be attached. The county board after hearing shall determine the form of question as it should appear on the ballot. The results of the election shall be advisory in nature only.

Subd. 3.　　The results of the election shall be certified by the County Auditor to the County Board and within 45 days after such election the County Board shall issue its order dissolving the district. The order shall also attach the dissolved district to a proper district as determined by the County Board, and a copy of such order shall be filed with the Commissioner of Education. Title to all the property, real and personal, of the district dissolved passes to the district to which such dissolved district is attached. If a district is divided by virtue of the proceedings the county board shall issue its order providing for the division of the current assets and liabilities according to such terms as it may deem just and equitable. If the order of the county board attaches any land area to a district with bonded debt, the taxable property in such area assumes its proportionate share of the authorized and outstanding debt of the district to which it is attached.

Sec. 3.　　[122.33]　　Nonoperating districts after 1965.　　Any organized school district not maintaining a classified school after July 1, 1965 shall be dissolved as of the date such district ceases to maintain a classified school. The dissolution shall be as provided in section 2.

Sec. 4.　　[122.34]　　Private schools in nonoperating districts. Sections 1, 2 and 3 shall not apply to any school district in which is located any existing private school maintaining elementary and secondary education for 75 percent of eligible pupils within the district and complying with the requirements of Minnesota Statutes 1961, Section 120.10, Subdivision 2.

Sec. 5.　　[122.35]　　Severability.　　The provisions of this act shall be construed to be severable. In the event a particular provision may be determined to be invalid, such determination shall not affect any other provision of this act.

Approved May 6, 1963.

CHAPTER 548—H. F. No. 893

[Coded]

An act authorizing life insurance companies to issue contracts on a variable basis and prescribing the terms and conditions thereof.

Changes or additions indicated by *italics,* deletions by ~~strikeout~~.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **[61.62]** **Life insurance; variable basis contracts; definitions.** Subdivision 1. When used in this act, "contract on a variable basis" means any contract on either a group or an individual basis issued by a life insurance company providing for the dollar amount of benefits or other contractual payments or values thereunder to vary so as to reflect investment results of a separate account in which amounts received in connection with any such contracts have been placed.

Subd. 2. "Commissioner" means commissioner of insurance and "commission" means the commerce commission of the state of Minnesota.

Sec. 2. **[61.63]** **Companies entitled to issue contracts; accounts; investments.** Subdivision 1. Any domestic life insurance company which has satisfied the Commission that its financial condition and methods of operation will not be prejudicial to residents of this state shall have authority to establish and operate one or more *separate accounts and to issue contracts on a variable basis, subject to the provisions of this act and* (except as to the contracts referred to in section 9 of this act) to the provisions of Chapter 80, Minnesota Statutes 1961, as amended.

Subd. 2. *Except as may be otherwise specifically provided by the contract concerned,* all amounts received by a life insurance company in connection with any contract on a variable basis shall be allocated to the appropriate separate account. The income, if any, and gains or losses, realized or unrealized, on each such account may be credited to or charged against the amount allocated to such account in accordance with such contract, without regard to the other income, gains, or losses of the company.

Subd. 3. All amounts allocated to such accounts, and accumulations thereon, may be invested and reinvested in any class or classes of loans and investments authorized for domestic life insurance companies; provided that investments in corporate stocks, bonds, notes, and other evidences of indebtedness as authorized by Minnesota Statutes 1961, Section 61.11, Subdivision 6, shall not be subject to (1) the limitations or requirements specified in subdivision 6 of said section 61.11, or (2) the percentage limitations specified in subdivision 12 of said section 61.11. No sale, transfer, exchange, or substitution of investments may be made between a separate account and any other investment account of a company.

