

Deregulation of charitable organizations issuing gift annuities, effective January 1, 2006

House Bill 2092 (HB 2092)

Effective January 1, 2006, the Insurance Code does not apply to a charitable organization if, on the date the charitable organization issues a charitable gift annuity, the charitable organization:

- 1) Has a minimum of \$300,000 in net assets as shown by an annual audited financial statement prepared by an independent certified public accountant and kept on file by the charitable organization;
- 2) Has been in continuous operation for at least five years or is a successor to or an affiliate of a charitable organization that has been in continuous operation for at least five years; and
- 3) Maintains a separate and distinct trust fund as a reserve fund adequate to meet the future payments under all outstanding annuity agreements.

The charitable organization shall disclose in writing that the annuity is not issued by an insurance company and is not subject to regulation by the state of Oregon or protected by an insurance guaranty association.

If your organization holds a certificate of authority to issue charitable gift annuities in this state at December 31, 2005, it will be able to continue to issue annuities even if it does not have the minimum of \$300,000 in net assets or five years continuous operation. Pursuant to ORS 731.406, the certificate is the property of the State of Oregon. Therefore, since all organizations that hold a certificate of authority to issue charitable gift annuities in this state will not be required to have a certificate after December 31, 2005, we request you return the certificate to us on January 1, 2006.

Any annual financial filings covering the fiscal year-end periods in 2005 will continue to be required even though it is not due to be filed until sometime in 2006. Annual filings covering the fiscal year-end periods after January 1, 2006, will not be required.

Annuity forms and applications that your organization will begin using on or after January 1, 2006, are not required to be submitted for approval. All forms, applications and other matter that your organization plans to use in Oregon prior to January 1, 2006, must be submitted to the Division for approval prior to use. It does not matter that the organization plans to use the forms and applications on and after January 1, 2006.

You may contact Linda Rothenberger at 503/947-7227 or linda.j.rothenberger@state.or.us for further assistance.

Go to www.leg.state.or.us/bills_laws for a copy of HB 2092.