of
6 interest determined as the lesser of (3%) per annum and
7 the following, which shall be specified in the contract
8 if the interest rate will be reset:

9 (1) The five-year Constant Maturity Treasury Rate
10 reported by the Federal Reserve as of a date, or average
11 over a period, rounded to the nearest 1/20th of one
12 percent, specified in the contract no longer than 15
13 months prior to the contract issue date or redetermination
14 date under Section 4B(4)

15 (2) Reduced by 125 basis points:

16 (3) Where the resulting interest rate is not less than
17 1%; and

18 (4) The interest rate shall apply for an initial period
19 and may be redetermined for additional periods. The
20 redetermination date, basis and period, if any, shall be
21 stated in the contract. The basis is the date or average
22 over a specified period that produces the value of the
23 five-year Constant Maturity Treasury Rate to be used at
24 each redetermination date.

25 (C) During the period or term that a contract
26 provides substantive participation in an equity
27 indexed benefit, it may increase the reduction
28 described in subsection B(2) above by up to an
29 additional 100 basis points to reflect the value of the
30 equity index benefit. The present value at the contract
31 issue date, and at each redetermination date
32 thereafter of the additional reduction shall not
33 exceed market value of the benefit. The Director may
34 require a demonstration that the present value of the
35 additional reduction does not exceed the market value
36 of the benefit. Lacking such a demonstration that is

1 acceptable to the Director, the Director may disallow
2 or limit the additional reduction.

3 (D) The Director may adopt rules to implement the
4 provisions of Section 4C and to provide for further
5 adjustments to the calculation of minimum
6 nonforfeiture amounts for contracts that provide
7 substantive articulation in an equity index benefit
8 and for other contracts that the Director determines
9 adjustments are justified.

10 (5) Computation of Present Value. Any paid-up annuity
11 benefit available under a contract shall be such that its
12 present value on the date annuity payments are to commence is
13 at least equal to the minimum nonforfeiture amount on that
14 date. Present value shall be computed using the mortality
15 table, if any, and the interest rates specified in the contract
16 for determining the minimum paid-up annuity benefits
17 guaranteed in the contract.

18 (6) Calculation of Cash Surrender Value. For contracts that
19 provide cash surrender benefits, the cash surrender benefits
20 available prior to maturity shall not be less than the present
21 value as of the date of surrender of that portion of the
22 maturity value of the paid-up annuity benefit that would be
23 provided under the contract at maturity arising from
24 considerations paid prior to the time of cash surrender reduced
25 by the amount appropriate to reflect any prior withdrawals from
26 or partial surrenders of the contract, such present value being
27 calculated on the basis of an interest rate not more than 1%
28 higher than the interest rate specified in the contract for
29 accumulating the net considerations to determine maturity
30 value, decreased by the amount of any indebtedness to the
31 company on the contract, including interest due and accrued,
32 and increased by any existing additional amounts credited by
33 the company to the contract. In no event shall any cash
34 surrender benefit be less than the minimum nonforfeiture amount
35 at that time. The death benefit under such contracts shall be
36 at least equal to the cash surrender benefit.

1 (7) Calculation of Paid-up Annuity Benefits. For contracts
2 that do not provide cash surrender benefits, the present value
3 of any paid-up annuity benefit available as a nonforfeiture
4 option at any time prior to maturity shall not be less than the
5 present value of that portion of the maturity value of the
6 paid-up annuity benefit provided under the contract arising
7 from considerations paid prior to the time the contract is
8 surrendered in exchange for, or changed to, a deferred paid-up
9 annuity, such present value being calculated for the period
10 prior to the maturity date on the basis of the interest rate
11 specified in the contract for accumulating the net
12 considerations to determine maturity value, and increased by
13 any additional amounts credited by the company to the contract.
14 For contracts that do not provide any death benefits prior to
15 the commencement of any annuity payments, present values shall
16 be calculated on the basis of such interest rate and the
17 mortality table specified in the contract for determining the
18 maturity value of the paid-up annuity benefit. However, in no
19 event shall the present value of a paid-up annuity benefit be
20 less than the minimum nonforfeiture amount at that time.

