

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 1109**

(SENATE AUTHORS: DAHLE, Reinert and Cohen)

DATE	D-PG	OFFICIAL STATUS
03/07/2013	675	Introduction and first reading Referred to Commerce

1.1 A bill for an act  
 1.2 relating to insurance; requiring refund of premiums paid on life insurance  
 1.3 policies in certain circumstances; authorizing the judicial declaration of the  
 1.4 validity of a policy in certain circumstances; proposing coding for new law in  
 1.5 Minnesota Statutes, chapter 61A.

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

1.7 Section 1. **[61A.123] PREMIUM REFUND.**

1.8 If a life insurance policy is deemed to be void, void ab initio, or otherwise terminated  
 1.9 or extinguished in accordance with the law on grounds other than nonpayment of  
 1.10 premium, the owner of the policy or its designated representatives has the right to recover  
 1.11 from the insurer all premiums paid on the policy plus any interest on those payments at the  
 1.12 rate set in section 549.09, subdivision 1, paragraph (c), clause (2).

1.13 This section does not apply to the owner of a life insurance policy who engaged in  
 1.14 fraud in connection with the issuance of the policy.

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

1.17 Sec. 2. **[61A.124] JUDICIAL DECLARATION OF POLICY VALIDITY.**

1.18 If a life insurer refuses to state that it will not contest the policy for lack of insurable  
 1.19 interest, as defined in section 60A.0783, subdivision 2, within 120 days of receipt of a  
 1.20 verification of coverage request from the policyholder or its designated representative that  
 1.21 was submitted to the insurer more than two years from the date of issuance of the policy,  
 1.22 the owner of the policy has the right to a judicial declaration as to the validity of the policy

2.1 by bringing an action in district court. If the court determines that the life insurance policy  
2.2 is valid, the insurer shall pay the cost of the action, including attorney fees.

2.3 This section does not apply to the owner of a life insurance policy who engaged in  
2.4 fraud in connection with the issuance of the policy.

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