

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1992

SEVENTIETH DAY

SAINT PAUL, MINNESOTA, THURSDAY, FEBRUARY 27, 1992

The House of Representatives convened at 2:30 p.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Pastor David Bosshardt, United Methodist Church, Owatonna, Minnesota.

The roll was called and the following members were present:

Abrams	Frerichs	Kinkel	Olsen, S.	Smith
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Solberg
Anderson, R. H.	Girard	Koppendrayner	Olson, K.	Sparby
Battaglia	Goodno	Krambeer	Omann	Stanis
Bauerly	Greenfield	Krinkie	Onnen	Steensma
Beard	Gruenes	Krueger	Orenstein	Sviggum
Begich	Gutknecht	Lasley	Orfield	Swenson
Bertram	Hanson	Leppik	Osthoff	Thompson
Bettermann	Hartle	Lieder	Ostrom	Tompkins
Bishop	Hasskamp	Limmer	Ozment	Trimble
Blatz	Haukoos	Lourey	Pauly	Tunheim
Bodahl	Hausman	Lynch	Pellow	Uphus
Boo	Heir	Macklin	Pelowski	Valento
Brown	Henry	Mariani	Peterson	Vanasek
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejzman
Davids	Jefferson	Morrison	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Schreiber	Spk. Long
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Simoneau	
Frederick	Kelso	Ogren	Skoglund	

A quorum was present.

Anderson, R., and Segal were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Leppik moved that further reading of the Journal be dispensed

with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 756, A bill for an act relating to labor; establishing rights and duties in relation to union organization; providing that certain acts are an unfair labor practice; proposing penalties; amending Minnesota Statutes 1990, section 179.12; 179A.07, by adding a subdivision; and 179A.13, subdivision 2.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 179.12, is amended to read:

179.12 [EMPLOYERS' UNFAIR LABOR PRACTICES.]

It is an unfair labor practice for an employer:

(1) To institute a lockout of its employees in violation of a valid collective bargaining agreement between the employer and its employees or labor organization if the employees at the time are in good faith complying with the provisions of the agreement, or to violate the terms and conditions of the bargaining agreement;

(2) To institute a lockout of its employees in violation of section 179.06 or 179.07;

(3) To encourage or discourage membership in a labor organization by discrimination in regard to hire or tenure of employment or any terms or conditions of employment; provided, that this clause does not apply to the provisions of collective bargaining agreements entered into voluntarily by an employer and its employees or a labor organization representing the employees as a bargaining agent, as provided by section 179.16;

(3a) To refuse to provide a representative of a labor organization with an equal amount of time to meet with employees during working hours to respond to information presented by the employer in meetings during working hours, if the information is intended to discourage employees from voting for certification of the labor

organization as their exclusive representative in collective bargaining with the employer;

(4) To discharge or otherwise to discriminate against an employee because the employee has signed or filed an affidavit, petition, or complaint or given information or testimony under this chapter;

(5) To spy directly or through agents or any other persons upon activities of employees or their representatives in the exercise of their legal rights;

(6) To distribute or circulate a blacklist of individuals exercising a legal right or of members of a labor organization for the purpose of preventing individuals who are blacklisted from obtaining or retaining employment;

(7) To engage or contract for the services of a person who is an employee of another if the employee is paid a wage that is less than the wage to be paid by the engaging or contracting employer under an existing union contract for work of the same grade or classification;

(8) Willfully and knowingly to utilize a professional strikebreaker to replace an employee or employees involved in a strike or lockout at a place of business located within this state;

(9) To grant or offer to grant the status of permanent replacement employee to a person for performing bargaining unit work for an employer during a lockout of employees in a labor organization or during a strike of employees in a labor organization authorized by a representative of employees;

(10) The violation of clauses (2), (4), (5), (6), (7), (8), and (9) are unlawful acts."

Pages 3 and 4, delete section 3, and insert:

"Sec. 3. Minnesota Statutes 1991 Supplement, section 179A.13, subdivision 2, is amended to read:

Subd. 2. [EMPLOYERS.] Public employers, their agents and representatives are prohibited from:

(1) interfering, restraining, or coercing employees in the exercise of the rights guaranteed in sections 179A.01 to 179A.25;

(2) dominating or interfering with the formation, existence, or administration of any employee organization or contributing other support to it;

(3) discriminating in regard to hire or tenure to encourage or discourage membership in an employee organization;

(4) discharging or otherwise discriminating against an employee because the employee has signed or filed an affidavit, petition, or complaint or given information or testimony under sections 179A.01 to 179A.25;

(5) refusing to meet and negotiate in good faith with the exclusive representative of its employees in an appropriate unit;

(6) refusing to comply with grievance procedures contained in an agreement;

(7) distributing or circulating a blacklist of individuals exercising a legal right or of members of a labor organization for the purpose of preventing blacklisted individuals from obtaining or retaining employment;

(8) violating rules established by the commissioner regulating the conduct of representation elections;

(9) refusing to comply with a valid decision of a binding arbitration panel or arbitrator;

(10) violating or refusing to comply with any lawful order or decision issued by the commissioner or the board;

(11) refusing to provide, upon the request of the exclusive representative, all information pertaining to the public employer's budget both present and proposed, revenues, and other financing information provided that in the executive branch of state government this clause may not be considered contrary to the budgetary requirements of sections 16A.10 and 16A.11; or

(12) granting or offering to grant the status of permanent replacement employee to a person for performing bargaining unit work for the employer during a lockout of employees in an employee organization or during a strike authorized by an employee organization that is an exclusive representative; or

(13) refusing to provide a representative of a labor organization an equal amount of time to meet with employees during working hours to respond to information presented by the employer in meetings during working hours, if the information is intended to discourage employees from voting for certification of the labor organization as their exclusive representative in collective bargaining with the employer."

Amend the title as follows:

Page 1, line 6, delete "179.12;" and before "and" insert "Minnesota Statutes 1991 Supplement, sections 179.12;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1681, A bill for an act relating to commerce; regulating service of process on certain corporations; carrying out the intent of the legislature to make uniform the statutory service of process provisions under the jurisdiction of the department of commerce; regulating insurance agent licensing and education; regulating conversion privileges on accident and health policies; modifying coverage for diagnostic procedures for cancer; regulating crop hail adjusters; making various technical changes; amending Minnesota Statutes 1990, sections 48.185, subdivision 7; 60A.17, subdivision 1a; 60A.1701, subdivisions 3 and 7; 60A.19, subdivision 4; 60A.21, subdivision 2; 60D.02, subdivision 8; 62A.21, subdivision 2b; 62A.30, subdivision 1; 62A.54; 62E.16; 64B.35, subdivision 2; 71A.02, subdivision 3; 72A.22, subdivision 5; 72A.37, subdivision 2; 72A.43, subdivision 2; 72B.02, by adding a subdivision; 72B.03, subdivision 2; 72B.04, subdivision 6; 80A.27, subdivisions 7 and 8; 80C.20; 82.31, subdivision 3; 82A.22, subdivisions 1 and 2; 82B.15, subdivision 3; 83.39, subdivisions 1 and 2; and 543.08; repealing Minnesota Statutes 1990, section 65B.70.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1990, section 45.012, is amended to read:

45.012 [COMMISSIONER.]

(a) The department of commerce is under the supervision and control of the commissioner of commerce. The commissioner is appointed by the governor in the manner provided by section 15.06.

(b) Data that is received by the commissioner or the commission-

er's designee by virtue of membership or participation in an association, group, or organization that is not otherwise subject to chapter 13 is confidential or protected nonpublic but may be shared with the department employees as the commissioner considers appropriate. The commissioner may release the data to any person, agency, or the public if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

Sec. 2. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 1, is amended to read:

Subdivision 1. [GENERAL POWERS.] In connection with the administration of chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule adopted or order issued under those chapters, or to aid in the enforcement of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or in the prescribing of rules or forms under those chapters;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, to the legislature;

(5) examine the books, accounts, records, and files of every licensee under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, and of every person who is engaged in any activity regulated under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner; and

(7) require any person subject to chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, to report all sales or transactions that are regulated under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Sec. 3. Minnesota Statutes 1990, section 45.027, is amended by adding a subdivision to read:

Subd. 1a. [RESPONSE TO DEPARTMENT REQUESTS.] An applicant, registrant, certificate holder, licensee, or other person subject to the jurisdiction of the commissioner shall comply with requests for information, documents, or other requests from the department within the time specified in the request, or, if no time is specified, within 30 days of the mailing of the request by the department. Applicants, registrants, certificate holders, licensees, or other persons subject to the jurisdiction of the commissioner shall appear before the commissioner or the commissioner's representative when requested to do so and shall bring all documents or materials that the commissioner or the commissioner's representative has requested.

Sec. 4. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 2, is amended to read:

Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, or proceeding, or inquiry under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

Sec. 5. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 5, is amended to read:

Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule or order adopted or order issued under those chapters, the commissioner has the following powers: (1) the commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule or order adopted or issued under those chapters, or the commissioner may refer the matter to

the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted; (2) the commissioner may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule or order adopted or issued under those chapters. The order must be calculated to give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner, unless the person requesting the hearing and the department of commerce agree the hearing be scheduled after the seven-day period. After the hearing and within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this subdivision.

Sec. 6. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 6, is amended to read:

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed \$2,000 per violation upon a person who violates chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, or any rule adopted or order issued under those chapters unless a different penalty is specified.

Sec. 7. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 7, is amended to read:

Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to chapters 45 to 83, 155A, 309, or 332, or sections 326.83 to 326.98, or censure that person if the commissioner finds that:

(1) the order is in the public interest; and

(2) the person has violated chapters 45 to 83, 155A, 309, or 332, or sections 326.83 to 326.98 or any rule adopted or order issued under those chapters.

The commissioner may make any data otherwise classified as private or confidential pursuant to this section accessible to an appropriate person or agency if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

Sec. 8. Minnesota Statutes 1990, section 45.027, is amended by adding a subdivision to read:

Subd. 10. [REHABILITATION OF CRIMINAL OFFENDERS.] Chapter 364 does not apply to an applicant for a license or to a licensee where the underlying conduct on which the conviction is based would be grounds for denial, censure, suspension, or revocation of the license.

Sec. 9. Minnesota Statutes 1990, section 59A.08, subdivision 1, is amended to read:

Subdivision 1. A premium finance agreement shall:

(a) Be dated and signed by or on behalf of the insured, and the printed portion thereof shall be in at least eight point type;

(b) Contain the name and place of business of the insurance agent or insurance broker negotiating the related insurance contract, the name and residence or the place of business of the insured as specified, the name and place of business of the premium finance company to which installments or other payments are to be made, the name and address of the insurer issuing the related insurance contract, a description of the insurance contracts including the term and type of policy, the premiums for which are advanced or are to be advanced under the agreement and the amount of the premiums therefor; and

(c) Set forth the following items where applicable:

(1) The total amount of the premiums,

(2) The amount of the down payment,

(3) The balance of premiums due, the amount financed (the difference between items (1) and (2)),

(4) The amount of the finance charge,

(5) The amount of the flat service fee,

(6) The total of payments (sum of items (3), (4) and (5)).

Sec. 10. Minnesota Statutes 1990, section 59A.08, subdivision 4, is amended to read:

Subd. 4. The premium finance company or the insurance agent shall deliver to the insured and the insurer, or mail to the insured and the insurer at the address shown in the agreement, a completed copy of that agreement.

Sec. 11. Minnesota Statutes 1990, section 59A.11, subdivision 2, is amended to read:

Subd. 2. Not less than ten days' written notice shall be mailed to the insured setting forth the intent of the insurance premium finance company to cancel the insurance contract unless the default is cured prior to the date stated in the notice. The insurer and the insurance agent or insurance broker indicated on the premium finance agreement shall also be mailed ten days' notice of this action.

Sec. 12. Minnesota Statutes 1990, section 59A.11, subdivision 3, is amended to read:

Subd. 3. Pursuant to the power of attorney or other authority referred to above, the insurance premium finance company may cancel on behalf of the insured by mailing to the insurer, at the address indicated on the premium finance agreement, written notice stating when thereafter the cancellation shall be effective, and the insurance contract shall be canceled as if such notice of cancellation had been submitted by the insured personally, but without requiring the return of the insurance contract. ~~In the event that the insurer or its agent does not provide the insurance premium finance company with a specific mailing address for the purposes of receipt of the above notice, then mailing by the insurance premium finance company to the insurer at the address which is on file and of record with the commissioner of commerce pursuant to the provisions of chapters 60A and 72A shall be considered sufficient notice under this section.~~ The insurance premium finance company shall also mail a notice of cancellation to the insured at the insured's last known address and to the insurance agent or insurance broker indicated on the premium finance agreement.

Sec. 13. Minnesota Statutes 1990, section 59A.12, subdivision 1, is amended to read:

Subdivision 1. Whenever a financed insurance contract is canceled, within 30 days of the effective date of cancellation, the insurer, insurance agent, or insurance broker indicated on the premium finance agreement shall return whatever gross unearned premiums have been remitted to that insurer, insurance agent, or insurance broker, computed pro rata, and that are due under the insurance contract to the premium finance company for the account of the

insured or insureds. This action by the insurer, insurance agent, or insurance broker satisfies ~~the insurer's~~ all obligations under the insurance contract which relate to the return of the unearned premiums.

Sec. 14. Minnesota Statutes 1990, section 60A.02, is amended by adding a subdivision to read:

Subd. 1a. [ASSOCIATION OR ASSOCIATIONS.] "Association" or "associations" means an organized body of people who have some interest in common and that has at the onset a minimum of 100 persons; is organized and maintained in good faith for purposes other than that of obtaining insurance; and has a constitution and bylaws which provide that (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members, (2) except for credit unions, the association or associations collect dues or solicit contributions from members, (3) the members have voting privileges and representation on the governing board and committees, which provide the members with control of the association including the purchase and administration of insurance products offered to members, and (4) the members are not, within the first 30 days of membership, directly solicited, offered, or sold an insurance policy if the policy is available as an association benefit.

