

Florida's OIR Provides Guidance on Annuity Maturity Date Extensions

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On December 15, the Florida Office of Insurance Regulation (OIR) issued an Informational Memorandum, [OIR-15-08M](#) (Memorandum) regarding the extension of annuity contracts maturity dates beyond their original date. The Memorandum, addressed to variable annuity (VA) issuers, appears to have been triggered after insurers advised annuity contract owners that upon the maturity date the owners could only surrender or annuitize their annuity contracts. The Memorandum states that nothing in the recent unclaimed property regulatory settlement agreements (RSAs) limits an insurer or annuity contract owner's options to only surrender or annuitize at the maturity date. The RSAs require insurers to adopt certain procedures for providing notifications to contract owners of impending maturity dates. Specifically, recent RSAs to which the OIR is a party require annuity writers to send contract owners a letter no less than 45 days prior to the maturity date that:

- (a) identifies the options available to the Beneficiary (e.g., annuitization, extension of the Maturity Date; surrender of the Contract); and
- (b) notifies the Annuity Contract Owner that an extension of the Maturity Date requires affirmative consent.

The Memorandum emphasizes the OIR’s commitment to ensuring policy holder freedom of choice, and that the OIR does not believe any component of the recent RSAs inhibits continuation of these choices. Although the Memorandum is specifically addressed to VA writers and references the recent RSAs, the OIR’s “freedom of choice” policy statement should be instructive to all annuity writers doing business in Florida considering permitting maturity date extensions. Florida’s freedom of choice policy statement, however, may not apply to annuity contracts issued in other states that take a more restrictive approach to maturity date extensions. Some states in their RSAs, or otherwise, prohibit extensions beyond a contract’s final maturity date. Thus, annuity writers following the OIR’s guidance should check the laws of other states before offering maturity date extensions on a national basis. *View the [informational memorandum](#) issued by the Florida Office of Insurance Regulation.*

Authored By



Ann Young Black

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