61A.09 GROUP LIFE INSURANCE.

Subdivision 1. **Filing requirement.** No group life insurance policy or group annuity shall be issued for delivery in this state until the form thereof and the form of any certificates issued thereunder have been filed in accordance with and subject to the provisions of section 61A.02. Each person insured under such a group life insurance policy (excepting policies which insure the lives of debtors of a creditor or vendor to secure payment of indebtedness) shall be furnished a certificate of insurance issued by the insurer and containing the following:

(a) name and location of the insurance company;

(b) a statement as to the insurance protection to which the certificate holder is entitled, including any changes in such protection depending on the age of the person whose life is insured;

(c) any and all provisions regarding the termination or reduction of the certificate holder's insurance protection;

(d) a statement that the master group policy may be examined at a reasonably accessible place;

(e) the maximum rate of contribution to be paid by the certificate holder;

(f) beneficiary and method required to change such beneficiary;

(g) a statement that alternative methods for the payment of group life policy proceeds of $15,000 or more must be offered to beneficiaries in lieu of a lump-sum distribution, at their request. Alternative payment methods which must be offered at the request of the beneficiaries must include, but are not limited to, a life income option, an income option for fixed amounts or fixed time periods, and the option to select an interest-bearing account with the company with the right to select another option at a later date;

(h) in the case of a group term insurance policy if the policy provides that insurance of the certificate holder will terminate, in case of a policy issued to an employer, by reason of termination of the certificate holder's employment, or in case of a policy issued to an organization of which the certificate holder is a member, by reason of termination of membership, a provision to the effect that in case of termination of employment or membership, or in case of termination of the group policy, the certificate holder shall be entitled to have issued by the insurer, without evidence of insurability, upon application made to the insurer within 31 days after the termination, and upon payment of the premium applicable to the class of risk to which that person belongs and to the form and amount of the policy at that person's then attained age, a policy of life insurance only, in any one of the forms customarily issued by the insurer except term insurance, in an amount equal to the amount of the life insurance protection under such group insurance policy at the time of such termination; and shall contain a further provision to the effect that upon the death of the certificate holder during such 31-day period and before any such individual policy has become effective, the amount of insurance for which the certificate holder was entitled to make application shall be payable as a death benefit by the insurer.

This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2.

Subd. 2. **Assignment of interests.** Any or all of the interests of a certificate holder under any group life insurance policy (excepting policies which insure the lives of debtors of a creditor or vendor to secure payment of indebtedness) may be assigned by an assignment executed by the owner of such interest and

delivered to the insurer if the provisions of the policy so permit or if both the insurer and the master policyholder agree to such assignment.

An assignment of interests of a certificate holder valid hereunder may transfer to the assignee any or all the rights, privileges, and incidents of ownership of the certificate holder in the group life insurance policy and group certificate thereunder, including, but not limited to the rights to designate beneficiaries and to have an individual policy issued in accordance with subdivision 1, clause (g).

Any assignment in accordance with this subdivision shall entitle the insurer to deal with the assignee in accordance with the terms of the assignment until the insurer has received at its home office written notice of a subsequent assignment made by such assignee; provided, however, that the insurer shall not be prejudiced by any payment made or action taken inconsistent with the terms of any assignment before the insurer has received and had reasonable time to act on written notice of such assignment.

This subdivision declares and codifies without modifying the existing right of assignment of interests of certificate holders under group life insurance policies by the persons owning such interests. An assignment otherwise valid shall not be invalid because it was made prior to the enactment of this subdivision.

Subd. 3. **Mortgage loans; certain debtor groups.** (a) Group life insurance policies may be issued to cover groups of not less than ten debtors of a creditor written under a master policy issued to a creditor to insure its debtors in connection with real estate mortgage loans, in an amount not to exceed the actual amount of their indebtedness plus an amount equal to two monthly payments or scheduled amount of their indebtedness, plus an amount equal to two monthly payments, whichever is greater. If the mortgage loan provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of indebtedness. Each application for group mortgage insurance offered prior to or at the time of loan closing shall contain a clear and conspicuous notice that the insurance is optional and is not a condition for obtaining the loan. Each person insured under a group insurance policy issued under this subdivision shall be furnished a certificate of insurance which conforms to the requirements of section 62B.06, subdivision 2, and which includes a conversion privilege permitting an insured debtor to convert, without evidence of insurability, to an individual policy of decreasing term insurance within 30 days of the date the insured debtor's group coverage is terminated for any reason other than the nonpayment of premiums. The initial amount of coverage under the individual policy shall be an amount equal to the amount of coverage terminated under the group policy and shall decrease over a term that corresponds with the scheduled term of the insured debtor's mortgage loan. The premium for the individual policy shall be the same premium the insured debtor was paying under the group policy.

(b) The commissioner may waive all or part of the requirements of this subdivision if:

(1) all the premiums under the group policy are paid by the group policyholder;

(2) the loans insured are first real estate residential mortgage loans owned or guaranteed by the group policyholder; and

(3) the group policy is in the best interests of insured debtors.

Subd. 4. **Limits of group life insurance.** Group life insurance offered to a resident of this state under a group life insurance policy issued to a group other than one described in section 60A.02, subdivision 28, shall be subject to the following requirements:

(1) no such group life insurance policy shall be delivered in this state unless the commissioner finds that:

(i) the issuance of the group policy is not contrary to the best interest of the public;

(ii) the issuance of the group policy would result in economies of acquisition or administration; and

(iii) the benefits are reasonable in relation to the premiums charged;

(2) no such group life insurance coverage may be offered in this state by an insurer under a policy issued in another state unless this state or another state having requirements substantially similar to those contained in clause (1) has made a determination that the requirements have been met;

(3) the premium for the policy must be paid either from the policyholder's funds or from funds contributed by the covered persons, or from both; and

(4) an insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

Subd. 5. **Limitation on payment due to furtherance of terrorism.** (a) For purposes of this subdivision, "further terrorism" has the meaning given in section 609.714.

(b) Notwithstanding section 61A.03, subdivision 1, paragraph (c), a policy of group life insurance issued for delivery in this state may limit payment to a beneficiary to the amount of premiums that have been paid to the insurer under the policy if the insured's death occurs directly or indirectly as a result of the insured's furtherance of terrorism.

(c) Conviction of a crime in violation of section 609.714 is not necessary for any court of competent jurisdiction to determine by a preponderance of evidence whether a terrorist act has occurred for the purpose of this section.

History: *1967 c 395 art 2 s 9; 1973 c 439 s 1; 1986 c 444; 1989 c 330 s 5; 1994 c 485 s 21; 1995 c 116 s 1; 1995 c 171 s 65; 1996 c 446 art 1 s 12; 1997 c 222 s 6; 2010 c 275 art 1 s 6; 2017 c 22 s 1*