

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3500

02/18/2020 Authored by Gruenhagen, Schultz, Klevorn, Cantrell, Masin and others
The bill was read for the first time and referred to the Committee on Commerce
03/12/2020 Adoption of Report: Placed on the General Register
Read for the Second Time

- 1.1 A bill for an act
- 1.2 relating to insurance; allowing the sale of life insurance policies that convert to
- 1.3 long-term care insurance policies; amending Minnesota Statutes 2018, sections
- 1.4 60A.06, subdivision 3; 61A.54; 62S.01, subdivision 18.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2018, section 60A.06, subdivision 3, is amended to read:
- 1.7 Subd. 3. **Limitation on combination policies.** (a) Unless specifically authorized by
- 1.8 subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by
- 1.9 subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous
- 1.10 sale of these products, but the sale must involve two separate and distinct policies.
- 1.11 (b) This subdivision does not apply to group policies.
- 1.12 (c) This subdivision does not apply to policies permitted by subdivision 1, clause (4),
- 1.13 that contain benefits providing acceleration of life, endowment, or annuity benefits in
- 1.14 advance of the time they would otherwise be payable, or to long-term care policies as defined
- 1.15 in section 62A.46, subdivision 2, or chapter 62S.
- 1.16 (d) This subdivision does not prohibit combining life coverage with one or more of the
- 1.17 following coverages:
- 1.18 (1) specified disease or illness coverage;
- 1.19 (2) other limited benefit health coverage;
- 1.20 (3) hospital indemnity coverage;
- 1.21 (4) long-term care coverage; or

2.1 ~~(4)~~ (5) other fixed indemnity products,
2.2 provided that the prescribed minimum standards applicable to those categories of coverage
2.3 are met.

2.4 Sec. 2. Minnesota Statutes 2018, section 61A.54, is amended to read:

2.5 **61A.54 EXEMPTIONS.**

2.6 Unless otherwise specifically included, sections 61A.53 to 61A.60 do not apply to
2.7 transactions involving:

2.8 (1) credit life insurance;

2.9 (2) group life insurance or group annuities;

2.10 (3) an application to the existing insurer that issued the existing life insurance or annuity,
2.11 where a contractual change or a conversion privilege is being exercised;

2.12 (4) proposed life insurance that is to replace life insurance under a binding or conditional
2.13 receipt issued by the same company; ~~or~~

2.14 (5) transactions where the replacing insurer and the existing insurer are the same, or are
2.15 subsidiaries or affiliates under common ownership or control; provided, however, that agents
2.16 or brokers proposing replacement shall comply with section 61A.55, subdivision 1; or

2.17 (6) life insurance that converts into long-term care insurance.

2.18 Sec. 3. Minnesota Statutes 2018, section 62S.01, subdivision 18, is amended to read:

2.19 Subd. 18. **Long-term care insurance.** "Long-term care insurance" means a qualified
2.20 long-term care insurance policy or rider advertised, marketed, offered, or designed to provide
2.21 coverage for not less than 12 consecutive months for each covered person on an expense
2.22 incurred, indemnity, prepaid, or other basis for one or more necessary or medically necessary
2.23 diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services,
2.24 provided in a setting other than an acute care unit of a hospital. Long-term care insurance
2.25 includes:

2.26 (1) group and individual annuities and life insurance policies or riders that provide
2.27 directly or that supplement long-term care insurance; ~~and~~

2.28 (2) group and individual life insurance policies that convert into long-term care insurance;
2.29 and

3.1 ~~(2)~~ (3) a policy or rider that provides for payment of benefits based upon cognitive
3.2 impairment or the loss of functional capacity.

3.3 Long-term care insurance does not include an insurance policy that is offered primarily
3.4 to provide basic Medicare supplement coverage, basic hospital expense coverage, basic
3.5 medical-surgical expense coverage, hospital confinement indemnity coverage, major medical
3.6 expense coverage, disability income or related asset-protection coverage, accident only
3.7 coverage, specified disease or specified accident coverage, or limited benefit health coverage.
3.8 With regard to life insurance, long-term care insurance does not include life insurance
3.9 policies that accelerate the death benefit specifically for one or more of the qualifying events
3.10 of terminal illness, medical conditions requiring extraordinary medical intervention, or
3.11 permanent institutional confinement, and that provide the option of a lump-sum payment
3.12 for those benefits and in which neither the benefits nor the eligibility for the benefits is
3.13 conditioned upon the receipt of long-term care.