



Edition: 8/2013

# MINNESOTA APPLICATIONS REQUIREMENTS, LIFE INSURANCE AND ANNUITIES

## I. Minnesota Specific Requirements

The following are the requirements that the department analysts will be applying to life insurance and annuity filings submitted to the department.

### A. Minnesota Life and Health Guaranty Association

**Minn. Stat. §61B.28, subd. 7** A copy of the Life and Health Insurance Guaranty Association notice in the form specified in Minn. Stat. §61B.28, subd. 8 must be delivered at the time of application for that policy or contract or at the time of delivery of the policy or contract. The notice may be part of the application.

### B. Form Numbers

**Minn. Stat. §61A.03, subd. 1(l)** Form numbers are to appear in the lower left-hand corner of the first page of each form.

### C. Representations and Warranties

**Minn. Stat. §61A.03, subd. 1(d)** A life insurance policy must contain a provision that, in the absence of fraud, all statements made by the insured are representations and not warranties, and that no statement voids the policy unless it is contained in a written application and a copy of the application is endorsed upon or attached to the policy when issued. This statute applies to the application if it becomes a part of the contract.

### D. Suitability

**Minn. Stat. §72A.2031, subd. 2. Annuity.** “Annuity” means an annuity that is an insurance product under state law that is individually solicited, whether the product is classified as an individual or group annuity.

**Subd. 11. Suitability information.** “Suitability information” means information that is reasonably appropriate to determine the suitability of a recommendation, including but not limited to the following:

- (1) age;
- (2) annual income and anticipated material changes in annual income;
- (3) financial situation and needs, including the financial resources used for the funding of the annuity, and including anticipated material changes in financial situation and needs;
- (4) financial experience;
- (5) financial objectives;
- (6) intended use of the annuity;
- (7) financial time horizon;
- (8) existing assets, including investment and life insurance holdings and anticipated material changes in existing assets;
- (9) liquidity needs and anticipated material changes in liquidity needs;
- (10) liquid net worth and anticipated material changes in liquid net worth;
- (11) risk tolerance;
- (12) tax status; and
- (13) whether or not the consumer has a reverse mortgage.

**Minn. Stat. 72A.2032, subd. 2. Obtaining suitability information.** Before the execution of a purchase, exchange, or replacement of an annuity resulting from a recommendation, an insurance producer, or an insurer where no producer is involved, shall make reasonable efforts to obtain the consumer's suitability information, and record this information on a form inventory, or a similar record. The producer, upon request, shall provide to the consumer or their legal representative a copy of the information used in the making of the suitability determination.

#### **E. Signed Authorizations to Collect Information**

**Minn. Stat. §72A.501, Subd. 2(b)** If an authorization used by an insurer, insurance-support organization, or insurance agent to disclose or collect personal or privileged information is signed to collect information in connection with an application for a life policy or contract, reinstatement, or request for change in benefits, the authorization is valid as long as the individual is continually insured with the insurer.

#### **F. Pre-existing Conditions Summary**

**Minn. R. Part 2790.0600** If the policy advertised does not provide immediate coverage for pre-existing conditions, an application or enrollment form contained in or included with an advertisement to be completed by the applicant and returned to the insured must contain a question or statement immediately preceding the applicant's signature line which summarizes the pre-existing condition provisions of the policy.

## G. HIV Tests; Crime Victims and Emergency Medical Service Personnel

**Minn. Stat. 72A.20, subd. 29** No insurer may ask an applicant for coverage or a person already covered whether the person has:

1. had a test performed to determine the presence of the HIV antibody performed on an offender under section 611A.19 or performed on a crime victim who was exposed to or had contact with an offender's bodily fluids during commission of a crime that was reported to law enforcement officials;
2. had a test performed to determine the presence of blood borne pathogen in their capacity as emergency medical personnel, corrections employee, or employee of a secure treatment facility; or
3. been the victim of an assault or any other crime which involves bodily contact with the offender.

## H. Readability Requirements

**Minn. Stat. Chapter 72C** If the application becomes a part of the contract, it must comply with the requirements of Minnesota Chapter 72C, including achieving a Flesch scale analysis readability score of more than 40.

## I. Group Mortgage Insurance

**Minn. Stat. §61A.09** 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.

## J. Variable Life Applications

**Minn. R. Part 2750.4200** The application for a variable life insurance policy shall contain:

1. a prominent statement that the death benefit may be variable or fixed under specified conditions;
2. a prominent statement that cash values may increase or decrease in accordance with the experience of the separate account, subject to any specified minimum guarantees; and
3. questions designed to elicit information which enables the insurer to determine the suitability of variable life insurance for the applicant.

## K. Replacement Coverage

**Minn. Stat. §61A.56, subd. 2 and 61A.58(b)** An insurer shall require with or as a part of each completed application for life insurance or annuity a statement signed by the applicant as to whether the proposed insurance or annuity will replace existing life insurance or annuity.

If the insurer proposed the replacement, it shall:

1. provide to applicants or prospective applicants with or as a part of the application a replacement notice as described in section 61A.60, subdivision 2, or other substantially similar form approved by the commissioner; and
2. request from the applicant with or as part of the application, a list of all existing life insurance policies or annuity contracts to be replaced and properly identified by name of insurer and insured.

**Minn. Stat. §61A.57** Each insurer that uses an agent or broker in a life insurance or annuity sale shall require with or as part of each completed application for life insurance or annuity, statement signed by the agent or broker as to whether the agent or broker knows replacement is or may be involved in the transaction.

#### **L. Modified Guaranteed Annuity**

**Minn. R. 2751.0700, subpart 1. E.** The application for a modified guaranteed annuity shall prominently set forth immediately preceding the signature line, language denoting that amounts payable under the contract are subject to a market value adjustment prior to a date or dates specified in the contract.

#### **II. Interstate Insurance Product Regulation Commission (IIPRC) Standards**

Since Minnesota is a member of IIPRC, we will accept applications that meet its standards. Please note that any supplemental questionnaires or other documents must also be included in your filing. The relevant IIPRC standards can be located at [http://www.insurancecompact.org/compact\\_rlmkng\\_record.htm](http://www.insurancecompact.org/compact_rlmkng_record.htm)