

60A.19 INSURANCE DIVISION

may be served upon them with the same force and effect as if personally served upon it, so long as any of its liability exists in this state;

(4) It shall appoint, as its agents in this state, residents thereof, and obtain from the commissioner a license to transact business therein;

(5) Regardless of what lines of business an insurer of another state is seeking to write in this state, the lines of business it is licensed to write in its state of incorporation shall be the basis for establishing the financial requirements it must meet for admission in this state or for continuance of its authority to write business in this state.

[For text of subds 2 to 8, see M.S.1976]

[1977 c 195 s 2]

CHAPTER 60B. INSURERS REHABILITATION AND LIQUIDATION ACT

Sec.		Sec.	
60B.17	Powers and duties of the rehabilitator.	60B.30	Fraudulent transfers prior to petition.
60B.25	Powers of liquidator.	60B.46	Distribution of assets.
60B.26	Notice to creditors and others.		

60B.17 Powers and duties of the rehabilitator.

[For text of subds 1 to 6, see M.S.1976]

Subd. 7. **Coordination of activities with guaranty associations.** The rehabilitator shall coordinate his activities with those of each guaranty association having an interest in the rehabilitation and shall submit a report detailing how coordination will be achieved to the court for its approval within 30 days following his appointment, or within the time the court, in its discretion, may establish.

[1977 c 273 s 17]

60B.25 Powers of liquidator.

The liquidator shall report to the court monthly, or at other intervals specified by the court, on the progress of the liquidation in whatever detail the court orders. The liquidator shall coordinate having an interest in the liquidation and shall submit a report detailing how coordination will be achieved to the court for its approval within 30 days following his appointment, or within the time which the court, in its discretion, may establish. Subject to the court's control, he may:

(1) Appoint a special deputy to act for him under sections 60B.01 to 60B.61 and determine his compensation. The special deputy shall have all powers of the liquidator granted by this section. The special deputy shall serve at the pleasure of the liquidator.

(2) Appoint or engage employees and agents, actuaries, accountants, appraisers, consultants, and other personnel he deems necessary to assist in the liquidation without regard to chapter 15.

(3) Fix the compensation of persons under clause (2), subject to the control of the court.

(4) Defray all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. If the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the liquidator may advance the costs so incurred out of the appropriation made to the insurance division. Any amounts so paid shall be deemed expense of administration and shall be repaid for the credit of the insurance division out of the first available moneys of the insurer.

(5) Hold hearings, subpoena witnesses and compel their attendance, administer oaths, examine any person under oath and compel any person to subscribe to his testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records, or other documents which he deems relevant to the inquiry.

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(6) Collect all debts and moneys due and claims belonging to the insurer, wherever located, and for this purpose institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts; do such other acts as are necessary or expedient to collect, conserve, or protect its assets or property, including sell, compound, compromise, or assign for purposes of collection, upon such terms and conditions as he deems best, any bad or doubtful debts; and pursue any creditor's remedies available to enforce his claims.

(7) Conduct public and private sales of the property of the insurer in a manner prescribed by the court.

(8) Use assets of the estate to transfer coverage obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under section 60B.44.

(9) Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable, except that no transaction involving property the market value of which exceeds \$10,000 shall be concluded without express permission of the court. He may also execute, acknowledge, and deliver any deeds, assignments, releases, and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation. In cases where real property sold by the liquidator is located other than in the county where the liquidation is pending, the liquidator shall cause to be filed with the county recorder for the county in which the property is located a certified copy of the order appointing him.

(10) Borrow money on the security of the insurer's assets or without security and execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation.

(11) Enter into such contracts as are necessary to carry out the order to liquidate, and affirm or disavow any contracts to which the insurer is a party.

(12) Continue to prosecute and institute in the name of the insurer or in his own name any suits and other legal proceedings, in this state or elsewhere, and abandon the prosecution of claims he deems unprofitable to pursue further. If the insurer is dissolved under section 60B.23, he may apply to any court in this state or elsewhere for leave to substitute himself for the insurer as plaintiff.

(13) Prosecute any action which may exist in behalf of the creditors, members, policyholders, or shareholders of the insurer against any officer of the insurer, or any other person.

(14) Remove any records and property of the insurer to the offices of the commissioner or to such other place as is convenient for the purposes of efficient and orderly execution of the liquidation.

(15) Deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions.

(16) Deposit with the state board of investment for investment pursuant to chapter 11, all sums not currently needed, unless the court orders otherwise.

(17) File any necessary documents for record in the office of any county recorder or record office in this state or elsewhere where property of the insurer is located.

(18) Assert all defenses available to the insurer as against third persons, including statutes of limitations, statutes of frauds, and the defense of usury. A waiver of any defense by the insurer after a petition for liquidation has been filed shall not bind the liquidator.

(19) Exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by law and that is not included within sections 60B.30 and 60B.32.

(20) Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and act as the receiver or trustee whenever the appointment is offered.

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(21) Enter into agreements with any receiver or commissioner of any other state relating to the rehabilitation, liquidation, conservation, or dissolution of an insurer doing business in both states.

(22) Exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with sections 60B.01 to 60B.61.

