

2750.1200 MANDATORY POLICY BENEFIT AND DESIGN REQUIREMENTS.

Variable life insurance policies delivered or issued for delivery in this state shall comply with the following minimum requirements:

A. Mortality and expense risk shall be borne by the insurer. The mortality and expense charges shall be subject to the maximums stated in the contract.

B. For scheduled premium policies, a minimum death benefit shall be provided in an amount at least equal to the initial face amount of the policy so long as premiums are duly paid, subject to the provisions of part 2750.1400, item B.

C. The policy shall reflect the investment experience of one or more separate accounts established and maintained by the insurer. The insurer must demonstrate that the reflection of investment experience in the variable life insurance policy is actuarially sound.

D. Each variable life insurance policy shall be credited with the full amount of the net investment return applied to the benefit base.

E. Any changes in variable death benefits of each variable life insurance policy shall be determined at least annually.

F. The cash value of each variable life insurance policy shall be determined at least monthly. The method of computation of cash values and other nonforfeiture benefits, as described either in the policy or in a statement filed with the commissioner or person fulfilling the equivalent function of the state in which the policy is delivered, or issued for delivery, shall be in accordance with actuarial procedures that recognize the variable nature of the policy. The method of computation must be such that, if the net investment return credited to the policy at all times from the date of issue should be equal to the assumed investment rate with premiums and benefits determined accordingly under the terms of the policy, then the resulting cash values and other nonforfeiture benefits must be at least equal to the minimum values required by Minnesota Statutes, section 61A.24, the Standard Nonforfeiture Law, for a general account policy with these premiums and benefits. The assumed investment rate shall not exceed the maximum interest rate permitted under Minnesota Statutes, section 61A.24. If the policy does not contain an assumed investment rate, this demonstration must be based on the maximum interest rate permitted under Minnesota Statutes, section 61A.24. The method of computation may disregard incidental minimum guarantees as to the dollar amounts payable. Incidental minimum guarantees include, for example, but are not to be limited to, a guarantee that the amount payable at death or maturity shall be at least equal to the amount that otherwise would have been payable if the net investment return credited to the policy at all times from the date of issue had been equal to the assumed investment rate.

G. The computation of values required for each variable life insurance policy may be based upon reasonable and necessary approximations.

Statutory Authority: *MS s 61A.20*

History: *8 SR 1948*

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