Sec. 15. Minnesota Statutes 1990, section 60A.03, subdivision 2, is amended to read:

Subd. 2. [POWERS OF COMMISSIONER.] ~~(1) [ENFORCEMENT.]~~ The commissioner shall have and exercise the power to enforce all the laws of this state relating to insurance, and shall enforce all the provisions of the laws of this state relating to insurance.

~~(2) [DEPARTMENT OF COMMERCE.]~~ The commissioner shall have and possess all the rights and powers and perform all the duties heretofore vested by law in the commissioner of commerce, except that applications for registrations of securities and brokers' licenses under sections 80A.01 to 80A.31, and all matters pertaining to such registrations and licenses, application for the organization and establishment of new financial institutions under sections 46.041, 46.043, and 46.044, applications by insuring companies for licenses to carry on business within the state, and all matters pertaining to such licenses, and applications for the consolidation of insuring companies transacting business within the state, shall be determined by the commissioner in the manner provided by the laws defining the powers and duties of the commissioner of commerce, and the state securities commission, respectively, or, in the absence of any law prescribing the procedure, by such any reasonable procedure as the commission, as defined in chapter 45, may prescribe commissioner prescribes.

Sec. 16. Minnesota Statutes 1990, section 60A.07, subdivision 10, is amended to read:

Subd. 10. [SPECIAL PROVISIONS AS TO LIFE COMPANIES.] (1) [PREREQUISITES OF LIFE COMPANIES.] No mutual life company shall be qualified to issue any policy until applications for at least \$200,000 of insurance, upon lives of at least 200 separate residents, have been actually and in good faith made, accepted, and entered upon its books and at least one full annual premium thereunder, based upon the authorized table of mortality, received in cash or in absolutely payable and collectible notes. A duplicate receipt for each premium, conditioned for the return thereof unless the policy be issued within one year thereafter, shall be issued, and one copy delivered to the applicant and the other filed with the commissioner, together with the certificate of a solvent authorized bank in the state, of the deposit therein of such cash and notes, aggregating the amount aforesaid, specifying the maker, payee, date, maturity, and amount of each. Such cash and notes shall be held by it not longer than one year, and at or before the expiration thereof to be by it paid or delivered, upon the written order of the commissioner, to such company or applicants, respectively.

(2) [FOREIGN COMPANIES MAY BECOME DOMESTIC.] Any company organized under the laws of any other state or country, which might have been originally incorporated under the laws of this state, and which has been admitted to do business therein for either or both the purpose of life or accident insurance, upon complying with all the requirements of law relative to the execution, filing, recording and publishing of original certificates and payment of incorporation fees by like domestic corporations, therein designating its principal place of business at a place in this state, may become a domestic corporation, and be entitled to like certificates of its corporate existence and license to transact business in this state, and be subject in all respects to the authority and jurisdiction thereof.

(3) [TEMPORARY CAPITAL STOCK OF MUTUAL LIFE COMPANIES.] A new mutual life insurance company which has complied with the provisions of clause (1) or an existing mutual life insurance company may establish, a temporary capital of, such amount not less than \$100,000, as may be approved by the commissioner. Such temporary capital shall be invested by the company in the same manner as is provided for the investment of its other funds. Out of the net surplus of the company the holders of the temporary capital stock may receive a dividend of not more than eight percent per annum, which may be cumulative. This capital stock shall not be a liability of the company ~~except that it~~ but shall be retired as soon as, but not before, the surplus of the company remaining after its retirement shall be not less than the temporary capital so established within a reasonable time and according to terms approved by the commissioner. At the time for the retirement of this capital

stock, the holders shall be entitled to receive from the company the par value thereof and any dividends thereon due and unpaid, and thereupon the stock shall be surrendered and canceled, ~~and the right to vote thereon shall cease.~~ In the event of the liquidation of the company, the holders of temporary capital stock shall have the same preference in the assets of the company as shareholders have in a stock insurance company.

Temporary capital stock may be issued with or without voting rights. If issued with voting rights, the holders shall, at all meetings, be entitled to one vote for each \$10 of temporary capital stock held.

Sec. 17. Minnesota Statutes 1990, section 60A.12, subdivision 4, is amended to read:

Subd. 4. [UNEARNED PREMIUMS RESERVE.] (1) [FOR COMPANIES OTHER THAN LIFE OR TITLE.] To determine the policy liability of any company other than life or title insurance, and the amount the company shall hold as reserve, the commissioner shall take 50 percent of the aggregate premiums, on policies running one year or less from date of policy, and a pro rata rate amount on policies running more than one year from date of policy, except upon inland and marine risks, which the commissioner shall compute by charging 50 percent of the amount of premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated. In case of any fire and marine company with less than \$200,000 capital admitted to transact in this state fire business only, the full amount of premiums written in its marine and inland navigation and transportation policies shall be charged as liability.

(2) [SPECIAL PROVISIONS FOR MUTUAL FIRE COMPANIES WITH A CONTINGENT LIABILITY.] In case of a mutual fire insurance company with a policyholders' contingent liability fixed by its bylaws and in its policies as provided by law, to determine the amount of this reinsurance reserve, the commissioner shall take 25 percent of the aggregate premiums running one year or less from date of policy, and 50 percent of the pro rata amount on policies running more than one year from date of policy.

(3) [CASUALTY COMPANIES WRITING LIABILITY OR WORKERS' COMPENSATION.] In case of a casualty insurance company writing insurance against loss or damage resulting from accident to or injuries suffered by an employee or other person and for which the insured is liable, and under insurance against loss from liability on account of the death of or injury to an employee not caused by the negligence of an employer, the commissioner shall charge as a liability, in addition to the capital stock and all other outstanding indebtedness of the corporation:

The premium reserve on policies in force, equal to 50 percent of the gross premiums charged for covering the risks; provided, that the commissioner may charge a premium reserve equal to the unearned portions of the gross premiums charged, computed on each respective risk from the date of the issuance of the policy. Notwithstanding any other provision of this subdivision, an unearned premium reserve shall be required based only on the timing and the amount of the recorded written premium.

(4) [PROVISION FOR ANNUAL PAYMENT TERM POLICIES.]

A policy for a term of years on which the premium is payable annually shall be considered a policy for one year.

Sec. 18. Minnesota Statutes 1991 Supplement, section 60A.13, subdivision 3a, is amended to read:

Subd. 3a. [ANNUAL AUDIT.] Every insurance company doing business in this state, including fraternal ~~beneficiary associations~~ benefit societies, reciprocal exchanges, service plan corporations licensed pursuant to chapter 62C, and legal service plans licensed pursuant to chapter 62G, unless exempted by the commissioner pursuant to subdivision 4a or by subdivision 7 shall have an annual audit of the financial activities of the most recently completed fiscal year performed by an independent certified public accountant as prescribed by the commissioner, and shall file the report of this audit with the commissioner not more than six months following the close of the company's fiscal year. ~~Any insurer required by this subdivision to file an annual audit which does not currently have its financial statement audited shall file its first audit with the commissioner not later than June 30, 1983. All other insurers shall file their annual audits beginning June 30, 1982.~~

Sec. 19. Minnesota Statutes 1990, section 60A.1701, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] This section does not apply to:

(a) persons soliciting or selling solely on behalf of companies organized and operating according to chapter 67A; or

(b) persons holding life and health, or property and casualty licenses who, by February 28 of each year at the time of license renewal, certify to the commissioner in writing that they will sell only credit life, credit health, and credit property insurance, during that year and do in fact so limit their sale of insurance.

Sec. 20. Minnesota Statutes 1990, section 60A.1701, subdivision 7, is amended to read:

Subd. 7. [CRITERIA FOR COURSE ACCREDITATION.] (a) The

commissioner may accredit a course only to the extent it is designed to impart substantive and procedural knowledge of the insurance field. The burden of demonstrating that the course satisfies this requirement is on the individual or organization seeking accreditation. The commissioner shall approve any educational program approved by Minnesota Continuing Legal Education relating to the insurance field.

(b) The commissioner shall approve or disapprove professional designation examinations that are recommended for approval by the advisory task force. In order for an agent to receive full continuing education credit for a professional designation examination, the agent must pass the examination. An agent may not receive credit for classroom instruction preparing for the professional designation examination and also receive continuing education credit for passing the professional designation examination.

(c) The commissioner may not accredit a course:

- (1) that is designed to prepare students for a license examination;
- (2) in mechanical office or business skills, including typing, speedreading, use of calculators, or other machines or equipment;
- (3) in sales promotion, including meetings held in conjunction with the general business of the licensed agent;
- (4) in motivation, the art of selling, psychology, or time management;
- (5) ~~unless the student attends classroom instruction conducted by an instructor approved by the department of commerce; or~~
- (6) (5) which can be completed by the student at home or outside the classroom without the supervision of an instructor approved by the department of commerce, except that home-study courses may be accredited by the commissioner if the student is a nonresident agent residing in a state which is not contiguous to Minnesota.

Sec. 21. Minnesota Statutes 1990, section 60A.201, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS.] Insurance shall not be placed by the surplus lines licensee with an eligible or ineligible surplus lines insurer when coverage is available from a licensed insurer.

In no case may insurance that is required by state law be placed with anyone other than an admitted insurer.

Sec. 22. Minnesota Statutes 1990, section 60A.201, subdivision 4, is amended to read:

Subd. 4. [LISTS OF UNAVAILABLE LINES OF INSURANCE; MAINTENANCE.] The commissioner shall maintain on a current basis a list of those lines of insurance for which coverages are believed by the commissioner to be generally unavailable from licensed insurers. The commissioner shall republish a list and make it available to all licensees ~~the list every six months at least~~ annually. Any person may request in writing that the commissioner add or remove coverage from the current list at the next publication of the list. The commissioner's determinations of coverages to be added to or removed from the list shall not be subject to the administrative procedure act but prior to making determinations the commissioner shall provide opportunity for comment from interested parties.

Sec. 23. Minnesota Statutes 1990, section 60A.203, is amended to read:

60A.203 [LICENSEES TO FILE EVIDENCE OF TRANSACTIONS FILING REQUIREMENTS.]

Each surplus lines licensee shall keep a separate account of each transaction entered into pursuant to sections 60A.195 to 60A.209. Evidence of these transactions shall be filed with the commissioner documented in the form, and manner, and time designated by the commissioner or if designated by the commissioner, with an association and retained by the licensee for a minimum of five years. The forms must be readily available for review and audit by the commissioner.

Sec. 24. Minnesota Statutes 1990, section 60A.206, subdivision 3, is amended to read:

Subd. 3. [STANDARDS TO BE MET BY INSURERS.] (a) The commissioner shall recognize the insurer as an eligible surplus lines insurer when satisfied that the insurer is in a stable, unimpaired financial condition and that the insurer is qualified to provide coverage in compliance with sections 60A.195 to 60A.209. If filed with full supporting documentation before July 1 of any year, applications submitted under subdivision 2 shall be acted upon by the commissioner before December 31 of the year of submission.

(b) The commissioner shall not authorize an insurer as an eligible surplus lines insurer unless the insurer continuously maintains capital and surplus of at least \$3,000,000 and transaction of business by the insurer is not hazardous, financially or otherwise, to its policyholders, its creditors, or the public. Each alien surplus lines insurer shall have current financial data filed with the National

Association of Insurance Commissioners Nonadmitted Insurers Information Office.

(c) Eligible surplus lines insurers domiciled within the United States shall file an annual statement and an annual financial audit, under the terms and conditions of section 60A.13, subdivisions 1, 3a, and 6, and are subject to the penalties of section 72A.061 in regard to those requirements. The commissioner also has the powers provided in section 60A.13, subdivision 2, in regard to eligible surplus lines insurers.

(d) Eligible surplus lines insurers domiciled outside the United States shall file an annual statement on the standard nonadmitted insurers information office financial reporting format as prescribed by the National Association of Insurance Commissioners and an annual financial audit performed by an independent accounting firm.

Sec. 25. Minnesota Statutes 1990, section 60B.03, is amended by adding a subdivision to read:

Subd. 20. [AFFILIATE OR AFFILIATED.] An "affiliate" of, or a person "affiliated" with, a specific person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

Sec. 26. Minnesota Statutes 1990, section 60B.15, is amended to read:

60B.15 [GROUNDS FOR REHABILITATION.]