21 (8) Maturity Date. For the purpose of determining the
22 benefits calculated under Sections 6 and 7, in the case of
23 annuity contracts under which an election may be made to have
24 annuity payments commence at optional maturity dates, the
25 maturity date shall be deemed to be the latest date for which
26 election shall be permitted by the contract, but shall not be
27 deemed to be later than the anniversary of the contract next
28 following the annuitant's seventieth birthday or the tenth
29 anniversary of the contract, whichever is later.

30 (9) Disclosure of Limited Death Benefits. A contract that
31 does not provide cash surrender benefits or does not provide
32 death benefits at least equal to the minimum nonforfeiture
33 amount prior to the commencement of any annuity payments shall
34 include a statement in a prominent place in the contract that
35 such benefits are not provided.

36 (10) Inclusion of Lapse of Time Considerations. Any paid-up

1 annuity, cash surrender or death benefits available at any
2 time, other than on the contract anniversary under any contract
3 with fixed scheduled considerations, shall be calculated with
4 allowance for the lapse of time and the payment of any
5 scheduled considerations beyond the beginning of the contract
6 year in which cessation of payment of considerations under the
7 contract occurs.

8 (11) Proration of Values; Additional Benefits. For a
9 contract which provides, within the same contract by rider or
10 supplemental contract provision, both annuity benefits and
11 life insurance benefits that are in excess of the greater of
12 cash surrender benefits or a return of the gross considerations
13 with interest, the minimum nonforfeiture benefits shall be
14 equal to the sum of the minimum nonforfeiture benefits for the
15 annuity portion and the minimum nonforfeiture benefits, if any,
16 for the life insurance portion computed as if each portion were
17 a separate contract. Notwithstanding the provisions of
18 Sections 5, 6, 7, 8 and 10, additional benefits payable in the
19 event of total and permanent disability, as reversionary
20 annuity or deferred reversionary annuity benefits, or as other
21 policy benefits additional to life insurance, endowment and
22 annuity benefits, and considerations for all such additional
23 benefits, shall be disregarded in ascertaining the minimum
24 nonforfeiture amounts, paid-up annuity, cash surrender and
25 death benefits that may be required under this Section. The
26 inclusion of such benefits shall not be required in any paid-up
27 benefits, unless the additional benefits separately would
28 require minimum nonforfeiture amounts, paid-up annuity, cash
29 surrender and death benefits.

30 (12) Rules. The Director may adopt rules to implement the
31 provisions of this Section.

32 (13) Effective Date. After the effective date of this
33 Section, a company may elect to apply its provisions to annuity
34 contracts on a contract form-by-contract form basis before
35 the effective date of this Section. In all other instances,
36 this Act shall become operative with respect to annuity

1 contracts issued by the company after July 1, 2006.

2 ~~(1) No contract of annuity issued on or after the operative~~
3 ~~date of this Section except as stated in subsection (11) shall~~
4 ~~be delivered or issued for delivery in this State unless it~~
5 ~~contains in substance the following provisions or~~
6 ~~corresponding provisions which in the opinion of the Director~~
7 ~~are at least as favorable to the contract holder upon cessation~~
8 ~~of payment of considerations under the contract:~~

9 ~~(a) That upon cessation of payment of considerations~~
10 ~~under a contract, the company will grant a paid up annuity~~
11 ~~benefit on a plan stipulated in the contract of such value~~
12 ~~as is specified in subsections (3), (4), (5), (6) and (8).~~

13 ~~(b) If a contract provides for a lump sum settlement at~~
14 ~~maturity, or at any other time, that upon surrender of the~~
15 ~~contract at or prior to the commencement of any annuity~~
16 ~~payments, the company will pay in lieu of any paid up~~
17 ~~annuity benefit a cash surrender benefit of such amount as~~
18 ~~is specified in subsections (3), (4), (6) and (8). The~~
19 ~~company shall reserve the right to defer the payment of~~
20 ~~such cash surrender benefit for a period of 6 months after~~
21 ~~demand therefor with surrender of the contract.~~

