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# State of Minnesota

## HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **654**

02/18/2013 Authored by Laine, Lillie and Hoppe

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act  
1.2 relating to commerce; regulating preneed funeral insurance; amending  
1.3 Minnesota Statutes 2012, sections 60A.02, subdivision 28; 61A.258, by adding a  
1.4 subdivision; 72A.207.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 60A.02, subdivision 28, is amended to read:

1.7 Subd. 28. **Group insurance.** "Group insurance" means that form of insurance  
1.8 coverage sponsored by or issued to:

1.9 (1) an employer covering not less than two employees and which may include the  
1.10 employees' dependents, consisting of husband, wife, children, and actual dependents  
1.11 residing in the household, written under a master policy issued to any employer, or group  
1.12 of employers who have joined into an arrangement for the purposes of providing the  
1.13 employees insurance for their individual benefit. Employees' dependents, consisting of  
1.14 husband, wife, children, and actual dependents residing in the same household, are not  
1.15 employees for purposes of this definition except for a spouse employed on a regular  
1.16 full-time basis by the same employer. This clause does not apply to chapter 62L;

1.17 (2) an association to provide insurance to its members; ~~or~~

1.18 (3) a creditor to provide life insurance to insure its debtors in connection with  
1.19 real estate mortgage loans, in an amount not to exceed the actual or scheduled amount  
1.20 of their indebtedness; or

1.21 (4) a trust, including a trust established by the insurance company, for a group of  
1.22 individuals for the payment of future funeral expenses.

2.1 Sec. 2. Minnesota Statutes 2012, section 61A.258, is amended by adding a subdivision  
2.2 to read:

2.3 Subd. 5. **Exception.** A policy providing preneed insurance or designed to cover,  
2.4 in whole or in part, the goods and services described in subdivision 1, clause (3), is not  
2.5 subject to section 72A.207.

2.6 Sec. 3. Minnesota Statutes 2012, section 72A.207, is amended to read:

2.7 **72A.207 GRADED DEATH BENEFITS.**

2.8 For the purpose of this section, a graded death benefit is a provision within a life  
2.9 insurance policy in which the death benefit, in the early years of the policy, is less than the  
2.10 face amount of the policy, but which increases with the passage of time.

2.11 No policy of life insurance paying a graded death benefit may be issued in this state  
2.12 unless the graded death benefit is equal to at least four times the first year premium. This  
2.13 section does not prohibit the return of premiums or premiums plus interest in connection  
2.14 with the voluntary or judicially ordered rescission of the policy, or according to the terms  
2.15 of the exclusions from coverage for suicide, aviation, or war risk.

2.16 A policy providing preneed insurance as defined in section 61A.258, or designed  
2.17 to cover, in whole or in part, the goods and services described in section 61A.258,  
2.18 subdivision 1, clause (3), is not subject to this section.