

60C.03 MINNESOTA INSURANCE GUARANTY ASS'N ACT

CHAPTER 60C. MINNESOTA INSURANCE GUARANTY
ASSOCIATION ACT

Sec.
60C.03 Definitions.

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[For text of subds. 1 to 5, see M.S.1971]

Subd. 6. "Member insurer" means any person, including reciprocals or inter-insurance exchanges operating under Chapter 71A, township mutual fire insurance companies operating under sections 67A.01 to 67A.26, and farmers mutual fire insurance companies operating under sections 67A.27 to 67A.39, who (a) writes any kind of insurance not excepted from the scope of Laws 1971, Chapter 145 by section 60C.02, and (b) is licensed to transact insurance business in this state, except any nonprofit service plan incorporated or operating under sections 62C.01 to 62C.23 and any health plan incorporated under Chapter 317.

[1973 c 35 s 20]

[For text of subd. 7, see M.S.1971]

CHAPTER 61A. LIFE INSURANCE GENERALLY

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CONTRACTS

61A.09 Group life insurance

Subdivision 1. No group life insurance policy shall be issued for delivery in this state until the form thereof and the form of any certificates issued thereunder have been filed in accordance with and subject to the provisions of section 61A.02. Each person insured under such a group life insurance policy (excepting policies which insure the lives of debtors of a creditor or vendor to secure payment of indebtedness) shall be furnished a certificate of insurance issued by the insurer and containing the following:

- (a) Name and location of the insurance company;
- (b) A statement as to the insurance protection to which the certificate holder is entitled, including any changes in such protection depending on the age of the person whose life is insured;
- (c) Any and all provisions regarding the termination or reduction of the certificate holder's insurance protection;
- (d) A statement that the master group policy may be examined at a reasonably accessible place;
- (e) The maximum rate of contribution to be paid by the certificate holder;
- (f) Beneficiary and method required to change such beneficiary;
- (g) In the case of a group term insurance policy if the policy provides that insurance of the certificate holder will terminate, in case of a policy issued to an employer, by reason of termination of the certificate holder's employment, or in case of a policy issued to an organization of which the certificate holder is a member, by reason of termination of his membership, a provision to the effect that in case of termination of employment or membership the certificate holder shall be entitled to have issued to him by the insurer, without evidence of insurability, upon application made to the insurer within 31 days

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after termination of employment or membership, and upon payment of the premium applicable to the class of risk to which he belongs and to the form and amount of the policy at his then attained age, a policy of life insurance only, in any one of the forms customarily issued by the insurer except term insurance, in an amount equal to the amount of his life insurance protection under such group insurance policy at the time of such termination; and shall contain a further provision to the effect that upon the death of the certificate holder during such 31-day period and before any such individual policy has become effective, the amount of insurance for which the certificate holder was entitled to make application shall be payable as a death benefit by the insurer.

Subd. 2. Any or all of the interests of a certificate holder under any group life insurance policy (excepting policies which insure the lives of debtors of a creditor or vendor to secure payment of indebtedness) may be assigned by an assignment executed by the owner of such interest and delivered to the insurer if the provisions of the policy so permit or if both the insurer and the master policyholder agree to such assignment.

An assignment of interests of a certificate holder valid hereunder may transfer to the assignee any or all the rights, privileges, and incidents of ownership of the certificate holder in the group life insurance policy and group certificate thereunder, including, but not limited to the rights to designate beneficiaries and to have an individual policy issued in accordance with subdivision 1, clause (g).

Any assignment in accordance with this subdivision shall entitle the insurer to deal with the assignee in accordance with the terms of the assignment until the insurer has received at its home office written notice of a subsequent assignment made by such assignee; provided, however, that the insurer shall not be prejudiced by any payment made or action taken inconsistent with the terms of any assignment before the insurer has received and had reasonable time to act on written notice of such assignment.

This subdivision declares and codifies without modifying the existing right of assignment of interests of certificate holders under group life insurance policies by the persons owning such interests. An assignment otherwise valid shall not be invalid because it was made prior to the enactment of this subdivision.

[1973 c 439 s 1]

61A.12 Beneficiaries

[For text of subds. 1 and 2, see M.S.1971]

Subd. 3. [Repealed, 1973 c 725 s 91]

[For text of subd. 4, see M.S.1971]

CONTRACTS—VARIABLE BASIS

61A.13 Definitions

Subdivision 1. Contract on a variable basis. When used in sections 61A.13 to 61A.21, "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 have been placed in connection with any such contracts. Such contracts may also provide benefits or values incidental thereto payable in fixed or variable dollar amounts, or both.

