

1 Department of Commerce

2

3 Adopted Permanent Rules Relating to Interest Rate Disclosure

4

5 Rules as Adopted

6 2790.1750 INTEREST RATE DISCLOSURE; DISCLOSURE SHEET.

7 Subpart 1. Scope. This part applies to life insurance
8 policy illustrations based upon a prospective purchaser's age
9 and sex that do not provide a comparison with another policy.
10 For purposes of this part, "applicant" includes a person who
11 applies to purchase or who purchases a life insurance policy.

12 Subp. 2. Waiver; disclosure sheet. The requirements of
13 Minnesota Statutes, section 45.025, subdivision 2, are waived
14 with respect to those life insurance policy illustrations
15 described in subpart 1 if, before the payment of any portion of
16 the purchase price for the policy, the applicant receives a
17 disclosure sheet in the form prescribed by the commissioner.
18 The disclosure sheet must be signed and dated by the applicant
19 and the insurance agent offering or advertising the policy, and
20 a copy of the disclosure sheet must be left with the applicant.

21 Subp. 3. Contents of disclosure sheet for universal life
22 insurance policies. "Universal life insurance policy" means any
23 individual life insurance policy under the provisions of which
24 separately identified interest credits (other than in connection
25 with dividend accumulations, premium deposit funds, or other
26 supplementary accounts) and mortality and expense charges are
27 made to the policy. A universal life insurance policy may
28 provide for other credits and charges, such as charges for the
29 cost of benefits provided by rider. The disclosure sheet must
30 contain the following information. No additional or alternative
31 information may be included on the disclosure sheet, for
32 purposes of this part, without the approval of the commissioner.

33

34 LIFE INSURANCE POLICY FACT SHEET

35 UNIVERSAL LIFE PRODUCTS



1 I. GENERAL INFORMATION

2 This is a life insurance policy fact sheet. Minnesota law
3 requires that this fact sheet be provided to you before you
4 make any payment on a life insurance policy.

5 II. INSURER AND BASIC POLICY INFORMATION

6 A. Name and Address of Insurer:

7 _____
8 _____
9 _____
10 _____
11 _____
12 _____

13 B. Single Premium ___ Annual Premium ___ Other ___ (check one)

14 C. Amount of death benefit at end of first year \$ _____

15 D. Will the death benefit vary with the
16 interest rate credited? ___ Yes ___ No

17 E. Is the advertised interest rate guaranteed? ___ Yes ___ No

18 If yes, for how long?

19 III. CALCULATION OF EARNINGS ON FIRST YEAR PREMIUM

20 A. Amount of first year premium \$ _____

21 B. Amount of premium allocated to
22 death benefit and expenses \$ _____

23 C. Balance upon which interest will
24 be calculated \$ _____

25 D. Amount of interest income at
26 advertised rate \$ _____

27 E. Policy value at end of first year \$ _____ *

28 *NOTE: This value may not be available without surrender
29 charges which are disclosed below.

30 IV. SURRENDER CHARGE

31 This policy should be purchased only for long-term planning.
32 Surrender charges may be substantial and will be imposed as
33 specified below, assuming that the advertised rate of
34 interest and illustrated premiums are paid.

35 A. Surrender charge assessed if
36 surrendered at the end of the first year \$ _____

37 B. The amount you will receive if you
38 surrender at the end of the first
39 year (III-E minus IV-A) \$ _____

40 C. Number of years for which a
41 surrender charge is imposed _____

42 _____
43 Signature of Agent

44 _____
45 Signature of Applicant

46 Date: ___/___/___

47 Date: ___/___/___

48 Subp. 4. Contents of disclosure sheet for other than

1 universal life products. The disclosure sheet must contain the
2 following information. No additional or alternative information
3 may be included on the disclosure sheet, for purposes of this
4 part, without the approval of the commissioner.

5 LIFE INSURANCE POLICY FACT SHEET

6 OTHER THAN UNIVERSAL LIFE PRODUCTS

7 I. GENERAL INFORMATION

8 This is a life insurance policy fact sheet. Minnesota law
9 requires that this fact sheet be provided to you before you
10 make any payment on a life insurance policy.

11 II. INSURER AND BASIC POLICY INFORMATION

12 A. Name and Address of Insurer:

13 _____
14 _____
15 _____
16 _____
17 _____
18 _____

19 B. Single Premium Annual Premium Other (check one)

20 C. Amount of death benefit at end of first year \$ _____

21 D. Will the first year death benefit vary with the dividend
22 credited or other nonguaranteed payment? Yes No

23 III. FIRST YEAR VALUES

24 This policy should be purchased only for long-term planning.
25 The values shown below assume the illustrated dividend or
26 other nonguaranteed payment and the illustrated premiums
27 are paid.

28 A. Amount of first year premium \$ _____

29 B. Guaranteed cash value, end of first year \$ _____

30 C. Dividend or other nonguaranteed payment,
31 end of first year \$ _____

32 D. The amount you will receive if you surrender
33 at the end of the first year (III-B plus III-C
34 minus any surrender charge) \$ _____

35 _____
36 Signature of Agent

37 _____
38 Signature of Applicant

39 Date: ___/___/___

40 Date: ___/___/___

41 2790.1751 INTEREST RATE DISCLOSURE; CERTAIN GROUP CONTRACTS OR
42 POLICIES.

43 Subpart 1. Definition. "Code" as used in this part means
44 the United States Internal Revenue Code of 1986, as amended
45 through December 31, 1987.

1 Subp. 2. Exemption. Minnesota Statutes, section 45.025,
2 subdivisions 2 and 5, do not apply to:

3 A. a group annuity contract or policy that is issued
4 to an employer or trustee to fund an employee pension or
5 retirement plan which is a plan described in sections 401, 403,
6 408(c), or 457(b) of the Internal Revenue Code, or to an
7 employer described in section 501(c)(3) of the Internal Revenue
8 Code to fund a pension or retirement plan; or

9 B. a group life insurance or group health insurance
10 contract or policy issued to an employer, association of
11 employees, or trustee to provide life insurance, health
12 insurance, or disability benefits under an employee benefit
13 plan; provided that the plan described in this item or item A
14 has assets of at least \$1,000,000 as of the date that the
15 contract or policy is issued.

16 Rules as Proposed

17 2790.2200 PENALTY.

18 Violations of this chapter subject the violator to the
19 penalties described in Minnesota Statutes, chapters 45, 60A, and
20 62A.

21

22 REPEALER. Minnesota Rules, part 2790.0200, is repealed.