

**2761.0400 STANDARD BENEFIT PLANS.**

Subpart 1. **General standard.** Benefits provided under credit involuntary unemployment insurance policies must be reasonable in relation to premiums charged. Premiums will be considered reasonable if they conform to the prima facie rates shown in part 2761.0700, or if a loss ratio of at least 50 percent is contemplated to be achieved. Loss ratio means incurred claims divided by earned premium.

Subp. 2. **Basic prima facie rates for closed-end credit are as reflected in part 2761.0700.** The premiums shown in part 2761.0700, Schedule A, may be used when credit involuntary unemployment insurance is issued in conjunction with any loan which has a specified maturity date whether the premiums are financed or otherwise collected on a monthly basis. To calculate the single premium rate when premiums are financed in a closed-end loan, insurers must multiply the rates shown in part 2761.0700, schedule A, by the term of the coverage in months. The basic plan of insurance to which this prima facie rate applies is as follows:

A. Coverage is provided or offered, with or without underwriting, to all debtors regardless of age or to all debtors not older than a specified age limit, which shall not be less than age 65 at the time the insurance becomes effective or age 66 at the scheduled maturity date of the transaction.

B. Exclusion from qualification for coverage:

- (1) self-employed individuals, including independent contractors;
- (2) workers in seasonal or temporary jobs, defined as jobs designed to last six consecutive months or less;
- (3) individuals working for wages or salary for less than 30 hours a week; or
- (4) debtors who have been notified either orally or in writing of any layoff or of employment termination either by the effective date of coverage or within 90 days after the effective date.

C. Coverage for unemployment for any reason, except that coverage may be excluded for:

- (1) voluntary forfeiture of salary, wage, or other employment income;
- (2) resignation;
- (3) retirement;
- (4) general strike;
- (5) illegal walkout;

(6) war (declared or undeclared), civil commotion, riot, insurrection, rebellion, or revolution;

(7) separation from the military;

(8) willful or criminal misconduct or unlawful behavior;

(9) disability caused by accident, sickness, disease, or pregnancy;

(10) nuclear occurrence;

(11) natural disaster; and

(12) a controlling stockholder of the employer or any of the dependents of the controlling stockholder. A person is a "controlling stockholder" if the person owns ten percent or more of the outstanding voting stock of the employer.

D. Coverage becomes effective after a waiting period of no more than 60 days after the initiation of the loan or credit agreement, and benefits may be retroactive to the first day of unemployment or after an elimination period of 30 days.

E. Benefits provided for various terms of coverage shall not be less than the schedule below:

TERM OF COVERAGE (MONTHS)	CONSECUTIVE BENEFITS PAYABLE	TOTAL BENEFITS PAYABLE
Under 12	3	3
12-23	3	6
24-35	4	12
36-47	6	12
48-60	6	12
over 60*	6	18

\*includes open-end credit vehicles (e.g. credit cards)

F. The total amount of periodic benefits payable shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness at the time of the loss. The amount of each periodic benefit shall not exceed the original indebtedness divided by the number of periodic installments.

G. If the period of unemployment for which benefits are to be paid is less than 30 days, 1/30th of the scheduled monthly payments for each day of a period within the unemployment period must be paid to the creditor to reduce the debtor's account.

H. In the event of cancellation of the master policy, coverage as provided by the certificates issued under that master policy shall remain in force until expiration, unless sooner canceled according to other terms and conditions.

Subp. 3. **Basic prima facie rates for open-end credit.** The basic prima facie rate for credit involuntary unemployment insurance payable on a monthly outstanding balance basis in connection with open-end credit transactions is reflected in part 2761.0700, Schedule B. The basic plan of insurance to which this prima facie rate applies is as follows:

A. Coverage is provided or offered, with or without underwriting to all debtors, except the plan or policy may have an age restriction providing that no insurance will become effective on debtors on or after the attainment of age 66 and that all insurance will terminate upon attainment by the debtor of age 66.

B. Exclusion from qualification for coverage:

- (1) self-employed individuals including independent contractors;
  - (2) workers in seasonal or temporary jobs, defined as jobs designed to last six consecutive months or less;
  - (3) individuals working for wages or salary for less than 30 hours a week;
- and
- (4) debtors who have been notified either orally or in writing of any layoff or of employment termination either by the effective date of coverage or within 90 days after the effective date.

C. Coverage for unemployment for any reason, except that coverage may be excluded for:

- (1) voluntary forfeiture of salary, wage, or other employment income;
- (2) resignation;
- (3) retirement;
- (4) general strike;
- (5) illegal walkout;
- (6) war (declared or undeclared), civil commotion, riot, insurrection, rebellion, or revolution;
- (7) separation from the military;
- (8) willful misconduct or criminal misconduct or unlawful behavior;
- (9) disability caused by accident, sickness, disease, or pregnancy;
- (10) nuclear occurrence;

(11) natural disaster; and

(12) a controlling stockholder of the employer or any of the dependents of the controlling stockholder. A person is a controlling stockholder if the person owns ten percent or more of the outstanding voting stock of the employer.

D. Coverage becomes effective after a waiting period of no more than 60 days after the initiation and use of each loan or credit agreement, and benefits may be retroactive to the first day of unemployment or after an elimination period of 30 days.

Subp. 4. **Reeligibility.** A credit involuntary unemployment insurance policy may impose conditions under which an insured debtor becomes reeligible for credit unemployment benefits after a period of receiving benefits. If reeligibility conditions are required for full benefits for a subsequent period of unemployment, the conditions may not be more stringent than the initial eligibility conditions and in no event shall require that the insured be actively at work for more than six consecutive months. If an insured debtor has not satisfied the reeligibility requirement at the time of a subsequent unemployment, the unemployment shall be considered a continuation of the prior unemployment with no waiting period, and with a maximum benefit period equal to the unused portion of the maximum benefit period for the prior unemployment.

Subp. 5. **Joint coverage rates.** Joint coverage rates for credit involuntary unemployment insurance shall be 185 percent of the specified single rate of coverage.

Subp. 6. **Presumption of reasonableness.** Policy forms providing benefits as set forth in this part at the prima facie rates then in effect will be conclusively presumed to be reasonable in relation to the premium charged.

**Statutory Authority:** *MS s 45.023; 62B.12*

**History:** *20 SR 1925*

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