

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2692

03/03/2014 Authored by Dehn, R.,

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 insurance; authorizing the judicial declaration of the validity of a
1.3 policy in certain circumstances; amending Minnesota Statutes 2012, section
1.4 60A.0789, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2012, section 60A.0789, subdivision 3, is amended to
1.7 read:

1.8 Subd. 3. **Declaratory judgment action.** (a) If, prior to payment of death benefits,
1.9 the insurer believes the policy was initiated by STOLI practices, the insurer may bring a
1.10 declaratory judgment action seeking a court order declaring the policy void.

1.11 (b) If an insurer fails to confirm within 90 days of receipt of a verification of
1.12 insurable interest request that a life insurance policy is valid and that it will not contest the
1.13 policy for lack of insurable interest, the policyholder or its designated representative may
1.14 bring a declaratory judgment action seeking a court order that the policy is valid.

1.15 (c) If the court determines that the life insurance policy is valid, the insurer shall
1.16 pay the cost of the action, including attorney fees of the policyholder or its designated
1.17 representative.

1.18 (d) A verification of insurable interest request may only be submitted on policies that
1.19 have a death benefit equal to or greater than \$1,000,000 and that were issued before the
1.20 effective date of sections 60A.078 to 60A.0789. A life insurer is only obligated to respond
1.21 to a verification of insurable interest request that includes the following information:

1.22 (1) the name and address of the owner of the policy;

1.23 (2) the name and address of all previous owners of the policy and the date that
1.24 ownership was acquired by each previous owner;

2.1 (3) whether or not the insured entered into a binding contract with respect to
2.2 financing the insurance policy during the first two years following the date the policy was
2.3 issued and, if so, details regarding the financing arrangement; and

2.4 (4) the name and address of all trusts that acquired or obtained an interest in the
2.5 insurance policy since the date the policy was issued, and the name and address of each
2.6 trustee and beneficial owner of the trusts.

2.7 If any of the information in clauses (1) to (4) is unavailable, the policyholder or
2.8 its designated representative shall state under penalty of perjury that, to the best of the
2.9 policyholder's or the designated representative's knowledge, the person does not have
2.10 the information listed in this subdivision.

2.11 (e) All premium payments due on the policy will be tolled during the pendency of
2.12 the declaratory judgment action commenced pursuant to this subdivision.

2.13 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.14 and applies to life insurance policies in effect on or issued on or after that date.