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INSURANCE LAW BULLETIN

Re: Annuity Withdrawal Does Not Require Co-Owner's Consent

The United States District Court for the District of Columbia recently ruled that a co-owner's withdrawal of one-half of an annuity's value does not require the consent of the other co-owner.

An annuity co-owner alleged that an insurer breached the annuity contract by allowing a unilateral withdrawal by the other co-owner. Rejecting this claim, the court determined each co-owner held a 50% interest in the annuity as tenants in common. Accordingly, each had the right to use and dispose of his share in the annuity without interference from the other. The annuity did not restrict an owner's right to withdraw funds and the parol evidence rule precluded consideration of extrinsic evidence. The court, therefore, concluded the co-owner's withdrawal was a legitimate exercise of his property and contractual rights.

For further information, please contact Michael P. Cunningham, who represented the insurer, at 410.659.4979 or mcunningham@fblaw.com. To learn more about our firm visit www.fblaw.com.