

MINNESOTA STATUTES 1977 SUPPLEMENT

CREDIT LIFE AND ACCIDENT AND HEALTH 62B.05

nearly similar to, but not greater than, the terminated coverages. Any and all probationary or waiting periods set forth in the policy shall be considered as being met to the extent coverage was in force under the prior policy.

Subd. 3. This section applies to every policy of accident and health insurance which is delivered, issued for delivery, renewed or amended on or after the effective date of this section.

[1977 c 186 s 1]

CHAPTER 62B. CREDIT LIFE AND ACCIDENT AND HEALTH INSURANCE

Sec.
62B.04 Amount of credit life insurance and credit accident and health insurance.

Sec.
62B.05 Term of credit life insurance and credit accident and health insurance.

62B.04 Amount of credit life insurance and credit accident and health insurance.

Subdivision 1. **Credit life insurance.** (1) The initial amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness. Thereafter, if the indebtedness is repayable in substantially equal installments, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater. A transaction under section 53.04 wherein the certificate of indebtedness provides for payment in substantially equal installments shall constitute an indebtedness repayable in substantially equal installments under this subdivision.

(2) Notwithstanding clause (1), insurance on educational, agricultural and horticultural credit transaction commitments may be written on a nondecreasing or level term plan for the amount of the loan commitment.

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

[1977 c 382 s 3]

62B.05 Term of credit life insurance and credit accident and health insurance.

The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

If an indebtedness is prepaid in full before its scheduled maturity, except by a new loan from or by refinancing by the same creditor and except by performance of the insurer's obligation under the policy, any policy or certificate of insurance providing credit life or credit accident and health benefits procured by or through a creditor and for which the premium has been paid by the debtor or debtors out of the proceeds of the indebtedness shall be cancelled upon surrender of the policy, certificate or other evidence, and a refund shall be paid or credited as provided in section 62B.08. If the policy or certificate by its own terms terminates upon prepayment in full before its scheduled maturity date, it need not be surrendered but a refund shall be paid or credited as provided in section 62B.08.

If an indebtedness is prepaid in full before its scheduled maturity date by a new loan from or by refinancing by the same creditor through which the debtor or debtors procured a policy or certificate of credit life or credit accident and health insurance issued after August 1, 1977, the insurance shall be deemed cancelled if any new policy or certificate for the same type of insurance is issued in connection with the new loan or refinancing, and a refund shall be paid or credited as provided

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62B.05 CREDIT LIFE AND ACCIDENT AND HEALTH

in section 62B.08. For the purposes of this subdivision, an assignee creditor and an assignor creditor shall not be construed to be the same creditor.

[1977 c 382 s 4]

CHAPTER 62C. NONPROFIT HEALTH SERVICE PLAN CORPORATIONS ACT

Sec.
62C.09 Financial requirements.

Sec.
62C.142 Conversion privilege for former spouse.
[New]

62C.09 Financial requirements.

[For text of subds 1 and 2, see M.S.1976]

Subd. 3. If organized on a capital stock basis, a service plan corporation shall never reduce its capital, and both capital stock and membership corporations shall maintain a surplus, in addition to all reserves established, of not less than the greater of the initial surplus reduced by \$100,000 or 16 2/3 percent of the sum of all health service claims incurred, and administrative expenses in connection therewith, during the most recent calendar year. Corporations whose service plans are limited to the provision of dental services or vision care service only and all of whose service plan contracts have limits for specified benefits and limits for average maximum benefits of not greater than \$1,000 per year per insured, shall maintain a surplus, in addition to all reserves established, of not less than the greater of the initial surplus reduced by \$100,000 or ten percent of the sum of all health service claims incurred, and administrative expenses in connection therewith, during the previous calendar year; but the minimum shall not be required to exceed the financial requirements for surplus required for insurance companies operating upon the stock plan under section 60A.07, subdivision 5a as to those companies described in section 60A.06, subdivision 1, clause 5 (a). The surplus shall not exceed 33 1/3 percent of the sum of all health service claims incurred, and administrative expenses in connection therewith, during the most current calendar year unless such amount is less than the initial surplus reduced by \$100,000. The percentage amounts shall be determined from a financial statement and certified audit filed annually and subject to verification of an examination by the commissioner.

[For text of subd 4, see M.S.1976]

[1977 c 261 s 1; 1977 c 405 s 1]

62C.142 Conversion privilege for former spouse.

Subdivision 1. No subscriber contract of a nonprofit health service plan corporation which in addition to covering the subscriber, also covers the subscriber's spouse shall contain a provision for termination of coverage for a spouse covered under the subscriber contract solely as a result of a break in the marital relationship except by reason of an entry of a valid decree of dissolution of marriage between the parties.

Subd. 2. Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, which contains a provision for termination of coverage of the spouse upon dissolution of marriage shall contain a provision to the effect that upon the entry of a valid decree of dissolution of marriage between the covered parties the spouse shall be entitled to have issued to him or her, without evidence of insurability, upon application made to the corporation within 30 days following the entry of the decree and upon the payment of the appropriate fee, an individual subscriber contract. The contract shall provide the coverage then being issued by the corporation which is most nearly similar to, but not greater than, the terminated coverage. Any probationary or waiting period set forth in the conversion contract shall be considered as being met to the extent coverage was in force under the prior contract.

Subd. 3. This section applies to every subscriber contract which is delivered, issued for delivery, renewed or amended on or after the effective date of this section.

[1977 c 186 s 2]

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