The commissioner may apply by verified petition to the district court for Ramsey county or for the county in which the principal office of the insurer is located for an order directing the commissioner to rehabilitate a domestic insurer or an alien insurer domiciled in this state on any one or more of the following grounds:

(1) Any ground on which the commissioner may apply for an order of liquidation under section 60B.20, whenever the commissioner believes that the insurer may be successfully rehabilitated without substantial increase in the risk of loss to creditors of the insurer, its policyholders or to the public;

(2) That the commissioner has reasonable cause to believe that there has been theft from the insurer, wrongful sequestration or diversion of the insurer's assets, forgery or fraud affecting the insurer or other illegal conduct in, by or with respect to the insurer, which endanger assets in an amount threatening insolvency of the insurer;

(3) That substantial and unexplained discrepancies exist between the insurer's records and the most recent annual report or other official company reports;

(4) That the insurer, after written demand by the commissioner, has failed to remove any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee, or other person, if the person has been found by the commissioner after notice and hearing to be dishonest or untrustworthy in a way affecting the insurer's business such as is the basis for action under section 60A.051;

(5) That control of the insurer, whether by stock ownership or otherwise, and whether direct or indirect, is in one or more persons found by the commissioner after notice and hearing to be dishonest or untrustworthy such as is the basis for action under section 60A.051;

(6) That the insurer, after written demand by the commissioner, has failed within a reasonable period of time to terminate the employment and status and all influences on management of any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee or other person if the person has refused to submit to lawful examination under oath by the commissioner concerning the affairs of the insurer, whether in this state or elsewhere;

(7) That after lawful written demand by the commissioner the insurer has failed to submit promptly any of its own property, books, accounts, documents, or other records, or those of any subsidiary or related company within the control of the insurer, or those of any person having executive authority in the insurer so far as they pertain to the insurer, to reasonable inspection or examination by the commissioner or an authorized representative. If the insurer is unable to submit the property, books, accounts, documents, or other records of a person having executive authority in the insurer, it shall be excused from doing so if it promptly and effectively terminates the relationship of the person to the insurer;

(8) That without first obtaining the written consent of the commissioner, or if required by law, the written consent of the attorney general, the insurer has transferred, or attempted to transfer, substantially its entire property or business, or has entered into any transaction the effect of which is to merge, consolidate, or reinsure substantially its entire property or business of any other person;

(9) That the insurer or its property has been or is the subject of an application for the appointment of a receiver, trustee, custodian, conservator or sequestrator or similar fiduciary of the insurer or its property otherwise than as authorized under sections 60B.01 to 60B.61, and that such appointment has been made or is imminent,

and that such appointment might divest the courts of this state of jurisdiction or prejudice orderly delinquency proceedings under sections 60B.01 to 60B.61;

(10) That within the previous year the insurer has willfully violated its charter or articles of incorporation or its bylaws or any applicable insurance law or regulation of any state, or of the federal government, or any valid order of the commissioner under section 60B.11 in any manner or as to any matter which threatens substantial injury to the insurer, its creditors, its policyholders or the public, or having become aware within the previous year of an unintentional or willful violation has failed to take all reasonable steps to remedy the situation resulting from the violation and to prevent the same violations in the future;

(11) That the directors of the insurer are deadlocked in the management of the insurer's affairs and that the members or shareholders are unable to break the deadlock and that irreparable injury to the insurer, its creditors, its policyholders, or the public is threatened by reason thereof;

(12) That the insurer has failed to pay for 60 days after due date any obligation to this state or any political subdivision thereof or any judgment entered in this state, except that such nonpayment shall not be a ground until 60 days after any good faith effort by the insurer to contest the obligation or judgment has been terminated, whether it is before the commissioner or in the courts;

(13) That the insurer has failed to file its annual report or other report within the time allowed by law, and after written demand by the commissioner has failed to give an adequate explanation immediately;

(14) That two-thirds of the board of directors, or the holders of a majority of the shares entitled to vote, or a majority of members or policyholders of an insurer subject to control by its members or policyholders, consent to rehabilitation under sections 60B.01 to 60B.61;

(15) That the insurer is engaging in a systematic practice of reaching settlements with and obtaining releases from policyholders or third party claimants and then unreasonably delaying payment of or failing to pay the agreed upon settlements;

(16) That the insurer is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors, or the public;

(17) That within the previous 12 months the insurer has system-

atically attempted to compromise with its creditors on the ground that it is financially unable to pay its claims in full;

(18) In the context of a health maintenance organization, "insurer" when used in clauses (1) to (17) means "health maintenance organization." In addition to the grounds in clauses (1) to (17), any one of the following constitutes grounds for rehabilitation of a health maintenance organization:

(a) the health maintenance organization is unable or is expected to be unable to meet its debts as they become due;

(b) grounds exist under section 62D.042, subdivision 7;

(c) the health maintenance organization's liabilities exceed the current value of its assets, exclusive of intangibles and, where the guaranteeing organization's financial condition no longer meets the requirements of sections 62D.041 and 62D.042, exclusive of any deposits, letters of credit, or guarantees provided by any guaranteeing organization under chapter 62D;

(d) in addition to grounds under clause (16), within the last year the health maintenance organization has failed, and the commissioner of health expects such failure to continue in the future, to make comprehensive medical care adequately available and accessible to its enrollees and the health maintenance organization has not successfully implemented a plan of corrective action pursuant to section 62D.121, subdivision 7; and

(e) in addition to grounds under clause (16), within the last year the directors or officers of the health maintenance organization willfully violated the requirements of section 317A.251, or having become aware within the previous year of an unintentional or willful violation of section 317A.251, have failed to take all reasonable steps to remedy the situation resulting from the violation and to prevent the same violation in the future;

(19) An affiliate of the insurer has been placed in conservatorship, rehabilitation, liquidation, or other court supervision such that the insurer's financial condition may be jeopardized.

Sec. 27. Minnesota Statutes 1990, section 60B.17, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL DEPUTY COMMISSIONER.] The commissioner as rehabilitator shall ~~make every reasonable effort to employ an active or retired senior executive from a successful insurer to serve as~~ employ a special deputy commissioner to rehabilitate the insurer. The special deputy shall have all of the powers of the rehabilitator granted under this section. ~~To obtain a suitable~~

~~special deputy, the commissioner may consult with and obtain the assistance and advice of executives of insurers doing business in this state. Subject to court approval, the commissioner shall make such arrangements for compensation as are necessary to obtain a special deputy of proven ability. The special deputy shall serve at the pleasure of the commissioner.~~

Sec. 28. Minnesota Statutes 1991 Supplement, section 60D.15, subdivision 4, is amended to read:

Subd. 4. [CONTROL.] The term "control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with ~~or~~ corporate office held by, or court appointment of, the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by section 60D.19, subdivision 11, that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

Sec. 29. Minnesota Statutes 1991 Supplement, section 60D.17, subdivision 4, is amended to read:

Subd. 4. [APPROVAL BY COMMISSIONER; HEARINGS.] (a) The commissioner shall approve any merger or other acquisition of control referred to in subdivision 1 unless, after a public hearing, the commissioner finds that:

(1) After the change of control, the domestic insurer referred to in subdivision 1 would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed unless the domestic insurer is in rehabilitation or other court-ordered supervision and the acquiring party commits to a plan that would enable the domestic insurer to satisfy the requirements for the issuance of a license within a reasonable amount of time;

(2) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein in applying the competitive standard in this subdivision:

(i) the informational requirements of section 60D.18, subdivision 3, paragraph (b), and the standards of section 60D.18, subdivision 4, paragraph (c), shall apply;

(ii) the merger or other acquisition shall not be disapproved if the commissioner finds that any of the situations meeting the criteria provided by section 60D.18, subdivision 4, paragraph (c), exist; and

(iii) the commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(3) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(4) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest;

(5) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(6) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

(b) The public hearing referred to in paragraph (a) must be held 30 days after the statement required by subdivision 1 is filed, and at least 20 days notice of it shall be given by the commissioner to the person filing the statement. Not less than seven days notice of the public hearing shall be given by the person filing the statement to the insurer and to other persons designated by the commissioner. The commissioner shall make a determination within 30 days after the conclusion of the hearing. At the hearing, the person filing the statement, the insurer, any person to whom notice of hearing was sent, and any other person whose interest may be affected by it may present evidence, examine and cross-examine witnesses, and offer oral and written arguments and may conduct discovery proceedings in the same manner as is presently allowed in the district courts of this state. All discovery proceedings must be concluded not later than three days before the start of the public hearing.

(c) The commissioner may retain at the acquiring person's expense any attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably

necessary to assist the commissioner in reviewing the proposed acquisition of control.

Sec. 30. Minnesota Statutes 1990, section 62A.10, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] Group accident and health insurance is hereby declared to be that form of accident and health insurance covering not less than two employees nor less than ten members, and which may include the employee's or member's dependents, consisting of husband, wife, children, and actual dependents residing in the household, written under a master policy issued to any governmental corporation, unit, agency, or department thereof, or to any corporation, copartnership, individual, employer, or to any association ~~having a constitution or bylaws and formed in good faith for purposes other than that of obtaining insurance under the provisions of this chapter as defined by section 60A.02, subdivision 1a,~~ where officers, members, employees, or classes or divisions thereof, may be insured for their individual benefit.

Any insurer authorized to write accident and health insurance in this state shall have power to issue group accident and health policies.

Sec. 31. Minnesota Statutes 1990, section 62A.21, subdivision 2b, is amended to read:

Subd. 2b. [CONVERSION PRIVILEGE.] Every policy described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an insured, without providing evidence of insurability, to obtain from the insurer at the expiration of any continuation of coverage required under subdivision 2a or sections 62A.146 and 62A.20, conversion coverage providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. ~~A policy providing reduced benefits at a reduced premium rate may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual policy shall be renewable at the option of the former spouse covered person as long as the former spouse covered person is not covered under another qualified plan as defined in section 62E.02, subdivision 4. Any revisions in the table of rate for the individual policy shall apply to the former spouse's covered person's original age at entry and shall apply equally to all similar policies issued by the insurer.~~

A policy providing reduced benefits at a reduced premium rate

may be accepted by the covered person in lieu of the optional coverage otherwise required by this subdivision.

Sec. 32. Minnesota Statutes 1990, section 62A.30, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance, health maintenance contracts regulated under chapter 62D, health benefit certificates offered through a fraternal beneficiary association regulated under chapter 64B, and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, but does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis, or policies that provide only accident coverage.

Sec. 33. Minnesota Statutes 1990, section 62A.54, is amended to read:

62A.54 [PROHIBITED PRACTICES.]

Unless otherwise provided for in ~~Laws 1986, chapter 397, sections 2 to 8~~ 62A.46 to 62A.56, the solicitation or sale of long-term care policies is subject to the requirements and penalties applicable to the sale of Medicare supplement insurance policies as set forth in sections 62A.31 to 62A.44.

It is misconduct for any agent or company to make any misstatements concerning eligibility or coverage under the medical assistance program, or about how long-term care costs will or will not be financed if a person does not have long-term care insurance. Any agent or company providing information on the medical assistance program shall also provide information about how to contact the county human services department or the state department of human services.

Sec. 34. Minnesota Statutes 1990, section 62E.02, subdivision 23, is amended to read:

Subd. 23. "Contributing member" means those companies ~~operating pursuant to~~ regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance ~~or~~ health maintenance organizations ~~and regulated under chapter 62D,~~ nonprofit health service plan corporations ~~incorporated regulated~~ regulated under chapter 62C ~~or~~ fraternal benefit society ~~operating societies~~ regulated under chapter 64B, and joint self-insurance plans regulated under chapter 62H. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents

for coverage by a health maintenance organization shall be considered to be accident and health insurance premiums.

Sec. 35. Minnesota Statutes 1990, section 62E.11, subdivision 9, is amended to read:

Subd. 9. Each contributing member that terminates individual health coverage ~~regulated under chapter 62A, 62C, 62D, or 64B~~ for reasons other than (a) nonpayment of premium; (b) failure to make copayments; (c) enrollee moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership; and does not provide or arrange for replacement coverage that meets the requirements of section 62D.121; shall pay a special assessment to the state plan based upon the number of terminated individuals who join the comprehensive health insurance plan as authorized under section 62E.14, subdivisions 1, paragraph (d), and 6. Such a contributing member shall pay the association an amount equal to the average cost of an enrollee in the state plan in the year in which the member terminated enrollees multiplied by the total number of terminated enrollees who enroll in the state plan.

The average cost of an enrollee in the state comprehensive health insurance plan shall be determined by dividing the state plan's total annual losses by the total number of enrollees from that year. This cost will be assessed to the contributing member who has terminated health coverage before the association makes the annual determination of each contributing member's liability as required under this section.

In the event that the contributing member is terminating health coverage because of a loss of health care providers, the commissioner may review whether or not the special assessment established under this subdivision will have an adverse impact on the contributing member or its enrollees or insureds, including but not limited to causing the contributing member to fall below statutory net worth requirements. If the commissioner determines that the special assessment would have an adverse impact on the contributing member or its enrollees or insureds, the commissioner may adjust the amount of the special assessment, or establish alternative payment arrangements to the state plan. For health maintenance organizations regulated under chapter 62D, the commissioner of health shall make the determination regarding any adjustment in the special assessment and shall transmit that determination to the commissioner of commerce.

Sec. 36. Minnesota Statutes 1990, section 62E.14, is amended by adding a subdivision to read:

Subd. 7. [TERMINATIONS OF CONVERSION POLICIES.] (a) A Minnesota resident who is covered by a conversion policy or contract

of health coverage may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation in subdivision 3 and a waiver of the evidence of rejection in subdivision 1, paragraph (c), at any time for any reason during the term of coverage.

(b) A Minnesota resident who was covered by a conversion policy or contract of health coverage may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation in subdivision 3 and a waiver of the evidence of rejection in subdivision 1, paragraph (c), if that person applies for coverage within 90 days after termination of the conversion policy or contract coverage regardless of: (1) the reasons for the termination; or (2) the party terminating coverage.

(c) Coverage under this subdivision is effective upon termination of prior coverage if the enrollee has submitted a completed application and paid the required premium or fee.

Sec. 37. Minnesota Statutes 1990, section 62E.15, subdivision 4, is amended to read:

Subd. 4. Every insurer and health maintenance organization which rejects or applies underwriting restrictions to an applicant for accident and a plan of health insurance coverage shall: (1) provide the applicant with a written notice of rejection or the underwriting restrictions applied to the applicant in a manner consistent with the requirements in section 72A.499; (2) notify the applicant of the existence of the state plan, the requirements for being accepted in it, and the procedure for applying to it; and (3) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer at no charge.

Sec. 38. Minnesota Statutes 1990, section 62E.15, is amended by adding a subdivision to read:

Subd. 5. Every insurer and health maintenance organization before issuing a conversion policy or contract of health insurance shall:

(1) notify the applicant of the existence of the state plan, the requirements for being accepted in it, the procedure for applying to it, and the plan rates; and

(2) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer and health maintenance organization at no charge.

