

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 551 (Delegate Donoghue)

Health and Government Operations

Finance

Life Insurance - Separate Investment Accounts - Asset Holding Requirements

This bill requires a life insurer, if a separate retirement investment account provides a fixed guaranteed return not subject to market value adjustment, to hold assets that equal or exceed the reserve amount that would be required if the separate investment account was an obligation of the life insurer's general account.

Fiscal Summary

State Effect: Enforcement could be handled with the existing budgeted resources of the Maryland Insurance Administration.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A life insurer may allocate to one or more separate investment accounts, in accordance with a written agreement, any amounts paid to it in connection with a qualified retirement plan that are to be invested by the insurer in accordance with the agreement and applied to the purchase of guaranteed income or incidental benefits. The income, gains, and losses of each investment account must be credited or charged against the amounts allocated to the account in accordance with the agreement. The life insurer owns the amounts that it has allocated to a separate investment account. Investments made for separate investment accounts must be valued at the market value of the

investment on the date of the valuation or in accordance with the terms of the written agreement if there is no readily available market.

Additional Information

Prior Introductions: None.

Cross File: SB 601 (Senator Astle) – Finance.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2003
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