[1973 c 480 s 1]

[For text of subd. 2, see M.S.1971]

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[For text of subds. 1 to 4, see M.S.1971]

Subd. 5. Account ownership. The assets held in a separate account pursuant to this section shall be owned by the company, and the company shall not be, nor hold itself out to be, a trustee with respect to such amounts. If and to the extent so provided under the applicable contracts or as required pursuant to the Federal Investment Company Act of 1940 that portion of the assets of any such separate account equal to reserves and other contract liabilities with respect to such account shall not be chargeable with liabilities arising out of any other business the company may conduct, but shall be held and applied exclusively for the benefit of the holders of those contracts on a variable basis for which the separate account has been established, provided, however, that the assets shall always be at least equal to the reserves and other contract liabilities with respect to such account.

[1973 c 480 s 2]

[For text of subds. 6 to 8, see M.S.1971]

61A.15 Contract provisions

Subdivision 1. Variable annuity. All annuity contracts on a variable basis issued in this state shall stipulate the expense, mortality, 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 expenses shall not affect such dollar amounts adversely. In computing the dollar amount of variable benefits or other contractual payments or values under an individual contract on a variable basis, (a) the annual net investment increment assumption shall not exceed five percent, except with the approval of the commissioner, and (b) to the extent that the level of benefits may be affected by mortality results, the mortality factor shall be determined from the Annuity Mortality Table for 1949, Ultimate, or any modification of that table not having a higher mortality rate at any age, or, if approved by the commissioner, from another table. The term "expense", as used in this section, may exclude some or all taxes as stipulated in the contracts and may also exclude any investment management fee which is subject to change with the approval by vote of the holders of such contracts.

Subd. 2. Variable life insurance. Any life insurance contract on a variable basis delivered or issued for delivery in this state shall stipulate the investment increment factor to be used in computing the dollar amount of variable benefits or other variable contractual payments or values thereunder and shall guarantee that expense and mortality results shall not adversely affect such dollar amounts.

[1973 c 480 s 3]

61A.17 Filing 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. No life insurance contract on a variable basis shall be filed for issuance in Minnesota or issued in Minnesota before March 1, 1974, or before the commissioner has promulgated rules and regulations under section 61A.20 regarding life insurance contracts on a variable basis, whichever event comes first.

[1973 c 480 s 7]

61A.19 Company requirements

No company shall deliver or issue for delivery within this state contracts on a variable basis unless it is licensed or organized to do a life insurance or

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annuity business in this state, and the commissioner is satisfied that its condition or method of operation in connection with the issuance of such contracts will not render its operation hazardous to the public or its policyholders in this state. In this connection, the commissioner shall consider among other things:

- (a) The history and financial condition of the company;
- (b) The character, responsibility and fitness of the officers and directors of the company; and
- (c) The law and regulation under which the company is authorized in the state of domicile to issue such contracts. The state of entry of an alien company shall be deemed to be state of domicile for this purpose.

A licensed company which issues contracts on a variable basis and which is a subsidiary of, or affiliated through common management or ownership with, another life insurance company authorized to do business in this state may be deemed to have met the provisions of this section if either it or the parent or affiliated company satisfies the aforementioned provisions.

[1973 c 480 s 4]

61A.21 Application of other laws

Section 61A.07, clause (4) shall not apply to contracts on a variable basis. All other appropriate provisions of chapter 61A shall apply to separate accounts and contracts on a variable basis except those which are inconsistent with the provisions contained in sections 61A.13 to 61A.20. Any contract on a variable basis, delivered or issued for delivery in this state, shall contain in substance provisions for grace, settlement option, loan or withdrawal and nonforfeiture appropriate to such a contract and a life insurance contract on a variable basis should also contain in substance a provision for reinstatement appropriate to such a contract. The reserve liability for contracts on a variable basis shall be established in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

[1973 c 480 s 5]

CONTRACTS—MISCELLANEOUS

61A.22 Contracts to specify benefits and consideration

No life insurance company shall make any insurance, guaranty, contract, or pledge in this state, or to or with any citizen or resident thereof, which does not distinctly specify the amount and manner of payment of benefits and the consideration therefor, except that contracts on a variable basis need not specify the amount of benefits thereunder or consideration after the initial premium.

[1973 c 480 s 6]