Sec. 39. Minnesota Statutes 1990, section 62E.15, is amended by adding a subdivision to read:

Subd. 6. Every insurer and health maintenance organization which provides health coverage to an insured through a conversion plan shall annually:

(1) notify the insured of the existence of the state plan, the requirements for being accepted in it, the procedure for applying to it, and the plan rates; and

(2) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer and health maintenance organization at no charge.

Sec. 40. Minnesota Statutes 1990, section 62E.16, is amended to read:

62E.16 [POLICY CONVERSION PRIVILEGES RIGHTS.]

Every program of self-insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization written or renewed in this state, shall include, in addition to the provisions required by section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions if the individual insured leaves the group regardless of the reason for leaving the group or if an employer member of a group ceases to remit payment so as to terminate coverage for its employees, or upon cancellation or termination of the coverage for the group except where uninterrupted and continuous group coverage is otherwise provided to the group. If the health maintenance organization has canceled coverage for the group because of a loss of providers in a service area, the health maintenance organization shall arrange for other health maintenance or indemnity conversion options that shall be offered to enrollees without the addition of underwriting restrictions. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. The person may exercise this right to conversion within 30 days of leaving the group or within 30 days following receipt of due notice of cancellation or termination of coverage of the group or of the employer member of the group and upon payment of premiums from the date of termination or cancellation. Due notice of cancellation or termination of coverage for a group or of the employer member of the group shall be provided to each employee having coverage in the group by the insurer, self-insurer or health maintenance organization canceling or terminating the coverage except where reasonable evidence indicates that uninterrupted and continuous group coverage is otherwise provided to the group. Every employer having a policy of group accident and health insurance, group subscriber or contract of

coverage by a health maintenance organization shall, upon request, provide the insurer or health maintenance organization a list of the names and addresses of covered employees. Plans of health coverage shall also include a provision which, upon the death of the individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue coverage under the same or a different contract without the addition of underwriting restrictions until the individual would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization shall not be deemed to be an individual enrollment contract for the purposes of section 62D.10.

Sec. 41. Minnesota Statutes 1990, section 62H.01, is amended to read:

62H.01 [JOINT SELF-INSURANCE EMPLOYEE HEALTH PLAN.]

Any ~~three~~ two or more employers, excluding the state and its political subdivisions as described in section 471.617, subdivision 1, who are authorized to transact business in Minnesota may jointly self-insure employee health, dental, or short-term disability benefits. Joint plans must have a minimum of 250 covered employees and meet all conditions and terms of sections 62H.01 to 62H.08. Joint plans covering employers not resident in Minnesota must meet the requirements of sections 62H.01 to 62H.08 as if the portion of the plan covering Minnesota resident employees was treated as a separate plan. A plan may cover employees resident in other states only if the plan complies with the applicable laws of that state.

A multiple employer welfare arrangement as defined in United States Code, title 29, section 1002(40)(a), is subject to this chapter to the extent authorized by the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001 et seq.

Sec. 42. [62I.121] [BENEFITS FOR EMPLOYEES.]

At the option of the board, employees may participate in the state retirement plan and the state deferred compensation plan for employees in the unclassified service, and an insurance plan administered by the commissioner of employee relations under chapter 43A.

Sec. 43. Minnesota Statutes 1990, section 65B.133, subdivision 4, is amended to read:

Subd. 4. [NOTIFICATION OF CHANGE.] No insurer may change its surcharge plan unless a surcharge disclosure statement is mailed

or delivered to the named insured before the change is made. A surcharge disclosure statement disclosing a change applicable on the renewal of a policy, may be mailed with an offer to renew the policy. No Surcharges cannot be applied to accidents or traffic violations that occurred prior to a change in a surcharge plan may be applied retroactively except to the extent provided under the prior plan.

Sec. 44. Minnesota Statutes 1990, section 70A.11, subdivision 1, is amended to read:

Subdivision 1. [ORDER AFTER HEARING.] If the commissioner finds after a contested case proceeding under chapter 14 that a rate is not in compliance with section 70A.04, the commissioner shall order that its use is to be discontinued and shall order the excess premium plus interest at the rate specified in section 549.09 to be refunded to the policyholder. If the commissioner has not approved the rate increase, the amount of the refund, plus interest, must be computed from the commencement effective date of the contested case hearing on the rate increase. If the rate increase has previously been approved, the amount of the refund, plus interest, must be computed from the commencement of the contested case. Interest must be computed as simple interest per annum.

Sec. 45. Minnesota Statutes 1991 Supplement, section 72A.061, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL STATEMENTS.] Any insurance company licensed or authorized to do business in this state, including fraternal, reciprocal, eligible surplus lines insurers, and township mutuals, which neglects to file its annual statement in the form prescribed and within the time specified by law shall be subject to a penalty of \$100 for each day in default. If, at the end of 45 days, the default has not been corrected, the company shall be given ten days in which to show cause to the commissioner why its license should not be suspended. If the company has not made the requisite showing within the ten-day period, the license and authority of the company may, at the discretion of the commissioner, be suspended during the time the company is in default.

Any insurance company, including fraternal, reciprocal, eligible surplus lines insurers, and township mutuals, willfully making a false annual or other required statement shall pay a penalty to the state not to exceed \$5,000. Either or both of the monetary penalties imposed by this subdivision may be recovered in a civil action brought by and in the name of the state.

Sec. 46. Minnesota Statutes 1991 Supplement, section 72A.201, subdivision 8, is amended to read:

Subd. 8. [STANDARDS FOR CLAIM DENIAL.] The following acts

by an insurer, adjuster, or self-insured, or self-insurance administrator constitute unfair settlement practices:

(1) denying a claim or any element of a claim on the grounds of a specific policy provision, condition, or exclusion, without informing the insured of the policy provision, condition, or exclusion on which the denial is based;

(2) denying a claim without having made a reasonable investigation of the claim;

(3) denying a liability claim because the insured has requested that the claim be denied;

(4) denying a liability claim because the insured has failed or refused to report the claim, unless an independent evaluation of available information indicates there is no liability;

(5) denying a claim without including the following information:

(i) the basis for the denial;

(ii) the name, address, and telephone number of the insurer's claim service office or the claim representative of the insurer to whom the insured or claimant may take any questions or complaints about the denial; and

(iii) the claim number and the policy number of the insured;

(6) denying a claim because the insured or claimant failed to exhibit the damaged property unless:

(i) the insurer, within a reasonable time period, made a written demand upon the insured or claimant to exhibit the property; and

(ii) the demand was reasonable under the circumstances in which it was made;

(7) denying a claim by an insured or claimant based on the evaluation of a chemical dependency claim reviewer selected by the insurer unless the reviewer meets the qualifications specified under subdivision 8a. An insurer that selects chemical dependency reviewers to conduct claim evaluations must annually file with the commissioner of commerce a report containing the specific evaluation standards and criteria used in these evaluations. The report must be filed at the same time its annual statement is submitted under section 60A.13. The report must also include the number of evaluations performed on behalf of the insurer during the reporting period, the types of evaluations performed, the results, the number of appeals of denials based on these evaluations, the results of these

appeals, and the number of complaints filed in a court of competent jurisdiction.

Sec. 47. Minnesota Statutes 1990, section 72B.02, is amended by adding a subdivision to read:

Subd. 14. [CROP HAIL ADJUSTER.] "Crop hail adjuster" means a person who for money, commission, or other thing of value acts as an adjuster in regard to insurance policies against crop damage by hail.

Sec. 48. Minnesota Statutes 1990, section 72B.03, subdivision 2, is amended to read:

Subd. 2. [CLASSES OF LICENSES.] (a) There shall be ~~three~~ four classes of licenses, as follows:

(a) (1) independent adjuster's license;

(b) (2) public adjuster's license;

(c) (3) public adjuster solicitor's license; and

(4) crop hail adjuster's license.

(b) The independent adjuster and public adjuster licenses shall be issued in at least three fields each, as follows:

(a) (1) fire and allied lines, inland marine lines and including all perils under homeowners policies;

(b) (2) all lines written as casualty insurance under section 60A.06, and including workers' compensation; and

(c) (3) a combination of the fields described in (a) ~~clauses~~ (1) and (2), above. Separate licenses shall be required for each field, but the same person may obtain licenses in more than one field. No person shall be licensed as both a public and independent adjuster. The license shall state the class for which the person is licensed and, where applicable, the field in which the person is licensed, and shall state the licensee's name and residence address, the date of issuance and the date of expiration of the license and any other information prescribed by the commissioner which is consistent with the purpose of the license.

Sec. 49. Minnesota Statutes 1990, section 72B.04, subdivision 6, is amended to read:

Subd. 6. [EXCEPTIONS.] A person who on January 1, 1972, meets all of the qualifications specified in subdivision 2 with regard

to the class of license applied for and, if experience is one of the requisites, has gained the experience within the three years next preceding January 1, 1972, shall be eligible for the issuance of a license without taking an examination.

A person who has held a license of any given class or in any field or fields within three years prior to the application shall be entitled to a renewal of the license in the same class or in the same fields without taking an examination.

A person applying for a license as a crop hail adjuster shall not be required to comply with the requirements of subdivision 5.

The commissioner may issue a license under sections 72B.01 to 72B.14 without an examination, if the applicant presents sufficient and satisfactory evidence of having passed a similar examination in another state and if the commissioner, with the advice of the advisory board, has determined that the standards of such other state are equivalent to those in Minnesota for the class of license applied for. Any applicant who presents sufficient and satisfactory evidence of having successfully completed all six parts of the insurance institute of America program in adjusting shall be entitled to an adjuster's license without taking the examination prescribed in subdivision 5.

Sec. 50. Laws 1991, chapter 233, section 111, is amended to read:

Sec. 111. [EFFECTIVE DATE.]

(a) Sections 33 and 110, paragraph (a), are effective the day following final enactment.

(b) Sections 63; 64; 65; 66; 67; 68; 69; 70; 71; 72; 73; 74; 75; 76; 77; 78; 79; 80; 81; 82; 83; and 110, paragraph (b), are effective August 1, 1991.

(c) Sections 43 and 44 are effective July for the licensing year beginning June 1, 1992.

(d) All other provisions of this article are effective July 1, 1991.

Sec. 51. [APPLICATION.]

Section 14 does not apply to policies in force on the effective date of that section and does not preclude renewals of those policies.

Section 20 applies to reports required to be filed in 1993 and subsequent years.

Sec. 52. [REVISOR INSTRUCTION.]

The revisor of statutes shall change the terms "fraternal beneficiary association," "association," or similar terms to "fraternal benefit society," "society," or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules in connection with those entities regulated under Minnesota Statutes, chapter 64B.

Sec. 53. [REPEALER.]

Minnesota Statutes 1990, sections 65B.70; and 72A.13, subdivision 3, are repealed.

Sec. 54. [EFFECTIVE DATE.]

Section 42 is effective retroactive to the effective date of Laws 1989, chapter 260, section 25.

ARTICLE 2

Section 1. Minnesota Statutes 1990, section 45.028, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) When a person, including any nonresident of this state, engages in conduct prohibited or made actionable by chapters 45 to 83, 155A, 309, and 332, or any rule or order under those chapters, and the person has not filed a consent to service of process under chapters 45 to 83, 155A, 309, and 332, that conduct is equivalent to an appointment of the commissioner as the person's attorney to receive service of process in any noncriminal suit, action, or proceeding against the person which is based on that conduct and is brought under chapters 45 to 83, 155A, 309, and 332, or any rule or order under those chapters.

(b) Subdivision 2 also applies in all other cases under chapters 45 to 83, 155A, 309, and 332, or any rule or order under those chapters, in which a person, including a nonresident of this state, has filed a consent to service of process. This paragraph supersedes any inconsistent provision of law.

(c) Subdivision 2 applies in all cases in which service of process is allowed to be made on the commissioner of commerce.

Sec. 2. Minnesota Statutes 1990, section 48.185, subdivision 7, is amended to read:

Subd. 7. Any bank or savings bank extending credit in compliance with the provisions of this section, which is injured competitively by violations of this section by another bank or savings bank, may institute a civil action in the district court of this state against that bank or savings bank for an injunction prohibiting any violation of

this section. The court, upon proper proof that the defendant has engaged in any practice in violation of this section, may enjoin the future commission of that practice. Proof of monetary damage or loss of profits shall not be required. Costs and attorneys' fees may be allowed to the plaintiff, unless the court directs otherwise. The relief provided in this subdivision is in addition to remedies otherwise available against the same conduct under the common law or statutes of this state.

Service of process shall be as in any other civil suit, except that if a defendant in the action is a foreign corporation or a national banking association with its principal place of business in another state, service of process may also be made by personal service outside the state, or in the manner provided by section 303.13, subdivision 1, clause (3), or in such manner as the court may direct, or in accordance with section 45.028, subdivision 2. Process is valid if it satisfies the requirements of due process of law, whether or not defendant is doing business in Minnesota regularly or habitually.

Sec. 3. Minnesota Statutes 1990, section 60A.19, subdivision 4, is amended to read:

Subd. 4. [FEES.] The commissioner shall be entitled to charge and receive a fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (4), for each notice, proof of loss, summons, or other process served under the provisions of this subdivision and subdivision 3, to be paid by the persons serving the same. The service of process is authorized by this section shall be made by delivering to ~~and leaving with the commissioner two copies thereof for each company being served~~ in compliance with section 45.028, subdivision 2.

Sec. 4. Minnesota Statutes 1990, section 60A.21, subdivision 2, is amended to read:

Subd. 2. [SERVICE OF PROCESS UPON UNAUTHORIZED INSURER.] (1) Any of the following acts in this state effected by mail or otherwise by an unauthorized foreign or alien insurer: (a) the issuance or delivery of contracts of insurance to residents of this state or to corporations authorized to do business therein; (b) the solicitation of applications for such contracts; (c) the collection of premiums, membership fees, assessments, or other considerations for such contracts; or (d) any other transaction of insurance business, is equivalent to and shall constitute an appointment by such insurer of the commissioner of commerce and the commissioner's successor or successors in office to be its true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of an insured or beneficiary arising out of any such contract of insurance and any such act shall be significant of its agreement that such service of process is of the same legal

force and validity as personal service of process in this state upon such insurer.

