

2750.1300 MANDATORY POLICY PROVISIONS.

Every variable life insurance policy filed for approval in this state shall contain at least the following:

A. The cover page or pages corresponding to the cover page of each policy shall contain:

(1) a prominent statement in either contrasting color or in boldface type that the amount or duration of death benefit may be variable or fixed under specified conditions;

(2) a prominent statement in either contrasting color or in boldface type that cash values may increase or decrease in accordance with the experience of the separate account subject to any specified minimum guarantees;

(3) a statement describing any minimum death benefit required pursuant to part 2750.1200, item C;

(4) the method, or a reference to the policy provision, which describes the method for determining the amount of insurance payable at death;

(5) a captioned provision that the policyholder may return the variable life insurance policy within ten days of receipt of the policy by the policyholder, and receive a refund as required by state law;

(6) such other items as are currently required by Minnesota Statutes, chapter 61A.

B. For scheduled premium policies, a provision for a grace period of not less than 31 days from the premium due date which shall provide that where the premium is paid within the grace period, policy values will be the same, except for the deduction of any overdue premium, as if the premium were paid on or before the due date.

For flexible premium policies, the variable life insurance policy must contain a provision for a grace period beginning on the policy processing day when the total charges authorized by the policy that are necessary to keep the policy in force until the next policy processing day exceed the amounts available under the policy to pay these charges in accordance with the terms of the policy. The grace period shall end on a date not less than 61 days after the mailing date of the Report to Policyholders required by part 2750.4300, item C.

The death benefit payable during the grace period will equal the death benefit in effect immediately prior to the period less any overdue charges. If the policy processing days occur monthly, the insurer may require the payment of not more than three times the charges which were due on the policy processing day on which the amounts available under the policy were insufficient to pay all charges authorized by the policy that are necessary to keep the policy in force until the next policy processing day.

C. For scheduled premium policies, a provision that the policy will be reinstated at any time within three years from the date of default upon the written application of the insured and evidence of insurability, including good health, satisfactory to the insurer, unless the cash surrender value has been paid or the period of extended insurance has expired, upon the payment of any outstanding indebtedness arising subsequent to the end of the grace period following the date of default together with accrued interest thereon to the date of reinstatement and payment of an amount not exceeding the greater of:

(1) all overdue premiums with interest at a rate not exceeding eight percent per annum compounded annually and any indebtedness in effect at the end of the grace period following the date of default with interest at a rate not exceeding eight percent per annum compounded annually; or

(2) 110 percent of the increase in cash value resulting from reinstatement plus all overdue premiums for incidental insurance benefits with interest at a rate not exceeding eight percent per annum compounded annually.

D. A full description of the benefit base and of the method of calculation and application of any factors used to adjust variable benefits under the policy.

E. A provision designating the separate account to be used and stating that:

(1) the assets of the separate account shall be available to cover the liabilities of the general account of the insurer only to the extent that the assets of the separate account exceed the liabilities of the separate account arising under the variable life insurance policies supported by the separate account; and

(2) the assets of the separate account shall be valued at least as often as any policy benefits vary but at least monthly.

F. A provision stating that the approval process for a change in the investment policy of the separate account is on file with the commissioner.

G. A provision that the policy shall be incontestable by the insurer after it has been in force for two years during the lifetime of the insured; provided, however, that any increase in the amount of the policy's death benefits subsequent to the policy issue date, which increase occurred upon a new application or request of the owner and was subject to satisfactory proof of the insured's insurability, shall be incontestable after an increase has been in force, during the lifetime of the insured, for two years from the date of issue of the increase.

H. A provision that payment of variable death benefits in excess of any minimum death benefits, cash values, policy loans, or partial withdrawals (except when used to pay premiums) or partial surrenders may be deferred:

(1) for up to six months from the date of request, if such payments are based on policy values which do not depend on the investment performance of the separate account; or

(2) otherwise, for any period during which the New York Stock Exchange is closed for trading (except for normal holiday closing) or when the Securities and Exchange Commission has determined that a state of emergency exists which may make such payment impractical.

I. If settlement options are provided, at least one option shall be provided on a fixed basis only.

J. A description of the basis for computing the cash value and the surrender value under the policy shall be included.

K. Premiums or changes for incidental insurance benefits shall be stated separately.

L. A provision for nonforfeiture insurance benefits. The insurer may establish a reasonable minimum cash value below which nonforfeiture insurance options will not be available.

Statutory Authority: *MS s 61A.20*

History: *8 SR 1948*

Published Electronically: *September 14, 2007*