

# MINNESOTA STATUTES 1977 SUPPLEMENT

## LIFE INSURANCE GENERALLY 61A.011

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

Sec.  
61A.12 Beneficiaries.

### 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

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which: (a) the beneficiary or policy owner elects in writing delivered to the insurer to receive the proceeds of, or payments under, the policy by any means other than a lump sum payment thereof, provided that the effective date of the policy settlement option shall not be later than 60 days after the date of the insured's death; (b) the terms of the policy insure an indebtedness owed by the insured and the proceeds include post-death interest on the indebtedness; or (c) the beneficiary resides in a jurisdiction which has a law requiring the payment of interest to beneficiaries residing in that jurisdiction.

Nothing in this subdivision shall be construed to preclude the payment of interest required under subdivisions 1 or 2 on any proceeds remaining after extinguishment of the insured's indebtedness.

Subd. 5. This section shall apply only to deaths of insureds which occur on or after August 1, 1977.

Subd. 6. For the purposes of this section "to pay" means to issue a check for payment and "date of payment" means the date on which the insurer issues a check to transfer the amount in question to the beneficiaries or to deposit that amount:

(a) With the district court of this state in accordance with Rule 67, Minnesota Rules of Civil Procedure for the District Courts;

(b) With the courts of any foreign jurisdiction as authorized by the laws of that jurisdiction; or

(c) In a trust account in any bank or trust company operating under the laws of this state or in any foreign bank, provided that the insurer keeps records of the account and makes these records open to inspection by the commissioner of insurance.

[ 1977 c 353 s 1 ]

### 61A.091 Employee group life insurance plans; mandatory participation.

No employer who makes available or otherwise sponsors a group life insurance plan that provides life insurance benefits to more than five employees of that employer, whether through insurance policies, self-insurance, or any combination of these arrangements, may require an employee to participate in the life insurance plan as a condition of his employment, unless the employer pays the full cost of the plan. No employer may discharge any employee who pursuant to this section refuses to contribute to an employee group life insurance plan, nor shall the employer discriminate or otherwise retaliate against the employee who pursuant to this section refuses to contribute to an employee group life insurance plan. An employee may bring an action against an employer for recovery of any wages withheld in violation of this section. This remedy shall be in addition to any other remedy provided by law. For the purposes of this section, "employer" means any natural person, company, corporation, partnership, association or firm which employs any employee. "Employee" is an individual as defined by section 62E.02, subdivision 8. This section shall not apply where a collectively bargained contract provides for mandatory participation in a group life insurance plan. This section shall not apply to any insurance purchased or carried for the purpose of buying or selling any part of employer, its shares, its assets or its business. This section shall not apply to any insurance purchased or carried by any pension, profit-sharing or other retirement plan or trust.

[ 1977 c 192 s 1 ]

### 61A.12 Beneficiaries.

[For text of subds 1 to 4, see M.S.1976]

Subd. 5. **Substitution.** When a creditor requires credit life insurance, credit accident and health insurance, or both, as additional security for an indebtedness, the debtor shall be given the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or procuring and furnishing the required coverage through any insurer authorized to transact insurance business in this state. If this subsection is applicable, the debtor shall be in-

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## LIFE AND HEALTH GUARANTY ASSOCIATION 61B.03

formed by the creditor of his right to provide alternative coverage before the transaction is completed.

[ 1977 c 382 s 5 ]

### CHAPTER 61B. LIFE AND HEALTH GUARANTY ASSOCIATION

Sec.		Sec.	
61B.01	Citation. [New]	61B.10	Prevention of impairments. [New]
61B.02	Scope, purpose and construction. [New]	61B.11	Delegation by commissioner. [New]
61B.03	Definitions. [New]	61B.12	Miscellaneous provisions. [New]
61B.04	Creation of association. [New]	61B.13	Examination of the association; annual report. [New]
61B.05	Board of directors. [New]	61B.14	Tax exemptions. [New]
61B.06	Powers and duties of the association. [New]	61B.15	Board of directors; indemnification. [New]
61B.07	Assessments. [New]	61B.16	Stay of proceedings; reopening default judgments. [New]
61B.08	Plan of operation. [New]		
61B.09	Duties and powers of the commissioner. [New]		

#### 61B.01 Citation.

Sections 61B.01 to 61B.16 may be cited as the Minnesota life and health insurance guaranty association act.

[ 1977 c 273 s 1 ]

#### 61B.02 Scope, purpose and construction.

Subdivision 1. **Scope.** Sections 61B.01 to 61B.16 apply to direct life insurance policies, health insurance policies, annuity contracts, and contracts supplemental to life and health insurance policies or annuity contracts, issued by persons authorized at any time to transact insurance in this state. Sections 61B.01 to 61B.16 do not apply to:

(a) Any policy or contract or part thereof under which the risk is borne by the policyholder;

(b) Any policy or contract or part thereof assumed by an impaired insurer under a contract of reinsurance other than reinsurance for which assumption certificates have been issued;

(c) Any policy or contract issued by an assessment benefit association operating under chapter 63, or a fraternal beneficiary association operating under chapter 64A; or

(d) Any subscriber contract issued by a nonprofit health service plan corporation operating under chapter 62C.

Subd. 2. **Purpose.** The purpose of sections 61B.01 to 61B.16, is to protect policyowners, death benefit certificate holders, insureds, beneficiaries, annuitants, payees, and assignees of life insurance policies, health insurance policies, annuity contracts, and supplemental contracts, subject to certain limitations against failure in the performance of contractual obligations due to the impairment of the insurer issuing the policies or contracts. To provide this protection:

(a) An association of insurers is created to enable the guaranty of payment of benefits and of continuation of coverages;

(b) Members of the association are subject to assessment to provide funds to carry out the purpose of sections 61B.01 to 61B.16; and

(c) The association shall assist the commissioner, in the prescribed manner, in the detection and prevention of insurer impairments.

Subd. 3. **Construction.** Sections 61B.01 to 61B.16 shall be liberally construed to effect the purpose of sections 61B.01 to 61B.16. Subdivision 2 shall constitute an aid and guide to interpretation.

[ 1977 c 273 s 2 ]

#### 61B.03 Definitions.

Subdivision 1. For the purposes of sections 61B.01 to 61B.16, the terms de-