

2. THE LESSER OF THE NET CONSIDERATIONS FOR THE SECOND AND THIRD CONTRACT YEARS.

(3) THE ANNUAL CONTRACT CHARGE IS THE LESSER OF \$30 OR 10% OF THE GROSS ANNUAL CONSIDERATIONS.

(D) CONTRACTS WITH SINGLE CONSIDERATION.

THE MINIMUM NONFORFEITURE AMOUNT UNDER AN ANNUITY CONTRACT THAT PROVIDES FOR A SINGLE CONSIDERATION SHALL BE CALCULATED THE SAME AS FOR AN ANNUITY CONTRACT WITH FLEXIBLE CONSIDERATIONS EXCEPT THAT:

- (1) THE PERCENTAGE OF NET CONSIDERATION SHALL BE 90%; AND
- (2) THE NET CONSIDERATION SHALL BE THE REMAINDER OF:
  - (I) THE GROSS CONSIDERATION; LESS
  - (II) A CONTRACT CHARGE OF \$75.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 408B(d).

In subsection (a) of this section, the reference to minimum nonforfeiture amounts calculated "under this section" is retained although former Art. 48A, § 408B now encompasses this subtitle. The former reference to "this section" appeared erroneous in light of the provisions codified as former Art. 48A, § 408B(d) in the standard act adopted by the NAIC.

In subsection (b)(1)(i) of this section, the phrase "calculated under paragraph (2) of this subsection" is substituted for the former vague phrase "(as hereinafter defined)" for clarity.

In subsection (b)(4)(i) and (ii) of this section, the former phrases "of the net considerations" are deleted as surplusage.

Defined terms: "Annuity" § 1-101

"Annuity contract" § 1-101

"Insurer" § 1-101

16-505. PAID-UP ANNUITY BENEFITS.

(A) IN GENERAL.

ANY PAID-UP ANNUITY BENEFIT AVAILABLE UNDER AN ANNUITY CONTRACT SHALL BE:

(1) THE PRESENT VALUE OF THE ANNUITY BENEFIT ON THE DATE ANNUITY PAYMENTS ARE TO BEGIN; AND

(2) AT LEAST THE MINIMUM NONFORFEITURE AMOUNT ON THAT DATE.

(B) CALCULATION OF PRESENT VALUE.