Sec. 3. **[61.64]** **Contract provisions.** All contracts on a *variable basis issued in this state shall stipulate the expense, mortality,*

Changes or additions indicated by *italics,* **deletions by** ~~strikeout~~.

and investment-increment factors to be used in computing (1) in the case of individual contracts, the dollar amount of variable benefits or other contractual payments or values, and (2) in the case of group contracts, the dollar amount payable with respect to a unit of variable benefits purchased thereunder. All such contracts shall guarantee that expense and mortality results shall not affect such dollar amounts adversely. The mortality and investment-increment factors used in computing the dollar amount of variable benefits or other contractual payments or values under an individual contract on a variable basis shall not produce a larger initial payment than would be produced by use of the 1937 Standard Annuity Mortality Table and an annual investment-increment assumption of 3%, or such other mortality table and investment-increment assumption as the Commissioner may designate.

Sec. 4.   [61.65]   **Contract provisions.**   No contract on a variable basis, nor certificate evidencing variable benefits issued pursuant to any such contract on a group basis, shall be issued in this state unless it contains (1) a statement of the essential features of the procedure to be followed by the insurance company in determining the dollar amount of variable benefits or other contractual payments or values thereunder and (2) a statement that such amounts may decrease or increase according to such procedure and (3) a statement in a prominent position on its first page that the benefits or other contractual payments or values thereunder are on a variable basis.

Sec. 5.   [61.66]   **Filing and registration of contracts.**   No contract on a variable basis shall be issued in this state until a copy of the form thereof (and, in the case of a group contract, the form of any certificate evidencing variable benefits issued pursuant thereto) and any form of application for such contract shall have been filed with the Commissioner and (except as to contracts referred to in Section 9 of this act) with the commission, as part of the application for the registration of contracts pursuant to the requirements of said chapter 80. After registration of contracts, annual reports shall be furnished each contract holder, giving complete information pertaining to his interests in the contract.

Sec. 6.   [61.67]   **Disapproval of contracts.**   The commissioner shall have the power to disapprove any contract form, application, or certificate (1) if it does not comply with the foregoing provisions of this act; or (2) if it contains provisions which are unjust, unfair, inequitable, ambiguous, or misleading; or (3) if sales of such contract are being solicited by any means of advertising, communication, or dissemination of information which involves misleading or inadequate description of the provisions of the contract. After the

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Commissioner shall have notified a company of his disapproval, it shall be unlawful for that company to issue or use the contract, application or certificate in the form so disapproved.

Sec. 7. **[61.68]** **Foreign companies.** Subject to the provisions of this act and to the provisions of said chapter 80, any foreign life insurance company which has a certificate of authority to do business in this state and which has been authorized by the laws of its state of domicile to issue contracts on a variable basis may issue such contracts in this state on the same basis permitted domestic companies provided that it has satisfied the Commissioner that its financial condition and methods of operation will not be prejudicial to residents of this state.

Sec. 8. **[61.69]** **Amount of benefits.** That portion of Minnesota Statutes 1961, Section 61.01, which requires that certain contracts distinctly specify the amount of benefits shall not apply to contracts on a variable basis.

Sec. 9. **[61.70]** **Group contracts.** A group contract on a variable basis (1) which meets the requirements of the Federal Internal Revenue Code of 1954, as amended, for qualification of a pension, profit-sharing, or annuity plan and (2) which does not permit the allocation to a separate account of any payment or contribution made by an employee and (3) which covers at least twenty-five employees at the time of its execution and (4) under which the promised payments are in fixed-dollar amounts shall be exempt from the requirement of registration pursuant to the provisions of said chapter 80, and the sale thereof shall be exempt from the licensing requirements of said chapter 80.

Sec. 10. **[61.71]** **Rules and regulations.** The commissioner and the commission may issue such rules and regulations as may be necessary to carry out the purposes of this act.

Approved May 6, 1963.

CHAPTER 549—S. F. No. 433

An act relating to the liability of consolidated school districts for bonds of pre-existing school districts included therein, and the authorization and issuance of bonds by consolidated school districts, before or after the effective date of the consolidation for other purposes, including bonds authorized by the electors of pre-existing school districts included therein; amending Minnesota Statutes 1961, Section 122.23, Subdivision 16.

Changes or additions indicated by *italics,* **deletions by** ~~strikeout.~~