

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1871

(SENATE AUTHORS: XIONG and Klein)

DATE	D-PG	OFFICIAL STATUS
02/20/2023	907	Introduction and first reading
		Referred to Commerce and Consumer Protection
03/13/2023		Comm report: To pass as amended
		Second reading

1.1 A bill for an act

1.2 relating to insurance; modifying provisions governing life insurance; amending

1.3 Minnesota Statutes 2022, sections 61A.031; 61A.60, subdivision 3.

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

1.5 Section 1. Minnesota Statutes 2022, section 61A.031, is amended to read:

1.6 **61A.031 SUICIDE PROVISIONS.**

1.7 (a) The sanity or insanity of a person shall not be a factor in determining whether a

1.8 person committed suicide within the terms of an individual or group life insurance policy

1.9 regulating the payment of benefits in the event of the insured's suicide. This ~~section~~ paragraph

1.10 shall not be construed to alter present law but is intended to clarify present law.

1.11 (b) A life insurance policy or certificate issued or delivered in this state may exclude or

1.12 restrict liability for any death benefit in the event the insured dies as a result of suicide

1.13 within one year from the date of the issue of the policy or certificate. Any exclusion or

1.14 restriction shall be clearly stated in the policy or certificate. Any life insurance policy or

1.15 certificate which contains any exclusion or restriction under this paragraph shall also provide

1.16 that in the event any death benefit is denied because the insured dies as a result of suicide

1.17 within one year from the date of issue of the policy or certificate, the insurer shall refund

1.18 all premiums paid for coverage providing the denied death benefit on the insured.

1.19 **EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to policies

1.20 issued on or after that date.

2.1 Sec. 2. Minnesota Statutes 2022, section 61A.60, subdivision 3, is amended to read:

2.2 Subd. 3. **Definitions.** The following definitions must appear on the back of the notice
2.3 forms provided in subdivisions 1 and 2:

2.4 DEFINITIONS

2.5 **PREMIUMS:** Premiums are the payments you make in exchange for an insurance policy
2.6 or annuity contract. They are unlike deposits in a savings or investment program, because
2.7 if you drop the policy or contract, you might get back less than you paid in.

2.8 **CASH SURRENDER VALUE:** This is the amount of money you can get in cash if you
2.9 surrender your life insurance policy or annuity. If there is a policy loan, the cash surrender
2.10 value is the difference between the cash value printed in the policy and the loan value. Not
2.11 all policies have cash surrender values.

2.12 **LAPSE:** A life insurance policy may lapse when you do not pay the premiums within
2.13 the grace period. If you had a cash surrender value, the insurer might change your policy
2.14 to as much extended term insurance or paid-up insurance as the cash surrender value will
2.15 buy. Sometimes the policy lets the insurer borrow from the cash surrender value to pay the
2.16 premiums.

2.17 **SURRENDER:** You surrender a life insurance policy when you either let it lapse or tell
2.18 the company you want to drop it. Whenever a policy has a cash surrender value, you can
2.19 get it in cash if you return the policy to the company with a written request. Most insurers
2.20 will also let you exchange the cash value of the policy for paid-up or extended term insurance.

2.21 **CONVERT TO PAID-UP INSURANCE:** This means you use your cash surrender value
2.22 to change your insurance to a paid-up policy with the same insurer. The death benefit
2.23 generally will be lower than under the old policy, but you will not have to pay any more
2.24 premiums.

2.25 **PLACE ON EXTENDED TERM:** This means you use your cash surrender value to
2.26 change your insurance to term insurance with the same insurer. In this case, the net death
2.27 benefit will be the same as before. However, you will only be covered for a specified period
2.28 of time stated in the policy.

2.29 **BORROW POLICY LOAN VALUES:** If your life insurance policy has a cash surrender
2.30 value, you can almost always borrow all or part of it from the insurer. Interest will be charged
2.31 according to the terms of the policy, and if the loan with unpaid interest ever exceeds the
2.32 cash surrender value, your policy will be surrendered. If you die, the amount of the loan
2.33 and any unpaid interest due will be subtracted from the death benefits.

3.1 EVIDENCE OF INSURABILITY: This means proof that you are an acceptable risk.
3.2 You have to meet the insurer's standards regarding age, health, occupation, etc., to be eligible
3.3 for coverage.

3.4 INCONTESTABLE CLAUSE: This says that after two years, depending on the policy
3.5 or insurer, the life insurer will not resist a claim because you made a false or incomplete
3.6 statement when you applied for the policy. For the early years, though, if there are wrong
3.7 answers on the application and the insurer finds out about them, the insurer can deny a claim
3.8 as if the policy had never existed.

3.9 SUICIDE CLAUSE: This says that if you ~~commit~~ complete suicide after being insured
3.10 for less than ~~two years~~ one year, depending on the policy and insurer, your beneficiaries
3.11 will receive only a refund of the premiums that were paid.

3.12 EFFECTIVE DATE. This section is effective January 1, 2024, and applies to policies
3.13 issued on or after that date.