



125th MAINE LEGISLATURE

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Legislative Document

No. 881

H.P. 648

House of Representatives, March 7, 2011

An Act To Amend Certain Insurance Provisions Relating to Variable Annuity Death Benefits and Multiple Employer Trusts

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative RICHARDSON of Warren.

Cosponsored by Representatives: MORRISON of South Portland, TREAT of Hallowell.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §2537, sub-§10**, as repealed and replaced by PL 2007, c.
3 544, §1, is amended to read:

4 **10.** A variable annuity contract delivered or issued for delivery in this State may
5 include as an incidental benefit a provision for payment on death during the deferred
6 period of an amount equal to ~~the greater of the sum of the premiums or stipulated~~
7 ~~payments paid under the contract~~ less adjusted withdrawals from the policy and the value
8 of the contract at the time of death. The beneficiary under the contract may not be paid
9 any other amount. A variable annuity contract that includes such incidental benefit may
10 not be deemed to be life insurance and therefore is not subject to the provisions of this
11 Title governing life insurance contracts. A variable annuity contract with a provision for
12 any other benefit on death during the deferred period is subject to the provisions of this
13 Title governing life insurance contracts. A payment on death pursuant to a variable
14 annuity contract under this subsection must be made in accordance with section 2436.
15 This subsection applies to variable annuity contracts delivered or issued for delivery in
16 this State on or after January 1, 2009.

17 **Sec. 2. 24-A MRSA §2606-A, first ¶**, as enacted by PL 1981, c. 150, §7, is
18 amended to read:

19 The lives of a group of individuals may be insured under a policy issued to a trust or
20 to the trustee or trustees of a fund established or adopted by 2 or more employers, or by
21 one or more labor unions or similar employee organizations, or by one or more employers
22 and one or more labor unions or similar employee organizations, which trust or trustees
23 are considered the policyholder, to insure employees of the employers or members of the
24 unions or organizations for the benefit of persons other than the employers or the unions
25 or organizations, subject to the following requirements.

26 **SUMMARY**

27 This bill amends Maine's minimum variable annuity death benefit law, which
28 currently requires a return of premium, to provide that the premium returned should be
29 reduced by amounts that the insurance company has already distributed to the policy
30 owners as, for example, in the form of cash withdrawals, loans or qualified transfers.

31 The bill allows life insurance to be provided to trust groups without requiring that
32 employers agree to serve as settlors of the trust. This change will permit the creation of
33 trust groups adopted by two or more employers instead of limiting the law to trusts
34 established by employers. This change makes Maine law consistent with the national
35 standards represented by the National Association of Insurance Commissioners model.