

SENATE, No. 2948

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

Sponsored by:

Senator RAJ MUKHERJI

District 32 (Hudson)

SYNOPSIS

Establishes requirements regarding processing of requests to surrender or annuitize matured annuities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the processing of certain requests regarding
2 annuities and amending and supplementing P.L.2008, c.88.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. Section 2 of P.L.2008, c.88 (C.17B:25-35) is amended to
8 read as follows:

9 2. As used in this act, except as otherwise specified:

10 "Annuity" means an annuity as defined by N.J.S.17B:17-5
11 directly solicited to a consumer.

12 "Annuitize" means converting a matured annuity into a series of
13 guaranteed income payments, with a duration based upon a payout
14 option chosen by the owner.

15 "Consumer" means a natural person who resides in this State.

16 "Deferred annuity" means an annuity with the first income
17 payment due no earlier than one year from the date of issue and the
18 annuity is not an immediate annuity.

19 "Determinable element" means a benefit, value, credit, or charge
20 under an annuity that is guaranteed at issue, but its amount is not
21 determined until after issue.

22 "Direct-response solicitation" means a solicitation solely through
23 mail, telephone, the Internet, or other mass communication media.

24 "Fixed annuity" means an annuity under which the charges and
25 other considerations provided for the annuity, less any amount
26 charged against these considerations, earns interest at a rate: (1) set
27 by the insurer; or (2) in a manner specified in the annuity, which
28 manner may include, but is not limited to, the use of a stock market
29 or other outside index.

30 "Generic name" means a short title which is descriptive of the
31 charges and benefit patterns of an annuity, or endorsement or rider
32 to the annuity.

33 "Guaranteed element" means a benefit, value, credit, or charge
34 under an annuity that is guaranteed and the amount determined at
35 issue.

36 "Immediate annuity" means an annuity with the first income
37 payment due not more than 13 months from the date of issue.

38 "Insurer" means any corporation, association, partnership,
39 reciprocal exchange, interinsurer, Lloyd's insurer, fraternal benefit
40 society or other person licensed to engage in the business of
41 insurance in this State.

42 "Insurance producer" means a person licensed to sell, solicit, or
43 negotiate insurance pursuant to the "New Jersey Insurance Producer
44 Licensing Act of 2001," P.L.2001, c.210 (C.17:22A-26 et al.).

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 "Negotiate" means the act of conferring directly with or offering
2 advice directly to a consumer as the purchaser or prospective
3 purchaser of a particular annuity concerning any of the substantive
4 benefits, terms or conditions of the annuity, provided that the
5 person engaged in that act either: sells annuities or obtains annuities
6 from insurers for purchasers.

7 "Non-guaranteed element" means a benefit, value, credit, or
8 charge under an annuity that is not guaranteed and the amount not
9 determined at issue.

10 "Owner" means the person to whom an annuity is presently or
11 prospectively payable by the terms of the annuity, except when the
12 annuity declares some other person to be the owner thereof, or the
13 individual certificate holder in the case of a group annuity.

14 "Sell" means to exchange an annuity by any means, for money or
15 its equivalent, on behalf of an insurer.

16 "Solicit" means attempting to sell an annuity or asking or urging
17 a consumer to apply for a particular annuity from a particular
18 insurer.

19 "Surrender" means the cancellation and complete withdrawal of
20 funds from an annuity before the end of the annuity term. The term
21 "surrender" shall also include the partial withdrawal of funds from
22 an annuity before the end of an annuity term.

23 "Variable annuity" means an annuity under which the insurer
24 invests, for the annuity owner, the charges and other considerations
25 provided for the annuity, less any amount charged against these
26 considerations, into a separate account, based upon the annuity
27 owner's stated level of investment risk, and which annuity may lose
28 some or all of the owner's investment.

29 (cf: P.L.2008, c.88, s.2)

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31 2. (New section) An annuity negotiated or sold to a consumer,
32 except for an annuity excluded pursuant to the provisions of section
33 5 of P.L.2008, c.88 (C.17B:25-38), shall not be delivered, issued,
34 executed, or renewed in this State or approved for issuance or
35 renewal in this State by the commissioner, unless the annuity
36 includes a provision stating:

37 (1) that the owner shall have 90 calendar days from the maturity
38 date of the annuity to submit a request to the insurer to annuitize the
39 annuity, if the annuity additionally contains a provision allowing it
40 to automatically renew after a certain period of time; and

41 (2) that the insurer will disburse the annuity's funds to the
42 owner within 10 business days of receiving a request by the owner
43 to surrender the annuity.

44

45 3. (New section) a. An annuity negotiated or sold to a
46 consumer, except for an annuity excluded pursuant to the provisions
47 of section 5 of P.L.2008, c.88 (C.17B:25-38), shall not be delivered,
48 issued, executed, or renewed in this State or approved for issuance

1 or renewal in this State by the commissioner, unless the annuity
2 provides an option to:

3 (1) electronically disburse funds from the annuity to the owner,
4 if the owner submits a request to the insurer to surrender or
5 annuitize the annuity; and

6 (2) allow the owner to submit a request to surrender or annuitize
7 the annuity with a signature guarantee issued by a State or federally
8 chartered bank.

9 b. When a request from an owner is received by an insurer to
10 surrender or annuitize an annuity, the insurer shall provide the
11 owner with a phone number and email address of a representative
12 that the owner may contact to inquire about the status of the
13 request.

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15 4. (New section) Except for an annuity excluded pursuant to
16 the provisions of section 5 of P.L.2008, c.88 (C.17B:25-38), an
17 insurer shall ensure that any interest being earned on an annuity
18 shall continue to be earned after a request is received from the
19 owner to surrender or annuitize the annuity.

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21 5. This act shall take effect on the 90th day next following
22 enactment.

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25 STATEMENT

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27 This bill establishes requirements regarding the processing of
28 requests to surrender or annuitize matured annuities.

29 Under the bill, an annuity negotiated or sold to a consumer, with
30 certain exceptions, will not be delivered, issued, executed, or
31 renewed in this State unless the annuity includes a provision stating:

32 (1) that an insurer will disburse the annuity's funds to the owner
33 within 10 business days of receiving a request by the owner to
34 surrender the annuity; and

35 (2) that the owner will have 90 calendar days from the annuity's
36 maturity date to submit a request to annuitize the annuity, if the
37 annuity also contains a provision allowing it to automatically renew
38 after a certain period of time.

39 Additionally, the bill provides that an annuity negotiated or sold
40 to a consumer, with certain exceptions, will not be delivered,
41 issued, executed, or renewed in this State unless the annuity
42 includes an option to:

43 (1) electronically disburse funds from the annuity to the owner,
44 if the owner submits a request to the insurer to surrender or
45 annuitize the annuity; and

46 (2) provide an option for the owner to submit a request to
47 surrender or annuitize the annuity to the insurer with a signature
48 guarantee issued by a State or federally chartered bank.

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1 Further, the bill provides that an insurer must ensure that any
2 interest being earned on an annuity will continue to be earned after
3 a request is received from the owner to surrender or annuitize the
4 matured annuity. The bill also requires an insurer to provide the
5 owner of an annuity with a phone number and email address of a
6 representative that the owner may contact to inquire about the status
7 of their request to surrender or annuitize their matured annuity.