(2) Such service of process shall be made by delivering to and leaving with the commissioner of commerce or some person in apparent charge of that office two copies thereof in compliance with section 45.028, subdivision 2 and the payment to that person of a filing fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (4). The commissioner of commerce shall forthwith mail by certified mail one of the copies of such process to the defendant at its last known principal place of business and shall keep a record of all process so served upon the commissioner. Such service of process is sufficient provided notice of such service and a copy of the process are sent within ten days thereafter by certified mail by plaintiff or plaintiff's attorney to the defendant at its last known principal place of business and the defendant's receipt, or receipt issued by the post office with which the letter is certified showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the plaintiff or plaintiff's attorney showing a compliance herewith are filed with the court administrator of the court in which such action is pending on or before the date the defendant is required to appear or within such further time as the court may allow.

(3) Service of process in any such action, suit, or proceeding shall in addition to the manner provided in clause (2) of this subdivision be valid if served upon any person within this state who, in this state on behalf of such insurer, is: (a) soliciting insurance, or (b) making, issuing, or delivering any contract of insurance, or (c) collecting or receiving any premium, membership fee, assessment, or other consideration for insurance; and if a copy of such process is sent within ten days thereafter by certified mail by the plaintiff or plaintiff's attorney to the defendant at the last known principal place of business of the defendant and the defendant's receipt, or the receipt issued by the post office with which the letter is certified showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the plaintiff or plaintiff's attorney showing a compliance herewith are filed with the administrator of the court in which such action is pending on or before the date the defendant is required to appear or within such further time as the court may allow.

(4) No plaintiff or complainant shall be entitled to a judgment by default under this subdivision until the expiration of 30 days from the date of the filing of the affidavit of compliance.

(5) Nothing in this subdivision contained shall limit or abridge the right to serve any process, notice, or demand upon any insurer in any other manner now or hereafter permitted by law.

(6) The provisions of this section shall not apply to surplus line

insurance lawfully effectuated under Minnesota law, or to reinsurance, nor to any action or proceeding against an unauthorized insurer arising out of:

(a) Wet marine and transportation insurance;

(b) Insurance on or with respect to subjects located, resident, or to be performed wholly outside this state, or on or with respect to vehicles or aircraft owned and principally garaged outside this state;

(c) Insurance on property or operations of railroads engaged in interstate commerce; or

(d) Insurance on aircraft or cargo of such aircraft, or against liability, other than employer's liability, arising out of the ownership, maintenance, or use of such aircraft, where the policy or contract contains a provision designating the commissioner as its attorney for the acceptance of service of lawful process in any action or proceeding instituted by or on behalf of an insured or beneficiary arising out of any such policy, or where the insurer enters a general appearance in any such action.

Sec. 5. Minnesota Statutes 1990, section 64B.35, subdivision 2, is amended to read:

Subd. 2. [SERVICE.] Service under this section shall only be made upon the commissioner, or if absent, upon the person in charge of the commissioner's office. It shall be made in duplicate and shall constitute sufficient service upon the society. When legal process against a society is served upon the commissioner, the commissioner shall immediately forward one of the duplicate copies by registered mail, prepaid, directed to the secretary or corresponding officer in compliance with section 45.028, subdivision 2. No service shall require a society to file its answer, pleading, or defense in less than 30 days from the date of mailing the copy of the service to a society. Legal process shall not be served upon a society except in the manner herein provided. At the time of serving any process upon the commissioner, the plaintiff or complainant in the action shall pay to the commissioner a fee as prescribed in section 60A.14.

Sec. 6. Minnesota Statutes 1990, section 71A.02, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER AS AGENT FOR SERVICE.] Concurrently with the filing of the declaration provided for by the terms of subdivision 2, the attorney shall execute and file with the commissioner an instrument in writing for the subscribers, conditioned that upon the issuance of the certificate of authority provided for in subdivision 1, service of process in compliance with section 45.028, subdivision 2, may be had upon the commissioner in all suits in this

state arising out of these policies, contracts, or agreements, which service shall be valid and binding upon all subscribers exchanging at any time reciprocal or interinsurance contracts through such attorney. Three copies of the process shall be served and the commissioner shall file one copy, forward one copy to the attorney, and return one copy with an admission of service.

Sec. 7. Minnesota Statutes 1990, section 72A.22, subdivision 5, is amended to read:

Subd. 5. [SERVICE.] Statements of charges, notices, orders, and other processes of the commissioner under sections 72A.17 to 72A.32 may be served by anyone duly authorized by the commissioner, either in the manner provided by law for service of process in civil actions or by registering and mailing a copy thereof to the person affected by the statement, notice, order, or other process at the person's residence or principal office or place of business. A verified return by the person serving the statement, notice, order, or other process, setting forth the manner of such service, or the return postcard receipt for a copy of the statement, notice, order, or other process, registered and mailed as aforesaid, shall be proof of the service of the same in compliance with section 45.028, subdivision 2.

Sec. 8. Minnesota Statutes 1990, section 72A.37, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SERVICE.] Service of a statement of charges and notices under said unfair trade practice act shall be made by any deputy or employee of the department of commerce delivering to and leaving with upon the commissioner or some person in apparent charge of the office, two copies thereof in compliance with section 45.028. Service of process issued by any court in any action, suit or proceeding to collect any penalty under said act provided, shall be made by delivering and leaving with the commissioner, or some person in apparent charge of the office, two copies thereof. The commissioner shall forthwith cause to be mailed by certified mail one of the copies of such statement of charges, notices or process to the defendant at its last known principal place of business, and shall keep a record of all statements of charges, notices and process so served. Such service of statement of charges, notices or process shall be sufficient provided they shall have been so mailed and the defendant's receipt or receipt issued by the post office with which the letter is certified, showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed; and the affidavit of the person mailing such letter showing a compliance herewith are filed with the commissioner in the case of any statement of charges or notices, or with the court administrator of the court in which such action is pending in the case of any process, on or before the date the defendant is required to appear or within such further time as may be allowed in compliance with section 45.028, subdivision 2.

Sec. 9. Minnesota Statutes 1990, section 72A.43, subdivision 2, is amended to read:

Subd. 2. Service of such process shall be made by delivering and leaving with the commissioner two copies thereof and the payment to the commissioner of a \$15 filing fee. The commissioner shall forthwith mail by certified mail one of the copies of such process to such company at its last known registered office, and shall keep a record of all process so served. The company's receipt, or receipt issued by the post office with which the letter is certified, and an affidavit of compliance herewith by or on behalf of the commissioner, shall be filed with the court administrator of the court in which such action or proceeding is pending on or before the return date of such process or within such further time as the court may allow in compliance with section 45.028, subdivision 2.

Sec. 10. Minnesota Statutes 1990, section 80A.27, subdivision 7, is amended to read:

Subd. 7. Every applicant for registration under sections 80A.01 to 80A.31 and every issuer who proposes to offer a security in this state through any person acting on an agency basis in the common law sense shall file with the commissioner, in such form as the commissioner by rule prescribes, an irrevocable consent appointing the commissioner or a successor in office to be the attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against that person or a successor, executor, or administrator which arises under sections 80A.01 to 80A.31 or any rule or order hereunder after the consent has been filed, with the same force and validity as if served personally on the person filing the consent. The consent need not be filed by a person who has filed a consent in connection with a previous registration or license which is then in effect. Service may be made by leaving a copy of the process in the office of the commissioner, but it is not effective unless (a) the plaintiff, who may be commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last address on file with the commissioner, and (b) the plaintiff's affidavit of compliance with this subsection is filed in the case on or before the return day of the process, if any, or within such further time as the court allows in compliance with section 45.028, subdivision 2.

Sec. 11. Minnesota Statutes 1990, section 80A.27, subdivision 8, is amended to read:

Subd. 8. When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by sections 80A.01 to 80A.31 or any rule or order hereunder, and has not filed a consent to service of process under subdivision 7 and personal jurisdiction cannot otherwise be obtained in this state, that conduct

shall be considered equivalent to an appointment of the commissioner or a successor in office to be the attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against that person or a successor executor or administrator which grows out of that conduct and which is brought under sections 80A.01 to 80A.31 or any rule or order hereunder, with the same force and validity as if served personally. Service may under this section shall be made by leaving a copy of the process in the office of the commissioner, and it is not effective unless (a) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last known address or takes other steps which are reasonably calculated to give actual notice, and (b) the plaintiff's affidavit of compliance with this subsection is filed in the case on or before the return day of the process, if any, or within such further time as the court allows in compliance with section 45.028, subdivision 2.

Sec. 12. Minnesota Statutes 1990, section 80C.20, is amended to read:

80C.20 [SERVICE OF PROCESS.]

Every applicant for registration under sections 80C.01 to 80C.22 and every franchisor on whose behalf an application for registration is filed, except applicants and franchisors which are Minnesota corporations, shall file with the commissioner, in such form as the commissioner may prescribe, an irrevocable consent appointing the commissioner and successors in office to be the applicant's or franchisor's attorney to receive service of any lawful process in any civil action against the applicant or franchisor or a successor, executor or administrator, which arises under sections 80C.01 to 80C.22 or any rule or order thereunder after the consent has been filed, with the same force and validity as if served personally on the applicant or franchisor or a successor, executor or administrator. Service may under this section shall be made by leaving a copy of the process in the office of the commissioner, but it is not effective unless the plaintiff, who may be the commissioner in an action instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last address on file with the commissioner, and the plaintiff's affidavit of compliance with this subsection is filed with the court at the time of the filing of the complaint in compliance with section 45.028, subdivision 2.

When any person, including any nonresident of this state and any foreign corporation, engages in conduct prohibited or made actionable by sections 80C.01 to 80C.22, whether or not the person has filed a consent to service of process, and personal jurisdiction over the person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to appointment of the commissioner

and successors in office to be the person's agent to receive service of any lawful process in any suit against the person or a successor, executor or administrator which grows out of that conduct and which is brought under sections 80C.01 to 80C.22, with the same force and validity as if served personally. Service may under this section shall be made by leaving a copy of the process in the office of the commissioner but it is not effective unless the plaintiff, who may be the commissioner in an action instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last known address on file with the commissioner and the plaintiff's affidavit of compliance with this section is filed with the court at the time of the filing of the complaint in compliance with section 45.028, subdivision 2.

Sec. 13. Minnesota Statutes 1990, section 82.31, subdivision 3, is amended to read:

Subd. 3. Service of process under this section may shall be made by filing a copy of the process with the commissioner or a representative, but is not effective unless:

(a) The plaintiff, who may be the commissioner in an action or proceeding instituted by the commissioner, sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the address as shown by the records at the office of the commissioner in the case of service made on the commissioner as attorney pursuant to appointment in compliance with subdivision 1, and at the defendant's or respondent's last known address in the case of service on the commissioner as attorney pursuant to appointment by virtue of subdivision 2; and

(b) The plaintiff's affidavit of compliance with this subdivision is filed in the action or proceeding on or before the return day of the process, if any, or within such further time as the court or administrative law judge allows in compliance with section 45.028, subdivision 2.

Sec. 14. Minnesota Statutes 1990, section 82A.22, subdivision 1, is amended to read:

Subdivision 1. [CONSENT TO SERVICE.] Every membership camping operator or broker, on whose behalf an application for registration or exemption is filed, shall file with the commissioner, in such form as the commissioner may prescribe, an irrevocable consent appointing the commissioner and the commissioner's successors in office to be the membership camping operator's or broker's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the membership camping operator or broker or a successor, executor, or administrator which arises under this chapter or any rule or order thereunder after the consent

has been filed, with the same force and validity as if served personally on the membership camping operator or the operator's successor, executor, or administrator. Service may under this section shall be made by leaving a copy of the process in the office of the commissioner, but it is not effective unless:

(1) ~~the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, sends notice of the service and a copy of the process by certified mail to the defendant or respondent at that person's last address on file with the commissioner; and~~

(2) ~~the plaintiff's affidavit of compliance with this section is filed in the case on or before the return day of the process, if any, or within such further time as the court allows in compliance with section 45.028, subdivision 2.~~

Sec. 15. Minnesota Statutes 1990, section 82A.22, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT OF COMMISSIONER.] When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by this chapter, or any rule or order thereunder, and the person has not filed a consent to service of process under subdivision 1 and personal jurisdiction over this person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to the person's appointment of the commissioner or the commissioner's successor to be the person's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the person which grows out of that conduct and which is brought under this chapter or any rule or order thereunder, with the same force and validity as if served on the person personally. Service may under this section shall be made by leaving a copy of the process in the office of the commissioner, and it is not effective unless:

(1) ~~the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at that person's last known address or takes other steps which are reasonably calculated to give actual notice; and~~

(2) ~~the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within such further time as the court allows in compliance with section 45.028, subdivision 2.~~

Sec. 16. Minnesota Statutes 1991 Supplement, section 82B.15, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE.] Service of process under this section ~~may shall be made under the provisions of in compliance with~~ section 45.028, subdivision 2.

Sec. 17. Minnesota Statutes 1990, section 83.39, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] Every applicant for registration under sections 83.20 to 83.42, 83.43 and 83.44 shall file with the commissioner, in a format as by rule may be prescribed, an irrevocable consent appointing the commissioner or commissioner's successor to be the applicant's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the applicant or a successor, executor, or administrator which arises under sections 83.20 to 83.42, 83.43 and 83.44 or any rule or order thereunder after the consent has been filed, with the same force and validity as if served personally on the person filing the consent. Service ~~may under this section shall be made by leaving a copy of the process in the office of the commissioner, but it is not effective unless~~ (a) the plaintiff, who may be commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by registered mail to the defendant or respondent at that person's last address on file with the commissioner, and (b) the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within such further time as the court allows in compliance with section 45.028, subdivision 2.

