

(2002 Replacement Volume and 2004 Supplement)

BY adding to

Article – Insurance

Section 16-504(b), (c), (d), and (e) ~~and 16-510~~

Annotated Code of Maryland

(2002 Replacement Volume and 2004 Supplement)

BY repealing and reenacting, with amendments,

Chapter 82 of the Acts of the General Assembly of 2003

Section 2

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Insurance

16-503.

(b) Each annuity contract shall contain a provision that when payment of considerations under the annuity contract stops OR ON THE WRITTEN REQUEST OF THE CONTRACT OWNER, the insurer will grant a paid-up annuity benefit on a plan stipulated in the annuity contract in compliance with §§ 16-505 through 16-509 of this subtitle.

(c) (1) Each annuity contract shall contain a provision that if the annuity contract provides for a lump-sum settlement at maturity or at any other time, on surrender of the annuity contract on or before the start of annuity payments, the insurer will pay a cash surrender benefit in accordance with §§ 16-505, 16-506, 16-508, and 16-509 of this subtitle instead of a paid-up annuity benefit.

(2) (I) The annuity contract ~~shall~~ MAY state that the insurer shall reserve the right to defer the payment of the cash surrender value for up to 6 months after demand for payment with surrender of the annuity contract.

(II) 1. BEFORE MAKING A DEFERMENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE INSURER SHALL MAKE A WRITTEN REQUEST TO THE COMMISSIONER TO ~~DEFER THE PAYMENT OF THE CASH SURRENDER VALUE FOR UP TO 6 MONTHS AFTER A DEMAND FOR PAYMENT WITH SURRENDER OF THE ANNUITY CONTRACT~~ MAKE THE DEFERMENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

2. THE REQUEST UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH, SHALL ~~CONTAIN A STATEMENT AS TO ADDRESS THE NECESSITY OF THE DEFERRAL AND THE EFFECT THE DEFERRAL WILL HAVE ON THE EQUITABILITY TO ALL POLICYHOLDERS OF THE DEFERRAL.~~

(III) AFTER RECEIVING WRITTEN APPROVAL FROM THE COMMISSIONER ON THE REQUEST MADE UNDER SUBPARAGRAPH (II)2 OF THIS PARAGRAPH, THE INSURER ~~MAY RESERVE THE RIGHT TO DEFER THE PAYMENT OF THE CASH SURRENDER VALUE FOR UP TO 6 MONTHS AFTER DEMAND FOR PAYMENT WITH SURRENDER OF THE ANNUITY CONTRACT.~~