22 ~~(c) A statement of the mortality table, if any, and~~
23 ~~interest rates used in calculating any minimum paid-up~~
24 ~~annuity, cash surrender or death benefits that are~~
25 ~~guaranteed under the contract, together with sufficient~~
26 ~~information to determine the amount of such benefits.~~

27 ~~(d) A statement that any paid up annuity, cash~~
28 ~~surrender or death benefits that may be available under the~~
29 ~~contract are not less than the minimum benefits required by~~
30 ~~any statute of the state in which the contract is delivered~~
31 ~~and an explanation of the manner in which such benefits are~~
32 ~~altered by the existence of any additional amounts credited~~
33 ~~by the company to the contract, any indebtedness to the~~
34 ~~company on the contract or any prior withdrawals from or~~
35 ~~partial surrenders of the contract.~~

36 ~~Notwithstanding the requirements of this subsection, any~~

1 ~~deferred annuity contract may provide that if no considerations~~
2 ~~have been received under a contract for a period of 2 full~~
3 ~~years and the portion of the paid-up annuity benefit at~~
4 ~~maturity on the plan stipulated in the contract arising from~~
5 ~~considerations paid prior to such period would be less than~~
6 ~~\$20.00 monthly, the company may at its option terminate such~~
7 ~~contract by payment in cash of the present value of such~~
8 ~~portion of the paid up annuity benefit, calculated on the basis~~
9 ~~of the mortality table, if any, and interest rate specified in~~
10 ~~the contract for determining the paid up annuity benefit, and~~
11 ~~by such payment shall be relieved of any further obligation~~
12 ~~under such contract.~~

13 ~~(2) The minimum values as specified in subsections (3),~~
14 ~~(4), (5), (6) and (8) of any paid-up annuity, cash surrender or~~
15 ~~death benefits available under an annuity contract shall be~~
16 ~~based upon minimum nonforfeiture amounts as defined in this~~
17 ~~subsection.~~

18 ~~(a) With respect to contracts providing for flexible~~
19 ~~considerations, the minimum nonforfeiture amount at any~~
20 ~~time at or prior to the commencement of any annuity~~
21 ~~payments shall be equal to an accumulation up to such time~~
22 ~~at a rate of interest of 3% per annum of percentages of the~~
23 ~~net considerations, as hereinafter defined, paid prior to~~
24 ~~such time, decreased by the sum of (i) any prior~~
25 ~~withdrawals from or partial surrenders of the contract~~
26 ~~accumulated at a rate of interest of 3% per annum and (ii)~~
27 ~~the amount of any indebtedness to the company on the~~
28 ~~contract, including interest due and accrued, and~~
29 ~~increased by any existing additional amounts credited by~~
30 ~~the company to the contract.~~

31 ~~The net considerations for a given contract year used~~
32 ~~to define the minimum nonforfeiture amount shall be an~~
33 ~~amount not less than zero and shall be equal to the~~
34 ~~corresponding gross considerations credited to the~~
35 ~~contract during that contract year less an annual contract~~
36 ~~charge of \$30.00 and less a collection charge of \$1.25 per~~

1 ~~consideration credited to the contract during that~~
2 ~~contract year. The percentages of net considerations shall~~
3 ~~be 65% of the net consideration for the first contract year~~
4 ~~and 87 1/2% of the net considerations for the second and~~
5 ~~later contract years. Notwithstanding the provisions of~~
6 ~~the preceding sentence, the percentage shall be 65% of the~~
7 ~~portion of the total net consideration for any renewal~~
8 ~~contract year which exceeds by not more than two times the~~
9 ~~sum of those portions of the net considerations in all~~
10 ~~prior contract years for which the percentage was 65%.~~

11 ~~(a-5) Notwithstanding the provisions of paragraph (a)~~
12 ~~of this subsection, the minimum nonforfeiture amount for~~
13 ~~any contract issued on or after July 1, 2002 and before~~
14 ~~July 1, 2005 shall be based on a rate of interest of 1.5%~~
15 ~~per annum.~~

16 ~~(b) With respect to contracts providing for fixed~~
17 ~~scheduled considerations, minimum nonforfeiture amounts~~
18 ~~shall be calculated on the assumption that considerations~~
19 ~~are paid annually in advance and shall be defined as for~~
20 ~~contracts with flexible considerations which are paid~~
21 ~~annually, with two exceptions:~~