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14.

Sec. 18. Minnesota Statutes 1990, section 83.39, subdivision 2, is amended to read:

Subd. 2. [SERVICE ON COMMISSIONER.] When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by sections 83.20 to 83.42, 83.43 and 83.44, or any rule or order thereunder, and the person has not filed a consent to service of process under subdivision 1 and personal jurisdiction over this person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to the person's appointment of the commissioner or the commissioner's successor to be the person's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the commissioner or the commissioner's successor, executor, or administrator which grows out of that conduct and which is brought under sections 83.20 to 83.42, 83.43 and 83.44 or any rule or order thereunder, with the same force and validity as if served on the person personally. Service ~~may under this section shall be made by leaving a copy of the process in the office of the commissioner, and it is not effective unless~~ (a) the plaintiff, who may be the commissioner in a suit, action, or

proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by registered mail to the defendant or respondent at that person's last known address or takes other steps which are reasonably calculated to give actual notice, and (b) the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within such further time as the court allows in compliance with section 45.028, subdivision 2.

Sec. 19. Minnesota Statutes 1990, section 543.08, is amended to read:

543.08 [SUMMONS, SERVICE UPON CERTAIN CORPORATIONS.]

If a private domestic corporation has no officer at the registered office of the corporation within the state upon whom service can be made, of which fact the return of the sheriff of the county in which that office is located, or the affidavit of a private person not a party, that none can be found in that county shall be conclusive evidence, service of the summons upon it may be made by depositing two copies, together with a fee of \$35 with the secretary of state, which shall be deemed personal service upon the corporation. One of the copies shall be filed by the secretary, and the other forthwith mailed by the secretary to the corporation by certified mail, if the place of its main office is known to the secretary or is disclosed by the files in the office.

If the defendant is a foreign insurance corporation, the summons may be served by two copies delivered to the commissioner of commerce, who shall file one in the commissioner's office and forthwith mail the other postage prepaid to the defendant at its home office in compliance with section 45.028, subdivision 2.

ARTICLE 3

Section 1. Minnesota Statutes 1990, section 60A.02, subdivision 7, is amended to read:

Subd. 7. [INSURANCE AGENT OR INSURANCE AGENCY.] An "insurance agent" or "insurance agency" is a person acting under express authority from, and an appointment pursuant to section 60A.47 60K.02 by, an insurer and on its behalf to solicit insurance, or to appoint other agents to solicit insurance, or to write and countersign policies of insurance, or to collect premiums therefor within this state, or to exercise any or all these powers when so authorized by the insurer. The term "person" includes a natural person, a partnership, a corporation, or other entity, including an insurance agency.

Sec. 2. [60A.052] [DENIAL, REVOCATION, SUSPENSION OF CERTIFICATE OF AUTHORITY.]

Subdivision 1. [GROUNDS.] The commissioner may by order take any or all of the following actions: (1) deny, suspend, or revoke a certificate of authority; (2) censure the insurance company; or (3) impose a civil penalty as provided for in section 45.027, subdivision 6. In order to take this action the commissioner must find that the order is in the public interest, and the insurance company:

(1) has a board of directors or principal management that is incompetent, untrustworthy, or so lacking in insurance company managerial experience as to make its operation hazardous to policyholders, its stockholders, or to the insurance buying public;

(2) is controlled directly or indirectly through ownership, management, reinsurance transactions, or other business relations by any person or persons whose business operations are or have been marked by manipulation of any assets, reinsurance, or accounts as to create a hazard to the company's policyholders, stockholders, or the insurance buying public;

(3) is in an unsound or unsafe condition;

(4) has the actual liabilities that exceed the actual funds of the company;

(5) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it was made, contained any misrepresentation or was false, misleading, or fraudulent;

(6) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor or misdemeanor involving moral turpitude, including but not limited to, assault or similar conduct;

(7) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(8) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(9) has had a certificate of authority denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state; or

(10) or its agents, officers, or directors refuse to submit to

examination or perform any related legal obligation, or has violated or failed to comply with, any of the provisions of the insurance laws including chapters 45 or 60A to 72A or any rule or order under those chapters.

Subd. 2. [SUMMARY SUSPENSION OR REVOCATION OF AUTHORITY OR CENSURE.] If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring the insurance company to show cause why any or all of the following should not occur: (1) revocation or suspension of any or all certificates of authority granted to the foreign or domestic insurance company or its agent; (2) censuring of the insurance company; or (3) the imposition of a civil penalty. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the reasons for the entry of the order. The commissioner may by order summarily suspend or revoke a certificate pending final determination of any order to show cause. If a certificate is suspended or revoked pending final determination of an order to show cause, a hearing on the merits shall be held within 30 days of the issuance of the summary order. All hearings shall be conducted in accordance with chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the insurance company fails to appear at a hearing after having been duly notified of it, the company shall be considered in default, and the proceeding may be determined against the company upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. [APPLICANTS.] Whenever it appears to the commissioner that an application for a certificate of authority should be denied pursuant to subdivision 1, the commissioner shall promptly give a written notice to the applicant of the denial. The notice must state the grounds for the denial and give reasonable notice of the rights of the applicant to request a hearing. A hearing must be held not later than 30 days after the request for hearing is received by the commissioner unless the applicant and the department of commerce agree that the hearing may be held at a later date. If no hearing is requested within 30 days of service of the notice, the denial will become final. All hearings shall be conducted in accordance with chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the applicant fails to appear at a hearing after having been duly notified of it, the applicant shall be considered in default, and the proceeding may be determined against the applicant upon consideration of the notice denying the application, the allegations of which may be considered to be true.

Subd. 4. [ACTIONS AGAINST LAPSED CERTIFICATE OF AUTHORITY.] If a certificate of authority lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within

two years after the certificate of authority was last effective and enter a revocation or suspension order as of the last date on which the certificate of authority was in effect, or impose a civil penalty as provided for in section 45.027, subdivision 6.

Sec. 3. [60K.01] [DEFINITIONS.]

Unless the language or context clearly indicates that a different meaning is intended, the definitions in section 60A.01 are applicable to this chapter.

Sec. 4. [60K.02] [INSURANCE AGENTS, SOLICITORS LICENSE.]

Subdivision 1. [REQUIREMENT.] No person shall act or assume to act as an insurance agent in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner aid as an insurance agent in the negotiation of insurance by or with an insurer, including resident agents or reciprocal or interinsurance exchanges and fraternal benefit societies, until that person obtains from the commissioner a license for that purpose. The license must specifically set forth the name of the person authorized to act as an agent and the class or classes of insurance for which that person is authorized to solicit or countersign policies. An insurance agent may qualify for a license in the following classes: (1) life and health; and (2) property and casualty.

No insurer shall appoint or reappoint a natural person, partnership, or corporation to act as an insurance agent on its behalf until that natural person, partnership, or corporation obtains a license as an insurance agent.

Subd. 2. [PARTNERSHIPS AND CORPORATIONS.] A license issued to a partnership or corporation must be solely in the name of the entity to which it is issued; provided, that each partner, director, officer, stockholder, or employee of the licensed entity who is personally engaged in the solicitation or negotiation of a policy of insurance on behalf of the licensed entity shall be personally licensed as an insurance agent.

Upon request by the commissioner, each partnership and corporation licensed as an insurance agent shall provide the commissioner with a list of the names of each partner, director, officer, stockholder, and employee who is required to hold a valid insurance agent's license.

Subd. 3. [TRANSITION.] (a) Any agent who is qualified for life or accident and health as of June 1, 1981, is qualified for a life and health license under Laws 1981, chapter 307, and is appointed by an

insurer which has submitted a written requisition for a license for that agent as of June 1, 1981.

(b) Any agent who is qualified for one or more lines of insurance, excluding life or accident and health and farm property liability as of June 1, 1981, is qualified for a property and casualty license under Laws 1981, chapter 307, and is appointed by any insurer which has submitted a written requisition for a license for that agent as of June 1, 1981.

Subd. 4. [CRIMINAL PENALTIES.] A person who acts or assumes to act as an insurance agent without a valid license issued by the commissioner is guilty of a gross misdemeanor.

Sec. 5. [60K.03] [LICENSE APPLICATION.]

Subdivision 1. [PROCEDURE.] An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed. The application for license shall be accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9), at the time the agent becomes licensed. The application and appointment must be on forms prescribed by the commissioner.

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

Subd. 2. [RESIDENT AGENT.] The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(a) A person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes, constitutes an election of residency in this state. A license issued upon an application claiming residency in this state is void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the

state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state.

(b) The commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance agent. The examination must be held at a reasonable time and place designated by the commissioner.

(c) The examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state.

(d) The examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall not include a school sponsored by, offered by, or affiliated with an insurance company or its agents; except that this limitation does not preclude a bona fide professional association of agents, not acting on behalf of an insurer, from offering courses. The course of study shall consist of 30 hours of classroom study devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. The program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by the organization offering the course shall accompany the applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order.

(e) The applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed.

(f) An applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived.

(g) Any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the

three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner. An applicant whose license is not renewed under section 60G.12 is exempt from the requirement of a written examination.

Subd. 3. [NONRESIDENT AGENT.] The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(a) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought.

(b) The commissioner shall not issue a license to a nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in an action, suit, or proceeding instituted by or on behalf of an interested person arising out of the applicant's insurance business in this state. This designation constitutes an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon a licensee in an action or proceeding begun in a court of competent jurisdiction of this state may be made in compliance with section 45.028, subdivision 2.

(c) A nonresident license terminates automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

Subd. 4. [TERM.] All licenses issued pursuant to this section remain in force until voluntarily terminated by the licensee, not renewed as prescribed in section 60K.06, or until suspended or revoked by the commissioner. A voluntary termination occurs when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination also occurs upon the happening of the event described in subdivision 3, paragraph (c).

Every licensed agent shall notify the commissioner within 30 days of a change of name, address, or information contained in the application.

Subd. 5. [SUBSEQUENT APPOINTMENTS.] A person who holds a valid agent's license from this state may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided, that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9). The notice of appointment must be on a form prescribed by the commissioner.

Subd. 6. [AMENDMENT OF LICENSE.] An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c).

An applicant who surrenders an insurance license pursuant to this subdivision retains licensed status until an amended license is received.

Subd. 7. [EXCEPTIONS.] The following are exempt from the general licensing requirements prescribed by this section:

(1) agents of township mutuals who are exempted pursuant to section 60K.04;

(2) fraternal benefit society representatives exempted pursuant to section 60K.05;

(3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer; provided that a licensed agent must participate in the sale of the insurance;

(4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided, that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications for insurance;

(5) employees of a creditor who enroll debtors for life or accident and health insurance; provided the employees receive no commission or fee for it;

(6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums; and

(7) rental vehicle companies and their employees in connection with the offer of rental vehicle personal accident insurance under section 72A.125.

Sec. 6. [60K.04] [TOWNSHIP MUTUAL AGENTS.]

No agent for a township mutual shall be required to take an examination to become eligible for an agent's license in farm property perils and farm liability if it is certified by one or more township mutual companies that the agent has been acting in the capacity of an agent at least since January 1, 1971, and no new examination shall be required for eligibility for a license in farm property perils and farm liability for a licensed agent in farm windstorm and hail insurance who was licensed prior to January 1, 1971.

Sec. 7. [60K.05] [FRATERNAL BENEFIT SOCIETY REPRESENTATIVES.]

Representatives of fraternal benefit societies who solicit and negotiate insurance contracts shall be deemed to be insurance agents and subject to the licensing requirements as set forth in section 60K.03, subdivision 1; provided, that no insurance agent's license shall be required of:

(1) any officer, employee, or secretary of a fraternal benefit society, or of any subordinate lodge or branch who devotes substantially all of that person's time to activities other than the solicitation or negotiation of insurance contracts and who receives no commission or other compensation directly dependent upon the number or amount of contracts solicited or negotiated; or

(2) any agent or representative of a fraternal benefit society who devotes, or intends to devote, less than 50 percent of that person's time to the solicitation and procurement of insurance contracts for that society. Any person who in the preceding calendar year has solicited and procured life insurance in excess of \$50,000 face amount, or, in the case of any other kinds of insurance which the society may write, on the persons of more than 25 individuals, and who has received or will receive a commission or other compensation

in the total amount of \$1,000 or more, shall be presumed to be devoting, or intending to devote, 50 percent of that person's time to the solicitation or procurement of insurance contracts for that society.

Sec. 8. [60K.06] [RENEWAL FEE.]

(a) Each agent licensed pursuant to section 60B.03 shall annually pay in accordance with the procedure adopted by the commissioner a renewal fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10).

(b) Every agent, corporation, and partnership license expires on October 31 of the year for which period a license is issued.

(c) Persons whose applications have been properly and timely filed who have not received notice of denial of renewal are approved for renewal and may continue to transact business whether or not the renewed license has been received on or before November 1. Applications for renewal of a license are timely filed if received by the commissioner on or before October 15 of the year due, on forms duly executed and accompanied by appropriate fees. An application mailed is considered timely filed if addressed to the commissioner, with proper postage, and postmarked by October 15.

(d) The commissioner may issue licenses for agents, corporations, or partnerships for a three-year period. If three-year licenses are issued, the fee is three times the annual license fee.

Sec. 9. [60K.07] [TEMPORARY LICENSES.]

Subdivision 1. [EXAMINATION.] The commissioner may grant a temporary insurance agent's license to a person who has successfully completed the examination, if any, required by the commissioner. The temporary license may be granted as of the date upon which the applicant receives written notice from the commissioner that the person has passed any required examination. A temporary license will permit the applicant to act as an insurance agent for the original appointing insurer for the class of business specified therein until the earlier of (1) receipt by the applicant of the resident license, or (2) the expiration of 90 days from the date on which the temporary license was granted.

