
SUBSTITUTE SENATE BILL 5793

State of Washington

58th Legislature

2004 Regular Session

By Senate Committee on Financial Services, Insurance & Housing
(originally sponsored by Senators Winsley and Prentice)

READ FIRST TIME 01/30/04.

1 AN ACT Relating to minimum nonforfeiture amounts applicable to
2 certain contracts of life insurance and annuities; and amending RCW
3 48.23.440.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 48.23.440 and 1982 1st ex.s. c 9 s 24 are each amended
6 to read as follows:

7 The minimum values as specified in RCW 48.23.450, 48.23.460,
8 48.23.470, 48.23.480, and 48.23.500 of any paid-up annuity, cash
9 surrender, or death benefits available under an annuity contract shall
10 be based upon minimum nonforfeiture amounts as defined in this section.

11 (1)(a) Except under (b) of this subsection, with respect to
12 contracts providing for flexible considerations, the minimum
13 nonforfeiture amount at any time at or prior to the commencement of any
14 annuity payments is equal to an accumulation up to such time at a rate
15 of interest of three percent per annum of percentages of the net
16 considerations, as defined in this subsection, paid prior to such time,
17 decreased by the sum of:

18 ((+a)) (i) Any prior withdrawals from or partial surrenders of the

1 contract accumulated at a rate of interest of three percent per annum;
2 and

3 ~~((b))~~ (ii) The amount of any indebtedness to the company on the
4 contract, including interest due and accrued, and increased by any
5 existing additional amounts credited by the company to the contract.

6 (b) The minimum nonforfeiture amount of any contract issued on or
7 after July 1, 2003, and before July 1, 2005, must be based on a rate of
8 interest of one and one-half percent per annum.

9 The net considerations for a given contract year used to define the
10 minimum nonforfeiture amount shall be an amount not less than zero and
11 shall be equal to the corresponding gross considerations credited to
12 the contract during that contract year less an annual contract charge
13 of thirty dollars and less a collection charge of one dollar and
14 twenty-five cents per consideration credited to the contract during
15 that contract year. The percentages of net considerations shall be
16 sixty-five percent of the net consideration for the first contract year
17 and eighty-seven and one-half percent of the net considerations for the
18 second and later contract years. Notwithstanding the provisions of the
19 preceding sentence, the percentage shall be sixty-five percent of the
20 portion of the total net consideration for any renewal contract year
21 which exceeds by not more than two times the sum of those portions of
22 the net considerations in all prior contract years for which the
23 percentage was sixty-five percent.

24 (2) With respect to contracts providing for fixed scheduled
25 considerations, minimum nonforfeiture amounts shall be calculated on
26 the assumption that considerations are paid annually in advance and
27 shall be defined as for contracts with flexible considerations which
28 are paid annually with two exceptions:

29 (a) The portion of the net consideration for the first contract
30 year to be accumulated shall be the sum of sixty-five percent of the
31 net consideration for the first contract year plus twenty-two and one-
32 half percent of the excess of the net consideration for the first
33 contract year over the lesser of the net considerations for the second
34 and third contract years; and

35 (b) The annual contract charge shall be the lesser of (i) thirty
36 dollars or (ii) ten percent of the gross annual consideration.

37 (3) With respect to contracts providing for a single consideration,
38 minimum nonforfeiture amounts shall be defined as for contracts with

1 flexible considerations except that the percentage of net consideration
2 used to determine the minimum nonforfeiture amount shall be equal to
3 ninety percent and the net consideration shall be the gross
4 consideration less a contract charge of seventy-five dollars.

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