



GUARANTEED INVESTMENT CONTRACTS & SYNTHETIC GUARANTEED INVESTMENT CONTRACTS CHECKLIST

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Life & Health Section
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Bulletin 97-3 Synthetic Guaranteed Investment Contracts

Pursuant to Bulletin 97-3, companies must request authority to issue Synthetic GIC's. No insurer is allowed to sell a Synthetic GIC contract unless a **specific** certificate of authority has been obtained by our department for the sale of these contracts. Filings that are submitted for approval by a company that has not obtained this required certificate of authority will be returned to the company without review. No Synthetic GIC contract can be sold until it has been approved by the Commerce Department. Filings for approval must satisfy all relevant contract requirements in Bulletin 97-3.

GIC or Guaranteed Investment Contracts

Minnesota will recognize contracts identified as "Guaranteed Investment Contracts" or "GIC's". Such products may also be identified by a different name such as a "Funding Agreement." However, please note that in Minnesota the term "Funding Agreement" is used to identify a specific type of contract subject to Minn. Stat. § 61A.276. (Refer to the Funding Agreement Checklist for filing information regarding contracts filed pursuant to Minn. Stat. § 61A.276.)

60A.08 Contracts of Insurance Subd 5 Signatures Required

The signatures may be facsimile signatures. Brackets [] may be used to designate a "variable" item.

61A.02 Subd 2 Form Approval Required, Variability; Actuarial Memorandum Required

In making a determination under this section, the commissioner may require the insurer to provide rates and advertising materials related to policies or contracts, certificates, or similar evidence of coverage issued or delivered in this state.

If in the filed contract there is a need for variability as indicated by the presence of bracketed items, "Statement of Variability" should be prepared to explain the bracketing. The Statement of Variability must specify the range of variation of each variable contract provision and item that could have a material effect on the risk assumed by the issuing company or the contract holder (i.e., items such as names and addresses may be omitted.)

We require an actuarial memorandum be included as a part of the filing submission. The following requirements apply to the memorandum for the respective filings:

The memorandum must be signed and dated by a qualified actuary and describe the product and the reserving methodology and basis that will be employed for the contract. The actuarial memorandum must state how business covered by the contract is to be incorporated into the asset adequacy testing performed by the appointed actuary in support of his/her annual statement of actuarial opinion.

The actuarial memorandum must also describe how the company's risk management function and investment strategy address the contract with regard to such matters as liquidity risk, interest rate risk, termination rights and conditions (e.g., market value adjustments) etc.

61A.09 Group Life Insurance

Subd 1 Group Life and Group Annuity Policies and Certificates must be filed for approval.

61B.28 Miscellaneous Provisions

Subd 7 Notice Requirement of Policyholder Rights Bail-Out Provisions Not Allowed

Review Department Bulletin 99-4

Guaranteed Separate Account Contracts Are Not Acceptable

Review Department Bulletin 97-6

Funding Agreements & Guaranteed Investment Contracts

Review Department Bulletin 97-2

Use of Brackets

The department accepts limited use of brackets. Extensive bracketing indicates that the benefits that affect the rating are subject to change without review by the department. In order for approval, submissions must include a Statement of Variability identifying alternative or replacement language. The use of brackets is limited to the approved alternates filed by the company.