

## Group Annuities Checklist

Every effort has been made to ensure the accuracy of the information in this document. All parties should consult the Texas Insurance Code (TIC), the Texas Administrative Code (TAC), and other applicable laws.

### Important Notes:

- Use **in addition to, not in lieu of**, appropriate product checklist, i.e., Individual Deferred Annuities, Variable Annuities, Market Value Adjustment, Index-Linked Crediting, etc.
- This checklist may be used for group annuities filed for use as guaranteed investment contracts (GICs), synthetic GICs, funding agreements, or pension plans.

### Face Page Brief Description - [TIC Chapter 1701](#) and [28 TAC Section 3.2\(9\)\(C\)](#)

Page \_\_\_\_\_: The face page must describe the type of annuity and may not be misleading or contradict the policy provisions.

### Eligible Groups - [TIC Chapter 1131](#), [28 TAC Section 3.3\(b\)\(2\)\(K\)](#), and [Section 3.6\(c\)](#)

Page \_\_\_\_\_: The transmittal must define the eligible group. Use of forms for more than one group type is prohibited.

### Group Annuities Exempt from Minimum Values - [TIC Section 1107.002](#)

**Note:** Group annuity contracts, which provide individual certificates, are required to provide minimum cash surrender values equivalent to those required under [Chapter 1107](#).

Page \_\_\_\_\_: Group annuities purchased under a retirement plan or plan of deferred compensation established or maintained by an employer (including a partnership or sole proprietorship) or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under the Internal Revenue Code, as amended.

Page \_\_\_\_\_: Premium deposit fund, variable annuity, immediate annuity, any deferred annuity contract after payments have commenced, or reversionary annuity.

Page \_\_\_\_\_: Any contract which is delivered outside this state through an agent or other representative of the company issuing the contract.

### Interest Rate Changes - [28 TAC Section 3.1004\(3\)](#) and Variable Material - [28 TAC Section 3.4\(e\)](#)

Page \_\_\_\_\_: Interest rate(s) can be variable. Variable material must be bracketed and include a statement of variability.

## **Outside Agreements** - [TIC Section 841.303](#)

Page \_\_\_\_\_ : References to the deduction of a fee or charge for services provided by third-party service providers and/or under a separate service agreement are considered outside the entire contract definition and should be removed.

## **Applicability** - [TIC Section 1154.004](#)

Page \_\_\_\_\_ : Chapters 521, 1107, 1115, and 1131 do not apply to funding agreements, guaranteed investment contracts, or synthetic guaranteed investment contracts without mortality or morbidity contingencies.

## **Establishment of Funding Agreements** - [TIC Section 1154.051\(a\)](#)

Page \_\_\_\_\_ : A life insurer may issue a funding agreement to generate an income stream for the purchaser of the agreement or fund a future liability or program of the purchaser or the purchaser's designee.

Page \_\_\_\_\_ : A life insurer may issue a funding agreement to:

1. an accredited investor, as defined by 17 C.F.R. Section 230.501;
2. a governmental body; or
3. an institution with assets in excess of \$25 million.

## **Establishment of Guaranteed Investment Contracts** - [TIC Section 1154.101](#)

Page \_\_\_\_\_ : A life insurer may issue a guaranteed investment contract to provide a benefit in a fixed amount or a variable amount or a fixed amount and a variable amount.

## **Binding Arbitration and Waiver of Jury Trial** - [TIC Chapter 1701](#); [28 TAC Section 3.2\(9\)\(C\)](#)

Page \_\_\_\_\_ : The Texas Department of Insurance is required to verify that approved forms allow consumers all statutory protections granted by the legislature, including rights, benefits, and remedies relating to court access in insurance actions. Mandatory binding arbitration and waiver of jury trial clauses are prohibited because they deny consumers statutorily guaranteed access to courts. Statutory consumer protections include: Texas Insurance Code [Chapters 541](#), [542](#), and [544](#). This item does not apply to Funding Agreements or Guaranteed Investment Contracts filed under Chapter 1154.

## **Prohibited Provisions** - [TIC Section 1701.062](#) and [28 TAC Section 3.1202-Section 3.1203](#)

Page \_\_\_\_\_ : Discretionary clauses are prohibited.

**Definitions** - [TIC Section 1154.003](#) and [28 TAC Section 3.6\(d\)](#)

Page \_\_\_\_\_

**Funding agreement** - a type of annuity contract under which a life insurer:

- a. accepts and accumulates funds, including noncash assets; and
- b. makes one or more payments at a future date in amounts that are not based on mortality or morbidity contingencies.

**Guaranteed investment contract** - a type of annuity contract issued by a life insurer:

- a. that is a funding vehicle typically issued to a retirement plan; and
- b. under which the life insurer accepts a deposit or series of deposits from the purchaser and guarantees to pay a specified interest rate of return on the funds deposited a specified period.

**Synthetic guaranteed investment contract** - a group annuity contract or other agreement issued by a life insurer that, wholly or partly, establishes the life insurer's obligations by reference to a segregated portfolio of assets that the life insurer does not own.

**Allocated** - A group annuity contract or certificate under which the company establishes and maintains individual account records or investment account balances for the participants.

**Unallocated** - A group annuity contract in which the funds are held as a whole and not allocated to specific participants. ([28 TAC Section 3.1003](#))

**Book Value** - Book value is used to realize and stabilize the market value of the portfolio by setting a fixed rate of return over regular periods within the term of the contract. The fixed rate of return is a function of past differences between market values and book values. Upon maturity of the contract, book value always equals the market value.

**Market Value** - What the assets in the portfolio are worth in the market.