Subd. 2. [PERMISSIVE TEMPORARY LICENSE.] The commissioner may issue a temporary license to a person to act as an insurance agent for a period not to exceed 90 days, which may be extended as determined by the commissioner, without requiring an examination if the commissioner considers a temporary license necessary for the servicing of an insurance business in the following cases:

(1) to an agent licensed as a resident agent in another state where the commissioner determines that the foreign license is substantially the equivalent of that being applied for from the state of Minnesota and where the agent has been transferred into this state with the intention of becoming a resident, working as an insurance agent, and obtaining a resident license from the state of Minnesota;

(2) to the surviving spouse or next of kin, or to the administrator or executor, or to an employee of a deceased licensed insurance agent, or to the spouse, next of kin, an employee or legal guardian of a disabled licensed insurance agent;

(3) to the designee of a licensed insurance agent entering upon active service in the armed forces of the United States; or

(4) in any other circumstance where the commissioner considers that the public interest will best be served by the issuance of a temporary license.

Sec. 10. [60K.08] [BROKERAGE BUSINESS.]

Every insurance agent duly licensed to transact business in this state shall have the right to procure the insurance of risks, or parts of risks, in the class or classes of insurance for which the agent is licensed in other insurers duly authorized to transact business in this state, but the insurance shall only be consummated through a duly appointed resident agent of the insurer taking the risk. If the law of another state requires a nonresident agent who is a resident agent of Minnesota to pay a portion of the premium to or share commissions with a licensed resident agent of that state, then the licensed resident agent of Minnesota when consummating and countersigning for a licensed nonresident agent of that state shall receive five percent of the total premium or 25 percent of the commission, whichever is less.

Sec. 11. [60K.09] [UNFIT PERSON NOT TO BE EMPLOYED BY INSURER.]

No insurer, its officers, agents, or managers, shall knowingly make application to the commissioner for appointment of a person as its agent where that person is known to the insurer, its officers, agents, or managers, making the application, to be unfit or disqualified to be licensed as an insurance agent, and immediately upon the discovery by the insurer, its officers, agents, or managers, having supervision of the agent, of the unfitness or disqualification, the insurer, or the officers, agents, or managers, shall forthwith inform the commissioner, in writing of their decision to terminate their appointment of this agent; nor shall any insurer retain in its employ any agent known by it to be disqualified or unfit to be licensed as an insurance agent.

Sec. 12. [60K.10] [TERM OF APPOINTMENTS.]

All appointments of agents by insurers pursuant to this section shall remain in force until terminated voluntarily by the appointing insurer or the license of the agent has for any reason been terminated during the appointment. The original appointing insurer, as well as any subsequent appointing insurer, may terminate their appointment of an agent at any time by giving written notice thereof to the commissioner and by sending a copy thereof to the last known address of the agent. The effective date of the termination shall be the date of receipt of the notice by the commissioner unless another date is specified by the insurer in the notice. Within 30 days after the insurer gives notice of termination to the commissioner, the insurer shall furnish the agent with a current statement of the agent's commission account.

Accompanying the notice of a termination given to the commissioner by the insurer shall be a statement of the specific reasons constituting the cause of termination. Any document, record, or statement relating to the agent which is disclosed or furnished to the commissioner contemporaneously with, or subsequent to, the notice of termination shall be deemed confidential by the commissioner and a privileged communication. The document, record, or statement furnished to the commissioner shall not be admissible in whole or in part for any purpose in any action or proceeding against (1) the insurer or any of its officers, employees, or representatives, submitting or providing the document, record, or statement, or (2) any person, firm, or corporation furnishing in good faith to the insurer the information upon which the reasons for termination are based.

Sec. 13. [60K.11] [DENIAL, REVOCATION, SUSPENSION, AND CENSURE OF LICENSES.]

Subdivision 1. [GROUNDS.] The commissioner may by order take any or all of the following actions:

(1) deny, suspend, or revoke an insurance agent or agency license;

(2) censure the licensee; or

(3) impose a civil penalty as provided for in section 45.027, subdivision 6.

In order to take this action the commissioner must find that the order is in the public interest and that the applicant, licensee, or in the case of an insurance agency, partner, director, shareholder, officer, or agent of that insurance agency:

(i) does not intend to or is not in good faith carrying on the business of an insurance agent;

(ii) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, contains any misrepresentation, or is false, misleading, or fraudulent;

(iii) has engaged in an act or practice, whether or not such act or practice involves the business of insurance, which demonstrates that the applicant or licensee is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act as an insurance agent or agency;

(iv) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, including but not limited to, assault or similar conduct;

(v) has violated or failed to comply with any of the provisions of the insurance laws including chapters 45 or 60A to 72A or any rule or order under those chapters;

(vi) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(vii) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(viii) has had an insurance agent or agency license denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state or jurisdiction;

(ix) has misrepresented the terms of any actual or proposed insurance contract;

(x) has engaged in any fraudulent, coercive, deceptive, or dishonest act or practice whether or not such act or practice involves the business of insurance;

(xi) has improperly withheld, misappropriated, or converted to the licensee's or applicant's own use any money belonging to a policy holder, insurer, beneficiary, or other person; or

(xii) has forged another's name to any document whether or not the document relates to an application for insurance or a policy of insurance.

Subd. 2. [LICENSEES.] If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner

may issue an order requiring a licensee to show cause why any or all of the following should not occur: (1) the license revocation or suspension; (2) censuring of the licensee; or (3) the imposition of a civil penalty. The order shall be calculated to give reasonable notice of the time and place for hearing on the matter, and shall state the reasons for the entry of the order. The commissioner may by order summarily suspend a license pending final determination of any order to show cause. If a license is suspended pending final determination of an order to show cause, a hearing on the merits shall be held within 30 days of the issuance of the order of suspension. All hearings shall be conducted in accordance with the provisions of chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the licensee fails to appear at a hearing after having been duly notified of it, the licensee shall be considered in default, and the proceeding may be determined against the licensee upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. [APPLICANTS.] Whenever it appears to the commissioner that a license application should be denied pursuant to subdivision 1, the commissioner shall promptly give a written notice to the applicant of the denial. The notice must state the grounds for the denial and give reasonable notice of the rights of the applicant to request a hearing. A hearing must be held not later than 30 days after the request for the hearing is received by the commissioner unless the applicant and the department of commerce agree that the hearing may be held at a later date. If no hearing is requested within 30 days of service of the notice, the denial will become final. All hearings shall be conducted in accordance with the provisions of chapter 14. After the hearing, the commissioner shall enter an order making such disposition as the facts require. If the applicant fails to appear at a hearing after having been duly notified of it, the person shall be considered in default, and the proceeding may be determined against the applicant upon consideration of the notice denying application, the allegations of which may be considered to be true. All fees accompanying the application and appointment are considered earned and are not refundable.

Subd. 4. [ACTIONS AGAINST LAPSED LICENSE.] If a license lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the license was last effective and enter a revocation or suspension order as of the last date on which the license was in effect, or impose a civil penalty as provided for in section 45.027, subdivision 6.

Subd. 5. [NOTIFICATION OF ACTION TAKEN BY OTHER STATE.] An insurance agent shall notify the commissioner within 30 days of any fine imposed on that agent by another state or of a suspension or revocation of license by the commissioner of commerce of this state or the commissioner of insurance of any other state.

Subd. 6. [CONDITIONS FOR RELICENSURE.] A revocation of a license shall prohibit the licensee from making a new application for a license for at least two years from the effective date of the revocation. Further, the commissioner shall, as a condition of reapplication, require the applicant to obtain a performance bond issued by an insurer authorized to transact business in this state in the amount of \$20,000 or a greater amount the commissioner considers appropriate for the protection of citizens of this state in the event the commissioner grants the application. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled to payment of any amounts received by the licensee or to protect any aggrieved person from loss resulting from fraudulent, deceptive, dishonest, or other prohibited practices arising out of any transaction when the licensee was licensed or performed acts for which a license is required under this chapter. The bond shall remain operative for as long as that licensee is licensed. The bond required by this subdivision must provide coverage for all matters arising during the period of licensure.

Sec. 14. [60K.12] [TAX CLEARANCE CERTIFICATE.]

Subdivision 1. [REQUIREMENT FOR ISSUANCE OR RENEWAL OF LICENSE.] In addition to the provisions of section 60G.11, the commissioner may not issue or renew a license if the commissioner of revenue notifies the commissioner and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The commissioner may issue or renew the license only if: (1) the commissioner of revenue issues a tax clearance certificate; and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the commissioner. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(1) "taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes; and

(2) "delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.

Subd. 3. [CONTESTED CASE HEARING.] In lieu of the notice and hearing requirements of section 60K.11, when a licensee or applicant is required to obtain a clearance certificate under this

section, a contested hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in subdivision 1. The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.

Subd. 4. [IDENTIFICATION REQUIRED.] The commissioner shall require all licensees or applicants to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the commissioner must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year.

Sec. 15. [60K.13] [SURRENDER, LOSS, OR DESTRUCTION OF LICENSE.]

Subdivision 1. [NOTIFICATION.] The commissioner shall promptly notify the licensee and all appointing insurers, where applicable, of any suspension, revocation, or termination of the licensee's agent's license by the commissioner. Upon receipt of the notice of suspension or revocation of a license, the licensee shall immediately deliver it to the commissioner.

Subd. 2. [RETURN OF LICENSE.] An agent whose resident or nonresident license is terminated, as provided in section 60K.11, shall deliver the terminated license to the commissioner by personal delivery or by mail within 30 days after the date of termination.

Subd. 3. [DUPLICATE LICENSE.] The commissioner may issue a duplicate license for any lost, stolen, or destroyed license issued pursuant to this section upon an affidavit of the licensee concerning the facts of the loss, theft, or destruction, and the payment of a fee of \$3 by money order or cashier's check payable to the state treasurer.

Sec. 16. [60K.14] [PROHIBITED ACTS.]

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] (a) [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact or communication with the potential buyer, clearly and expressly disclose:

(1) the name of the person making the contact or communication;

(2) the name of the agent, general agency, or insurer that person represents; and

(3) the fact that the agent, agency, or insurer is in the business of selling insurance.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.

Subd. 2. [FEES FOR SERVICES.] No person shall charge a fee for any services rendered in connection with the solicitation, negotiation, or servicing of any insurance contract unless:

(1) before rendering the services, a written statement is provided disclosing:

(i) the services for which fees are charged;

(ii) the amount of the fees;

(iii) that the fees are charged in addition to premiums; and

(iv) that premiums include a commission; and

(2) all fees charged are reasonable in relation to the services rendered.

Subd. 3. [COMMISSIONS OR COMPENSATION.] No commission or other compensation shall be paid or allowed by any person, firm,

or corporation to any other person, firm, or corporation acting, or assuming to act, as an insurance agent without a license therefor. A duly licensed agent may pay commissions or assign or direct that commissions be paid to a partnership of which the agent is a member, employee, or agent, or to a corporation of which the agent is an officer, employee, or agent. This subdivision does not prevent the payment or receipt of renewal or other deferred commissions to or by any person solely because the person has ceased to hold a license to act as an insurance agent.

Subd. 4. [SUITABILITY OF INSURANCE.] In recommending the purchase of any life, endowment, long-term care, annuity, life-endowment, or Medicare supplement insurance to a customer, an agent must have reasonable grounds for believing that the recommendation is suitable for the customer and must make reasonable inquiries to determine suitability. The suitability of a recommended purchase of insurance will be determined by reference to the totality of the particular customer's circumstances, including, but not limited to, the customer's income, the customer's need for insurance, and the values, benefits, and costs of the customer's existing insurance program, if any, when compared to the values, benefits, and costs of the recommended policy or policies.

Subd. 5. [PREMIUMS.] All premiums or other money received by an agent from an insured or applicant for insurance must be forthwith deposited directly in a business checking, savings, or other similar account maintained by the agent or agency, unless the money is forwarded directly to the designated insurer.

Subd. 6. [PRIVACY OF CLIENT.] Except as otherwise provided by law, no insurance agent may disclose nor cause to be disclosed to any other person the identity of a person insured through the agent without the consent of the insured.

Sec. 17. [60K.15] [INSURER'S AGENT.]

Any person who solicits insurance is the agent of the insurer and not the agent of the insured.

Sec. 18. [60K.16] [LIABILITY FOR PLACING INSURANCE IN UNAUTHORIZED COMPANY.]

Any person, regardless of whether that person is required to be licensed as an insurance agent, who participates in any manner in the sale of any insurance policy or certificate, or any other contract providing benefits, for or on behalf of any company which is required to be, but which is not authorized to engage in the business of insurance in this state, other than pursuant to sections 60A.195 to 60A.209, shall be personally liable for all premiums, whether earned or unearned, paid by the insured, and the premiums may be recovered by the insured. In addition, that person shall be personally

liable for any loss the insured has sustained or may sustain if the loss is one resulting from a risk or hazard covered in the issued policy, certificate, or contract or which would have been covered if the policy, certificate, or contract had been issued to the purchaser of the insurance.

Sec. 19. [60K.17] [AGENTS; VARIABLE CONTRACTS.]

Subdivision 1. [LICENSE REQUIRED.] No person shall sell or offer for sale a contract on a variable basis unless prior to making any solicitation or sale the person has obtained from the commissioner a license therefor. The license shall only be granted, upon the written requisition of an insurer, to a qualified person who holds a current license authorizing the person to solicit and sell life insurance and annuity contracts in this state. To become qualified, a person shall complete a written application on a form prescribed by the commissioner and shall take and pass an examination prescribed by the commissioner.

Subd. 2. [EXCEPTIONS.] (a) Any regularly salaried officer or employee of a licensed insurer may, without license or other qualification, act on behalf of that licensed insurer in the negotiation of a contract on a variable basis, provided that a licensed agent must participate in the sale of any contract.

