

72A.2031 DEFINITIONS.

Subdivision 1. **Definitions.** For purposes of sections 72A.203 to 72A.2036, the terms defined in this section have the meanings given them.

Subd. 2. **Annuity.** "Annuity" means an annuity that is an insurance product under state law that is individually solicited, whether the product is classified as an individual or group annuity.

Subd. 3. **Broker-dealer.** "Broker-dealer" means a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account. The term does not include:

- (1) an agent;
- (2) an issuer;
- (3) a depository institution, provided such activities are conducted in accordance with rules as may be adopted by the administrator;
- (4) an international banking institution; or
- (5) a person excluded by rule adopted or order issued under this chapter.

Subd. 4. **Continuing education credit or CE credit.** "Continuing education credit" or "CE credit" means one continuing education credit earned pursuant to section 45.30, subdivision 4.

Subd. 5. **Continuing education provider or CE provider.** "Continuing education provider" or "CE provider" means an approved education provider under chapter 45.

Subd. 6. **FINRA.** "FINRA" means the Financial Industry Regulatory Authority or a succeeding agency.

Subd. 7. **Insurer.** "Insurer" means a company required to be licensed under the laws of this state to provide insurance products, including annuities.

Subd. 8. **Insurance producer.** "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance, including annuities.

Subd. 9. **Registered principal.** "Registered principal" means a person associated with a FINRA member broker-dealer, who is actively engaged in the management of the FINRA member broker-dealer investment banking or securities business, including supervision, solicitation, conduct of business, or the training of persons associated with a FINRA member broker-dealer for any of these functions.

Subd. 10. **Replacement.** "Replacement" means a transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing producer, or the proposing insurer, whether or not there is an insurance producer, that by reason of the transaction, an existing policy or contract has been or is to be any of the following:

- (1) lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer, or otherwise terminated;
- (2) converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
- (3) amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;

- (4) reissued with any reduction in cash value; or
- (5) used in a financed purchase.

Subd. 11. **Suitability information.** "Suitability information" means information that is reasonably appropriate to determine the suitability of a recommendation, including but not limited to the following:

- (1) age;
- (2) annual income and anticipated material changes in annual income;
- (3) financial situation and needs, including the financial resources used for the funding of the annuity, and including anticipated material changes in financial situation and needs;
- (4) financial experience;
- (5) financial objectives;
- (6) intended use of the annuity;
- (7) financial time horizon;
- (8) existing assets, including investment and life insurance holdings and anticipated material changes in existing assets;
- (9) liquidity needs and anticipated material changes in liquidity needs;
- (10) liquid net worth and anticipated material changes in liquid net worth;
- (11) risk tolerance;
- (12) tax status; and
- (13) whether or not the consumer has a reverse mortgage.

History: 2013 c 54 s 2