The Texas Department of Insurance has implemented new regulations under Subchapter PP, §§3.9701-3.9712, aimed at enhancing transparency and consumer protection in the annuity market. These regulations require insurers to provide essential disclosures to annuity applicants and contract owners, including an annual report detailing the status of their contracts and any changes since the last report. A buyer’s guide and a disclosure document must be provided to applicants, offering insights into annuity types and features. If these documents are not provided at the time of application, a 15-day free look period must be granted, allowing applicants to return the contract without penalty. The rules apply to all group and individual annuity contracts, with specific exemptions for private placement contracts involving accredited investors, which do not require a buyer’s guide due to their sophistication. The regulations clarify that disclosure documents must include information about the current guaranteed rate, which is subject to change, and that compliance with these rules does not serve as a defense in actions alleging violations of the Insurance Code.

The rules also specify that disclosure documents must be understandable to the target audience, with particular attention to larger fonts for senior citizens. Insurers must provide consumer notices during face-to-face meetings or within five business days for other application methods, and applications from direct mail solicitations or the Internet must comply with these requirements. The minimum requirements for the disclosure document include the contract's generic name, insurer information, a description of the contract and its benefits, and explanations of guaranteed, non-guaranteed, and determinable elements. The effective date for compliance with these regulations is set for six months after adoption, allowing insurers adequate time to adjust.

Additionally, the regulations outline the requirements for buyer's guides, stating that the latest version adopted by the NAIC for the specific type of annuity involved must be used. If no guide exists for variable annuities after one year, the SEC's document "Variable Annuities: What You Should Know" must be provided. The free look period begins upon receipt of the contract and runs concurrently with any other applicable free look periods under Texas law, with refunds during this period equaling the cash surrender value plus any deducted fees, although these do not apply to accredited investors.

Insurers are also mandated to provide annual reports to contract owners during the payout and accumulation periods of deferred annuities, detailing the contract's status, including accumulation and cash surrender values, credited or charged amounts, and any outstanding loans. The regulations emphasize that compliance with these disclosure requirements does not exempt insurers from other legal obligations under the Insurance Code, ensuring that consumers receive comprehensive and clear information about their annuity contracts.