

CHAPTER 61A

LIFE INSURANCE GENERALLY

61A.092 Continuation of coverage for life insurance.

61A.28 Domestic companies, investments.
61A.49 Repealed.

61A.092 CONTINUATION OF COVERAGE FOR LIFE INSURANCE.

Subdivision 1. Continuation of coverage. Every group insurance policy issued or renewed within this state after August 1, 1987, providing coverage for life insurance benefits shall contain a provision that permits covered employees who are voluntarily or involuntarily terminated or laid off from their employment, if the policy remains in force for any active employee of the employer, to elect to continue the coverage for themselves and their dependents.

An employee is considered to be laid off from employment if there is a reduction in hours to the point where the employee is no longer eligible for coverage under the group life insurance policy. Termination does not include discharge for gross misconduct.

Subd. 2. Responsibility of employee. Every covered employee electing to continue coverage shall pay the employee's former employer, on a monthly basis, the cost of the continued coverage. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated employees with respect to whom neither termination nor layoff has occurred, without respect to whether such cost is paid by the employer or employee. The employee is eligible to continue the coverage until the employee obtains coverage under another group policy, or for a period of 18 months after the termination or layoff from employment, whichever is shorter.

Subd. 3. Notice of options. Upon termination of or layoff from employment of a covered employee, the employer shall inform the employee of:

- (1) the employee's right to elect to continue the coverage;
- (2) the amount the employee must pay monthly to the employer to retain the coverage;
- (3) the manner in which and the office of the employer to which the payment to the employer must be made; and
- (4) the time by which the payments to the employer must be made to retain coverage.

The employee has 60 days within which to elect coverage. The 60-day period shall begin to run on the date coverage would otherwise terminate or on the date upon which notice of the right to coverage is received, whichever is later.

Notice must be in writing and sent by first class certified mail to the employee's last known address which the employee has provided to the employer.

A notice in substantially the following form is sufficient: "As a terminated or laid off employee, the law authorizes you to maintain your group insurance benefits for a period of up to 18 months. To do so, you must notify your former employer within 60 days of your receipt of this notice that you intend to retain this coverage and must make a monthly payment of \$..... at by the of each month."

Subd. 4. Responsibility of employer and insurer. If the employer fails to notify a covered employee of the options set forth in subdivision 3, or if after timely receipt of the monthly payment from a covered employee the employer fails to make the payment to the insurer, with the result that the employee's coverage is terminated, the employer is still liable for the employee's coverage to the same extent as the insurer would be if the coverage were still in effect.

Subd. 5. Conversion to individual policy. A group insurance policy that provides posttermination or layoff coverage as required by this section must also include a

provision allowing a covered employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided by subdivision 2 to obtain from the insurer offering the group policy, at the employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance contract providing the same or substantially similar benefits.

A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the coverage otherwise required by this subdivision.

History: 1987 c 337 s 42

61A.28 DOMESTIC COMPANIES, INVESTMENTS.

[For text of subds 1 to 11, see M.S.1986]

Subd. 12. **Additional investments.** Investments of any kind, without regard to the categories, conditions, standards, or other limitations set forth in the foregoing subdivisions and section 61A.31, subdivision 3, except that the prohibitions in clause (d) of subdivision 3 remains applicable, may be made by a domestic life insurance company in an amount not to exceed the lesser of the following:

(1) Five percent of the company's total admitted assets as of the end of the preceding calendar year, or

(2) Fifty percent of the amount by which its capital and surplus as of the end of the preceding calendar year exceeds \$675,000. Provided, however, that a company's total investment under this section in the common stock of any corporation, other than the stock of the types of corporations specified in subdivision 6(a), may not exceed ten percent of the common stock of the corporation. Provided, further, that no investment may be made under the authority of this clause or clause (1) by a company that has not completed five years of actual operation since the date of its first certificate of authority.

If, subsequent to being made under the provisions of this subdivision, an investment is determined to have become qualified or eligible under any of the other provisions of this chapter, the company may consider the investment as being held under the other provision and the investment need no longer be considered as having been made under the provisions of this subdivision.

In addition to the investments authorized by this subdivision, a domestic life insurance company may make qualified investments in any additional securities or property of the type authorized by subdivision 6, paragraph (f), with the written order of the commissioner. This approval is at the discretion of the commissioner. This authorization does not negate or reduce the investment authority granted in subdivision 6, paragraph (f), or this subdivision.

History: 1987 c 337 s 43

61A.49 [Repealed, 1987 c 268 art 2 s 38]