

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 1605**

(SENATE AUTHORS: UTKE)

DATE	D-PG	OFFICIAL STATUS
03/01/2021	614	Introduction and first reading
		Referred to Commerce and Consumer Protection Finance and Policy
03/08/2021		Comm report: To pass as amended
		Second reading

1.1 A bill for an act

1.2 relating to life insurance; modifying the Standard Nonforfeiture Law for Individual

1.3 Deferred Annuities; amending Minnesota Statutes 2020, section 61A.245,

1.4 subdivision 4.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 61A.245, subdivision 4, is amended to read:

1.7 Subd. 4. **Minimum values.** The minimum values as specified in subdivisions 5, 6, 7, 8

1.8 and 10 of any paid-up annuity, cash surrender or death benefits available under an annuity

1.9 contract shall be based upon minimum nonforfeiture amounts as defined in this subdivision.

1.10 (a) The minimum nonforfeiture amount at any time at or prior to the commencement of

1.11 any annuity payments shall be equal to an accumulation up to that time at rates of interest

1.12 as indicated in paragraph (b) of the net considerations, as defined in this subdivision, paid

1.13 prior to that time, decreased by the sum of clauses (1) through (4):

1.14 (1) any prior withdrawals from or partial surrenders of the contract accumulated at rates

1.15 of interest as indicated in paragraph (b);

1.16 (2) an annual contract charge of \$50, accumulated at rates of interest as indicated in

1.17 paragraph (b);

1.18 (3) any premium tax paid by the company for the contract and not subsequently credited

1.19 back to the company, such as upon early termination of the contract, in which case this

1.20 decrease must not be taken, accumulated at rates of interest as indicated in paragraph (b);

1.21 and

2.1 (4) the amount of any indebtedness to the company on the contract, including interest  
2.2 due and accrued.

2.3 The net considerations for a given contract year used to define the minimum nonforfeiture  
2.4 amount shall be an amount equal to 87.5 percent of the gross considerations credited to the  
2.5 contract during that contract year.

2.6 (b) The interest rate used in determining minimum nonforfeiture amounts must be an  
2.7 annual rate of interest determined as the lesser of three percent per annum and the following,  
2.8 which must be specified in the contract if the interest rate will be reset:

2.9 (1) the five-year constant maturity treasury rate reported by the Federal Reserve as of a  
2.10 date, or average over a period, rounded to the nearest 1/20 of one percent, specified in the  
2.11 contract no longer than 15 months prior to the contract issue date or redetermination date  
2.12 under clause (4);

2.13 (2) reduced by 125 basis points;

2.14 (3) where the resulting interest rate is not less than ~~one~~ 0.15 percent; and

2.15 (4) the interest rate shall apply for an initial period and may be redetermined for additional  
2.16 periods. The redetermination date, basis, and period, if any, shall be stated in the contract.  
2.17 The basis is the date or average over a specified period that produces the value of the  
2.18 five-year constant maturity treasury rate to be used at each redetermination date.

2.19 (c) During the period or term that a contract provides substantive participation in an  
2.20 equity indexed benefit, it may increase the reduction described in clause (2) by up to an  
2.21 additional 100 basis points to reflect the value of the equity index benefit. The present value  
2.22 at the contract issue date, and at each redetermination date thereafter, of the additional  
2.23 reduction must not exceed the market value of the benefit. The commissioner may require  
2.24 a demonstration that the present value of the additional reduction does not exceed the market  
2.25 value of the benefit. Lacking such a demonstration that is acceptable to the commissioner,  
2.26 the commissioner may disallow or limit the additional reduction.

2.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.