(23) The enumeration in this section of the powers and authority of the liquidator is not a limitation upon him, nor does it exclude his right to do such other acts not herein specifically enumerated or otherwise provided for as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation.

[1977 c 273 s 18]

60B.26 Notice to creditors and others.

[For text of subd 1, see M.S.1976]

Subd. 2. **Notice respecting claim filing.** Notice to potential claimants under subdivision 1 shall require claimants to file with the court their claims together with proper proofs thereof under section 60B.38, on or before a date the liquidator specifies in the notice, which shall be no less than six months nor more than one year after entry of the order, except that the liquidator need not require persons claiming unearned premiums or subscription rates and persons claiming cash surrender values or other investment values in life insurance and annuities to file a claim. The liquidator may specify different dates for the filing of different kinds of claims. Notice to potential claimants shall include notice of the existence of any guaranty association charged by statute with the guaranty of the obligations of the insurer. Where procedures have been established by the association for the filing of claims this notice shall include an explanation of those procedures.

[For text of subd 3, see M.S.1976]

[1977 c 273 s 21]

60B.30 Fraudulent transfers prior to petition.

[For text of subds 1 to 3, see M.S.1976]

Subd. 4. **Fraudulent transfers to affiliates.** Any distribution, other than stock dividends paid by the insurer on its capital stock, made by the insurer to an affiliate owning more than 50 percent of the voting stock of the insurer during the five years preceding the filing of a successful petition for rehabilitation or liquidation under sections 60B.01 to 60B.61 shall be deemed fraudulent and may be avoided by the receiver; except that:

(a) No distribution shall be recoverable if the insurer shows that when paid, it was lawful, reasonable, and that the insurer did not know, and could not reasonably have known, that the distribution might adversely affect the ability of the insurer to fulfill its contractual obligations;

(b) Any person who was an affiliate owning more than 50 percent of the voting stock of the insurer at the time the distributions were paid shall be liable only up to the amount of distributions he received. Any person who was an affiliate that controlled the insurer at the time the distributions were declared shall be liable up to the amount of distributions he would have received if they had been paid immediately. If two persons are liable with respect to the same distribution, they shall be jointly and severally liable;

(c) The maximum amount recoverable under this subdivision shall be the amount needed in addition to all other available assets of the insurer to pay its contractual obligations;

(d) If any person liable under clause (b) is insolvent, all its affiliates that con-

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trolled it at the time the distribution was paid shall be jointly and severally liable for any resulting deficiency in the amount recovered from the insolvent affiliate.

[1977 c 273 s 19]

60B.46 Distribution of assets.

Subdivision 1. **Payments to creditors.** Under the direction of the court, the liquidator shall pay dividends in a manner that will assure the proper recognition of priorities and reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims, including third party claims. Distribution of assets in kind may be made at valuations set by agreement between the liquidator and the creditor and approved by the court. The court may take into consideration the contributions of the respective parties, including guaranty associations, shareholders, and policyowners, and any other party with a bona fide interest, in making an equitable distribution of the ownership rights of the insurer. No distribution to stockholders of the insurer shall be permitted by the court unless the total amount of assessments levied by guaranty associations with respect to the insurer have been repaid.

[For text of subd 2, see M.S.1976]

[1977 c 273 s 20]

CHAPTER 61A. LIFE INSURANCE GENERALLY

Sec.	Sec.
61A.011 Interest on unpaid benefits. [New]	61A.12 Beneficiaries.
61A.091 Employee group life insurance plans; mandatory participation. [New]	

61A.011 Interest on unpaid benefits.

Subdivision 1. Notwithstanding any other provision of law when any insurer admitted to transact life insurance in this state pays the proceeds of or payments under any policy of life insurance, individual or group, such insurer shall pay interest at a rate not less than the then current rate of interest on death proceeds left on deposit with the insurer, computed from the insured's death until the date of payment, on any such proceeds or payments payable to a beneficiary residing in this state, or to a beneficiary under a policy issued in this state or to a beneficiary under a policy insuring a person resident in this state at the time of death. If the insurer has no established current rate of interest for death proceeds left on deposit with the insurer, then the rate of interest to be paid under this subdivision shall be the rate of interest charged by the insurer to policy holders for loans under the insurer's policies.

Subd. 2. Notwithstanding the provisions of subdivision 1, if an insurer admitted to transact life insurance in this state does not pay within 60 days after receipt of due proof of death of the insured, the proceeds or payments under any policy of life insurance, individual or group, such insurer shall pay interest at an annual rate that is two percent more than the rate of interest provided for in subdivision 1. Such interest shall be computed from the date of the insured's death until the date of payment, on any such proceeds or payments payable to a beneficiary residing in this state, or to a beneficiary under a policy issued in this state or to a beneficiary under a policy insuring a person resident in this state at the time of death. Interest payments under this subdivision shall be in lieu of interest payments required under subdivision 1.

Subd. 3. In any case in which interest on the proceeds of, or payments under, any policy of life insurance becomes payable pursuant to this section, the insurer shall enclose with the payment a notice stating that interest is being paid and specifying the rate of interest and the amount paid.

Subd. 4. This section shall not require the payment of interest in any case in