



**House  
Legislative  
Analysis  
Section**

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**ANNUITIES: MINIMUM  
NONFORFEITURE RATE**

**House Bill 5999**

**Sponsor: Rep. Andrew Richner**

**Committee: Insurance and Financial  
Services**

**Complete to 5-21-02**

**A SUMMARY OF HOUSE BILL 5999 AS INTRODUCED 5-7-02**

The bill would amend the Insurance Code to specify a minimum nonforfeiture amount for individual fixed annuity contracts and to define the term “maturity value”. The bill would apply to those contracts that provide flexible contracts providing for flexible considerations and would establish a minimum nonforfeiture amount on which to base the minimum values of any paid-up annuity, cash surrender, or death benefits available under the annuity contract. The minimum nonforfeiture amount established in the bill would be applied to those contracts between the bill’s effective date and January 1, 2005.

The bill would define “maturity value” (beginning on the bill’s effective date and continuing until January 1, 2005) as an accumulation up to the maturity date at the rate of interest guaranteed in the contract for accumulating the net considerations to determine the maturity value, but in no event less than 1.5 percent per annum, of the percentages of the net considerations, as defined in the code, paid before that time, decreased by the sum of prior withdrawals from or partial surrenders of the contract accumulated at the rate of interest guaranteed in the contract for accumulating net considerations to determine the maturity value but in no event less than 1.5 percent per annum and the amount of any indebtedness to the company on the contract, including interest due and accrued, and increased by excess interest previously credited by the company to the contract.

MCL 500.4072

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