

Guidance on Insurance Sales Facilitated Through Credit Unions

A credit union may facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes. Minn. Stat. § 52.04, subd. 1(14). An insurance sale facilitated through a credit union may include but is not limited to group or individual insurance policies for fire, theft, auto, life, and temporary disability.

Directors, officers, committee members and employees of a credit union **may not** profit on any insurance sale facilitated through the credit unions. Minn. Stat. § 52.04, subd. 1(14)

This prohibition includes commissions for the credit union's handling of credit life, credit accident and health, and credit involuntary unemployment insurance within the meaning of Minnesota Statutes, chapter 62B. All such income must be turned over to the credit union. Minn. Stat. § 47.016, subd. 3.

GAP Waivers

A guaranteed asset protection waiver, or GAP waiver, is defined by Minn. Stat. § 59D.02, subd. 7 as a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due on a borrower's finance agreement in the event of a total physical damage loss or unrecovered theft of a motor vehicle.

Per Minn. Stat. § 59D.02, a GAP waiver regulated under chapter 59D is not insurance and is not subject to Minnesota Statutes, chapters 60A to 79A.

Service Contracts

A service contract is defined by Minn. Stat. § 59B.02, subd. 11 as a contract or agreement for a separately stated consideration for a specific duration to perform among other things, the repair, replacement, or maintenance of a motor vehicle.

Per Minn. Stat. § 59B.03, subd. 8, the marketing, sale, offering for sale, issuance, making, proposing to make, and administration of service contracts by providers and related service contract sellers, administrators, and other persons are exempt from all other provisions of the insurance laws of this state, except as provided in section 72A.20, subdivision 38.