22 ~~(i) The portion of the net consideration for the~~
23 ~~first contract year to be accumulated shall be the sum~~
24 ~~of 65% of the net consideration for the first contract~~
25 ~~year plus 22 1/2% of the excess of the net~~
26 ~~consideration for the first contract year over the~~
27 ~~lesser of the net considerations for the second and~~
28 ~~third contract years.~~

29 ~~(ii) The annual contract charge shall be the lesser~~
30 ~~of (A) \$30.00 or (B) 10% of the gross annual~~
31 ~~consideration.~~

32 ~~(c) With respect to contracts providing for a single~~
33 ~~consideration, minimum nonforfeiture amounts shall be~~
34 ~~defined as for contracts with flexible considerations~~
35 ~~except that the percentage of net consideration used to~~
36 ~~determine the minimum nonforfeiture amount shall be equal~~

1 ~~to 90% and the net consideration shall be the gross~~
2 ~~consideration less a contract charge of \$75.00.~~

3 ~~(3) Any paid up annuity benefit available under a contract~~
4 ~~shall be such that its present value on the date annuity~~
5 ~~payments are to commence is at least equal to the minimum~~
6 ~~nonforfeiture amount on that date. Such present value shall be~~
7 ~~computed using the mortality table, if any, and the interest~~
8 ~~rate specified in the contract for determining the minimum~~
9 ~~paid up annuity benefits guaranteed in the contract.~~

10 ~~(4) For contracts which provide cash surrender benefits,~~
11 ~~such cash surrender benefits available prior to maturity shall~~
12 ~~not be less than the present value as of the date of surrender~~
13 ~~of that portion of the maturity value of the paid up annuity~~
14 ~~benefit which would be provided under the contract at maturity~~
15 ~~arising from considerations paid prior to the time of cash~~
16 ~~surrender reduced by the amount appropriate to reflect any~~
17 ~~prior withdrawals from or partial surrenders of the contract,~~
18 ~~such present value being calculated on the basis of an interest~~
19 ~~rate not more than 1% higher than the interest rate specified~~
20 ~~in the contract for accumulating the net considerations to~~
21 ~~determine such maturity value, decreased by the amount of any~~
22 ~~indebtedness to the company on the contract, including interest~~
23 ~~due and accrued, and increased by any existing additional~~
24 ~~amounts credited by the company to the contract. In no event~~
25 ~~shall any cash surrender benefit be less than the minimum~~
26 ~~nonforfeiture amount at that time. The death benefit under such~~
27 ~~contracts shall be at least equal to the cash surrender~~
28 ~~benefit.~~

29 ~~(5) For contracts which do not provide cash surrender~~
30 ~~benefits, the present value of any paid up annuity benefit~~
31 ~~available as a nonforfeiture option at any time prior to~~
32 ~~maturity shall not be less than the present value of that~~
33 ~~portion of the maturity value of the paid up benefit provided~~
34 ~~under the contract arising from considerations paid prior to~~
35 ~~the time of the contract is surrendered in exchange for, or~~
36 ~~changed to, a deferred paid up annuity, such present value~~

1 ~~being calculated for the period prior to the maturity date on~~
2 ~~the basis of the interest rate specified in the contract for~~
3 ~~accumulating the net considerations to determine such maturity~~
4 ~~value, and increased by any existing additional amounts~~
5 ~~credited by the company to the contract. For contracts which do~~
6 ~~not provide any death benefits prior to the commencement of any~~
7 ~~annuity payments, such present values shall be calculated on~~
8 ~~the basis of such interest rate and the mortality table~~
9 ~~specified in the contract for determining the maturity value of~~
10 ~~the paid up annuity benefit. However, in no event shall the~~
11 ~~present value of a paid up annuity benefit be less than the~~
12 ~~minimum nonforfeiture amount at that time.~~

