

CHAPTER 61A

LIFE INSURANCE GENERALLY

61A.021 Sale of life insurance and annuity as single policy prohibited.

61A.276 Funding agreements.
61A.28 Domestic companies, investments.

61A.021 SALE OF LIFE INSURANCE AND ANNUITY AS SINGLE POLICY PROHIBITED.

Subdivision 1. **Sale as single policy prohibited.** The sale of a life insurance product and an annuity as a single policy, whether in the form of a life insurance policy with an annuity rider or otherwise, is prohibited in this state. This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies.

Subd. 2. **Tying prohibited.** The tying of the sale of a life insurance product and an annuity is expressly prohibited. The sale of one policy cannot be conditioned upon the sale of a second policy. A violation of subdivision 1 is an unfair and deceptive trade practice under chapter 72A.

Subd. 3. **Exemption.** The commissioner may exempt by order such a product from this section if it is in the public interest.

Subd. 4. **Implementation.** This section applies to all sales where applications are completed on or after July 1, 1985.

History: *1Sp1985 c 10 s 56*

61A.276 FUNDING AGREEMENTS.

Subdivision 1. **Authorization.** An insurer authorized to deliver or issue for delivery annuity contracts in this state may deliver or issue for delivery one or more funding agreements. The issuance or delivery of these funding agreements shall not be deemed to be doing a kind of business specifically authorized by section 60A.06. Notwithstanding the definition of contracts of life and endowment insurance or of annuities under section 60A.06, subdivision 1, clause (4) or the definition of life insurance company under section 61A.01, the issuance or delivery of a funding agreement by an insurer in this state constitutes doing an insurance business in the state.

Subd. 2. **Issuance.** The funding agreements may be issued to: (1) individuals; or (2) persons authorized by a state or foreign country to engage in an insurance business or subsidiaries or affiliates of these persons; or (3) entities other than individuals and other than persons authorized to engage in an insurance business, and subsidiaries and affiliates of these persons, for the following purposes: (i) to fund benefits under any employee benefit plan as defined in the Employee Retirement Income Security Act of 1974, as now or hereafter amended, maintained in the United States or in a foreign country; (ii) to fund the activities of any organization exempt from taxation under section 501(c) of the Internal Revenue Code of 1954, as now or hereafter amended, or of any similar organization in any foreign country; (iii) to fund any program of any state, foreign country or political subdivision thereof, or any agency or instrumentality thereof; or (iv) to fund any agreement providing for periodic payments in satisfaction of a claim. No funding agreement shall be issued in an amount less than \$1,000,000.

Subd. 3. **General operation.** No amounts shall be guaranteed or credited under a funding agreement except upon reasonable assumptions as to investment

income and expenses and on a basis equitable to all holders of funding agreements of a given class. The funding agreements shall not provide for payments to or by the insurer based on mortality or morbidity contingencies.

Subd. 4. **Allocation to separate accounts.** Amounts paid to the insurer, and proceeds applied under optional modes of settlement, under the funding agreements may be allocated by the insurer to one or more separate accounts pursuant to section 61A.275 or 61A.14. Notwithstanding the provisions of section 61A.275, subdivision 1, a separate account for funding agreement proceeds may include funds from any source authorized to purchase a funding agreement pursuant to this section.

Subd. 5. **Rules.** The commissioner may adopt rules relating to (1) the standards to be followed in the approval of forms of the funding agreements, (2) the reserves to be maintained by insurers issuing the funding agreements, (3) the accounting and reporting of funds credited under the funding agreements, (4) the disclosure of information to be given to holders and prospective holders of the funding agreements, and (5) the qualification and compensation of persons selling the funding agreements on behalf of insurers. Notwithstanding any other provision of law, the commissioner has sole authority to regulate the issuance and sale of the funding agreements, including the persons selling the funding agreements on behalf of insurers.

History: 1985 c 43 s 1

61A.28 DOMESTIC COMPANIES, INVESTMENTS.

[For text of subd 1, see M.S.1984]

Subd. 2. **Government obligations.** Bonds or other obligations of, or bonds or other obligations insured or guaranteed by, (a) the United States or any state thereof; (b) the Dominion of Canada or any province thereof; (c) any county, city, town, statutory city formerly a village, organized school district, municipality, or other civil or political subdivision of this state, or of any state of the United States or of any province of the Dominion of Canada; (d) any agency or instrumentality of the foregoing, including but not limited to, debentures issued by the federal housing administrator, obligations of national mortgage associations; and (e) obligations payable in United States dollars issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the Export-Import Bank, or any other United States government sponsored organization of which the United States is a member; provided, that the life insurance company may not invest more than five percent of its total admitted assets in the obligations of any one of these banks or organizations and may not invest more than 15 percent of its total admitted assets in the obligations of all banks or organizations described in paragraph (e).

As used in this subdivision with respect to the United States or any agency or instrumentality of the United States, "bonds or other obligations" shall include purchases or sales of rights or options to purchase the obligations if those rights or options are traded upon a contract market designated and regulated by a federal agency.

[For text of subds 3 to 12, see M.S.1984]

History: 1985 c 147 s 1