13 ~~(6) For the purpose of determining the benefits calculated~~
14 ~~under subsections (4) and (5), in the case of annuity contracts~~
15 ~~under which an election may be made to have annuity payments~~
16 ~~commence at optional maturity dates, the maturity date shall be~~
17 ~~deemed to be the latest date for which election shall be~~
18 ~~permitted by the contract, but shall not be deemed to be later~~
19 ~~than the anniversary of the contract next following the~~
20 ~~annuitant's seventieth birthday or the tenth anniversary of the~~
21 ~~contract, whichever is later.~~

22 ~~(7) Any contract which does not provide cash surrender~~
23 ~~benefits or does not provide death benefits at least equal to~~
24 ~~the minimum nonforfeiture amount prior to the commencement of~~
25 ~~any annuity payments shall include a statement in a prominent~~
26 ~~place in the contract that such benefits are not provided.~~

27 ~~(8) Any paid up annuity, cash surrender or death benefits~~
28 ~~available at any time, other than on the contract anniversary~~
29 ~~under any contract with fixed scheduled considerations, shall~~
30 ~~be calculated with allowance for the lapse of time and the~~
31 ~~payment of any scheduled considerations beyond the beginning of~~
32 ~~the contract year in which cessation of payment of~~
33 ~~considerations under the contract occurs.~~

34 ~~(9) For any contract which provides, within the same~~
35 ~~contract by rider or supplemental contract provision, both~~
36 ~~annuity benefits and life insurance benefits that are in excess~~

1 ~~of the greater of cash surrender benefits or a return of the~~
2 ~~gross considerations with interest, the minimum nonforfeiture~~
3 ~~benefits shall be equal to the sum of the minimum nonforfeiture~~
4 ~~benefits for the annuity portion and the minimum nonforfeiture~~
5 ~~benefits, if any, for the life insurance portion computed as if~~
6 ~~each portion were a separate contract. Notwithstanding the~~
7 ~~provisions of subsections (3), (4), (5), (6) and (8),~~
8 ~~additional benefits payable (a) in the event of total and~~
9 ~~permanent disability, (b) as reversionary annuity or deferred~~
10 ~~reversionary annuity benefits, or (c) as other policy benefits~~
11 ~~additional to life insurance, endowment, and annuity benefits,~~
12 ~~and considerations for all such additional benefits, shall be~~
13 ~~disregarded in ascertaining the minimum nonforfeiture amounts,~~
14 ~~paid up annuity, cash surrender and death benefits that may be~~
15 ~~required by this section. The inclusion of such additional~~
16 ~~benefits shall not be required in any paid up benefits, unless~~
17 ~~such additional benefits separately would require minimum~~
18 ~~nonforfeiture amounts, paid up annuity, cash surrender and~~
19 ~~death benefits.~~

20 ~~(10) After the effective date of this Section, any company~~
21 ~~may file with the Director a written notice of its election to~~
22 ~~comply with the provisions of this Section after a specified~~
23 ~~date before the second anniversary of the effective date of~~
24 ~~this Section. After the filing of such notice, then upon such~~
25 ~~specified date, which shall be the operative date of this~~
26 ~~section for such company, this Section shall become operative~~
27 ~~with respect to annuity contracts thereafter issued by such~~
28 ~~company. If a company makes no such election, the operative~~
29 ~~date of this section for such company shall be the second~~
30 ~~anniversary of the effective date of this Section.~~

31 ~~(11) This Section shall not apply to any reinsurance, group~~
32 ~~annuity purchased under a retirement plan or plan of deferred~~
33 ~~compensation established or maintained by an employer~~
34 ~~(including a partnership or sole proprietorship) or by an~~
35 ~~employee organization, or by both, other than a plan providing~~
36 ~~individual retirement accounts or individual retirement~~

1 ~~annuities under Section 408 of the Internal Revenue Code, as~~
2 ~~now or hereafter amended, premium deposit fund, variable~~
3 ~~annuity, investment annuity, immediate annuity, any deferred~~
4 ~~annuity contract after annuity payments have commenced, or~~
5 ~~reversionary annuity, nor to any contract which shall be~~
6 ~~delivered outside this State through an agent or other~~
7 ~~representative of the company issuing the contract.~~

8 (Source: P.A. 92-541, eff. 7-1-02.)