(b) Any person who, on July 1, 1969, holds a valid license authorizing the person to solicit and sell life insurance and annuity contracts and who also holds a valid license issued by the department of commerce authorizing the person to sell or offer for sale contracts on a variable basis shall be issued a license by the commissioner of commerce upon application therefor and payment of a \$2 fee, which license shall expire on May 31, 1970, unless renewed by an insurer as provided in subdivision 1.

(c) Any person who holds a valid license to solicit and sell life insurance and annuity contracts may solicit and sell contracts on a variable basis without acquiring a license under this subdivision if the contract is based on an account which is excluded from the definition of investment company under the Investment Company Act of 1940, United States Code, title 15, section 80a-3(11).

Subd. 3. [RULES.] The commissioner may by rule waive or modify any of the requirements in this section or prescribe additional requirements considered necessary for the proper sale and solicitation of contracts on a variable basis.

Sec. 20. [60K.18] [ALTERING EXISTING POLICIES; WRITTEN BINDERS REQUIRED.]

An insurance agent having express authority to bind coverage,

who orally agrees on behalf of an insurer to provide insurance coverage, or to alter an existing insurance agreement, shall execute and deliver a written memorandum or binder containing the terms of the oral agreement to the insured within three business days from the time the oral agreement is entered into.

Sec. 21. Minnesota Statutes 1990, section 62A.41, subdivision 4, is amended to read:

Subd. 4. [UNLICENSED SALES.] Notwithstanding section 60A.17 60K.02, subdivision 1, paragraph (d), a person who acts or assumes to act as an insurance agent without a valid license for the purpose of selling or attempting to sell Medicare supplement insurance, and the person who aids or abets the actor, is guilty of a felony and is subject to a civil penalty of not more than \$5,000 per violation.

Sec. 22. Minnesota Statutes 1990, section 62C.17, subdivision 5, is amended to read:

Subd. 5. A person shall not be qualified for a license if upon examination or reexamination it is determined that the person is incompetent to act as an agent or solicitor, if the person has acted in any manner which would disqualify a person to hold a license as an insurance agent or solicitor under section 60A.17, subdivision 6 sections 60K.01 to 60K.18, or if the person fails to produce documents subpoenaed by the commissioner, or fails to appear at a hearing to which the person is a party or has been subpoenaed, if the production of documents or appearance is lawfully required.

Sec. 23. Minnesota Statutes 1990, section 62D.22, subdivision 8, is amended to read:

Subd. 8. All agents, solicitors, and brokers engaged in soliciting or dealing with enrollees or prospective enrollees of a health maintenance organization, whether employees or under contract to the health maintenance organization, shall be subject to the provisions of section 60A.17 sections 60K.01 to 60K.18, concerning the licensure of health insurance agents, solicitors, and brokers, and lawful rules thereunder. Medical doctors and others who merely explain the operation of health maintenance organizations shall be exempt from the provisions of section 60A.17 sections 60K.01 to 60K.18. Section 60A.17 60K.03, subdivision 1a 2, paragraph (b) shall not apply except as to provide for an examination of an applicant in the applicant's knowledge concerning the operations and benefits of health maintenance organizations and related insurance matters.

Sec. 24. Minnesota Statutes 1990, section 64B.33, is amended to read:

64B.33 [LICENSING OF AGENTS.]

Agents of societies shall be licensed in accordance with the provisions of ~~chapter~~ chapters 60A and 60K regulating the licensing, revocation, suspension, or termination of license of resident and nonresident agents, except as otherwise provided in section 60A.17, subdivision 1e 60K.05.

Sec. 25. Minnesota Statutes 1990, section 72A.07, is amended to read:

72A.07 [VIOLATIONS OF LAWS RELATING TO AGENTS, PENALTIES.]

Any person, firm, or corporation violating, or failing to comply with, any of the provisions of ~~section 60A.17~~ sections 60K.01 to 60K.18 and any person who acts in any manner in the negotiation or transaction of unlawful insurance with an insurance company not licensed to do business in the state, or who, as principal or agent, violates any provision of law relating to the negotiation or effecting of contracts of insurance, shall be guilty of a misdemeanor. Upon the filing of a complaint by the commissioner of commerce in a court of competent jurisdiction against any person violating any provisions of this section, the county attorney of the county in which the violation occurred shall prosecute the person. Upon the conviction of any agent of any violation of the provisions of ~~section 60A.17~~ sections 60K.01 to 60K.18, the commissioner shall suspend the authority of the agent to transact any insurance business within the state for a period of not less than three months. Any insurer employing an agent and failing to procure an appointment, as required by ~~section 60A.17~~ sections 60K.01 to 60K.18, or allowing the agent to transact business for it within the state before an appointment has been procured, shall pay the commissioner, for the use of the state, a penalty of \$25 for each offense. Each sale of an insurance policy by an agent who is not appointed by an insurance company shall constitute a separate offense, but no insurer shall be required to pay more than \$300 in penalties as a result of the activities of a single unappointed agent. In the event of failure to pay a penalty within ten days after notice from the commissioner, the authority of the insurer to do business in this state shall be revoked by the commissioner until the penalty is paid. No insurer whose authority is revoked shall be readmitted until it shall have complied with all the terms and conditions imposed for admission in the first instance. Any action taken by the commissioner under this section shall be subject to review by the district court of the county in which the office of the commissioner is located.

Sec. 26. Minnesota Statutes 1990, section 72A.125, subdivision 2, is amended to read:

Subd. 2. [SALE BY AUTO RENTAL COMPANIES.] An auto

rental company that offers or sells rental vehicle personal accident insurance in this state in conjunction with the rental of a vehicle shall only sell these products if the forms and rates have met the relevant requirements of section 62A.02, taking into account the possible infrequency and severity of loss that may be incurred. Sections ~~60A.17~~ and 60A.1701 and ~~60K.01~~ to 60K.18 do not apply if the persons engaged in the sale of these products are employees of the auto rental company who do not receive commissions or other remuneration for selling the product in addition to their regular compensation. Compensation may not be determined in any part by the sale of insurance products. The auto rental company before engaging in the sale of the product must file with the commissioner the following documents:

(1) an appointment of the commissioner as agent for service of process;

(2) an agreement that the auto rental company assumes all responsibility for the authorized actions of all unlicensed employees who sell the insurance product on its behalf in conjunction with the rental of its vehicles;

(3) an agreement that the auto rental company with respect to itself and its employees will be subject to this chapter regarding the marketing of the insurance products and the conduct of those persons involved in the sale of insurance products in the same manner as if it were a licensed agent.

An auto rental company failing to file the documents in clauses (1) to (3) is guilty of an individual violation as to the unlicensed sale of insurance for each sale that occurs after August 1, 1987, until they make the required filings. Each individual sale after August 1, 1987, and prior to the filing required by this section is subject to, in addition to any other penalties allowable by law, up to a \$200 per violation fine. Further, the sale of the insurance product by an auto rental company or any employee or agent of the company after August 1, 1987, without having complied with this section shall be deemed to be in acceptance of the provisions of this section.

Insurance sold pursuant to this subdivision must be limited in availability to rental vehicle customers though coverage may extend to the customer, other drivers, and passengers using or riding in the rented vehicles; and limited in duration to a period equal to and concurrent with that of the vehicle rental.

Persons purchasing rental vehicle personal accident insurance may be provided a certificate summarizing the policy provisions in lieu of a copy of the policy if a copy of the policy is available for inspection at the place of sale and a free copy of the policy may be obtained from the auto rental company's home office.

The commissioner may, after a hearing, revoke an auto rental company's right to operate under this section if the company has repeatedly violated the insurance laws of this state and the revocation is in the public interest.

Sec. 27. Minnesota Statutes 1990, section 72A.201, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(1) Adjuster or adjusters. "Adjuster" or "adjusters" is as defined in section 72B.02.

(2) Agent. "Agent" means insurance agents or insurance agencies licensed pursuant to ~~section 60A.17~~ sections 60K.01 to 60K.18, and representatives of these agents or agencies.

(3) Claim. "Claim" means a request or demand made with an insurer for the payment of funds or the provision of services under the terms of any policy, certificate, contract of insurance, binder, or other contracts of temporary insurance. The term does not include a claim under a health insurance policy made by a participating provider with an insurer in accordance with the participating provider's service agreement with the insurer which has been filed with the commissioner of commerce prior to its use.

(4) Claim settlement. "Claim settlement" means all activities of an insurer related directly or indirectly to the determination of the extent of liabilities due or potentially due under coverages afforded by the policy, and which result in claim payment, claim acceptance, compromise, or other disposition.

(5) Claimant. "Claimant" means any individual, corporation, association, partnership, or other legal entity asserting a claim against any individual, corporation, association, partnership, or other legal entity which is insured under an insurance policy or insurance contract of an insurer.

(6) Complaint. "Complaint" means a communication primarily expressing a grievance.

(7) Insurance policy. "Insurance policy" means any evidence of coverage issued by an insurer including all policies, contracts, certificates, riders, binders, and endorsements which provide or describe coverage. The term includes any contract issuing coverage under a self-insurance plan, group self-insurance plan, or joint self-insurance employee health plans.

(8) Insured. "Insured" means an individual, corporation, associa-

tion, partnership, or other legal entity asserting a right to payment under their insurance policy or insurance contract arising out of the occurrence of the contingency or loss covered by the policy or contract. The term does not apply to a person who acquires rights under a mortgage.

(9) Insurer. "Insurer" includes any individual, corporation, association, partnership, reciprocal exchange, Lloyds, fraternal benefits society, self-insurer, surplus line insurer, self-insurance administrator, and nonprofit service plans under the jurisdiction of the department of commerce.

(10) Investigation. "Investigation" means a reasonable procedure adopted by an insurer to determine whether to accept or reject a claim.

(11) Notification of claim. "Notification of claim" means any communication to an insurer by a claimant or an insured which reasonably apprises the insurer of a claim brought under an insurance contract or policy issued by the insurer. Notification of claim to an agent of the insurer is notice to the insurer.

(12) Proof of loss. "Proof of loss" means the necessary documentation required from the insured to establish entitlement to payment under a policy.

(13) Self-insurance administrator. "Self-insurance administrator" means any vendor of risk management services or entities administering self-insurance plans, licensed pursuant to section 60A.23, subdivision 8.

(14) Self-insured or self-insurer. "Self-insured" or "self-insurer" means any entity authorized pursuant to section 65B.48, subdivision 3; chapter 62H; section 176.181, subdivision 2; Laws of Minnesota 1983, chapter 290, section 171; section 471.617; or section 471.981 and includes any entity which, for a fee, employs the services of vendors of risk management services in the administration of a self-insurance plan as defined by section 60A.23, subdivision 8, clause (2), subclauses (a) and (d).

Sec. 28. Minnesota Statutes 1990, section 270B.07, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE TO LICENSING AUTHORITIES.] The commissioner may disclose return information with respect to returns filed under Minnesota tax laws to licensing authorities of the state or political subdivisions of the state to the extent necessary to enforce the license clearance programs under sections ~~60A.17~~ 60K.12, 82.27, 147.091, 148.10, 150A.08, and 270.72.

Sec. 29. [REVISOR INSTRUCTION.]

(a) The revisor shall recodify Minnesota Statutes, section 60A.1701, as Minnesota Statutes, section 60K.19, and shall make the necessary cross-reference changes in Minnesota Statutes and Minnesota Rules.

(b) If a provision of Minnesota Statutes, chapter 60A, repealed by this article is also amended in the 1992 regular legislative session by other law, the revisor shall recodify the amendment to be part of the recodification, notwithstanding Minnesota Statutes, section 645.30.

Sec. 30. [REPEALER.]

Minnesota Statutes 1990, sections 60A.05; 60A.051; 60A.17, subdivisions 1, 1a, 1b, 1c, 2c, 2d, 3, 5, 5b, 6, 6b, 6c, 6d, 7a, 8, 8a, 9a, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21; Minnesota Statutes 1991 Supplement, section 60A.17, subdivision 1d, are repealed.

ARTICLE 4

Section 1. [60A.085] [CANCELLATION OF GROUP COVERAGE; NOTIFICATION TO COVERED PERSONS.]

(a) No cancellation of any group life, group accidental death and dismemberment, group disability income, or group medical expense policy, plan, or contract is effective unless the insurer has made a good faith effort to notify all covered persons of the cancellation at least 30 days before the effective cancellation date. For purposes of this section, an insurer has made a good faith effort to notify all covered persons if the insurer has notified all the persons included on the list required by paragraph (b) at the home address given and only if the list has been updated within the last 12 months.

(b) At the time of the application for coverage subject to paragraph (a), the insurer shall obtain an accurate list of the names and home addresses of all persons to be covered. The insurer shall obtain an update of the list at least once during each subsequent 12-month period while the policy, plan, or contract is in force.

Sec. 2. Minnesota Statutes 1990, section 62A.146, is amended to read:

62A.146 [CONTINUATION OF BENEFITS TO SURVIVORS.]

No policy, contract, or plan of accident and health protection issued by an insurer, nonprofit health service plan corporation, or health maintenance organization, providing coverage of hospital or

medical expense on either an expense incurred basis or other than an expense incurred basis which in addition to coverage of the insured, subscriber, or enrollee, also provides coverage to dependents, shall, except upon the written consent of the survivor or survivors of the deceased insured, subscriber, or enrollee, terminate, suspend, or otherwise restrict the participation in or the receipt of benefits otherwise payable under the policy, contract, or plan to the survivor or survivors until the earlier of the following dates:

(a) the date the surviving spouse becomes covered under another group health plan; or

(b) the date coverage would have terminated under the policy, contract, or plan had the insured, subscriber, or enrollee lived.

The survivor or survivors, in order to have the coverage and benefits extended, may be required to pay the entire cost of the protection on a monthly basis. The policy, contract, or plan must require the group policyholder or contract holder to, upon request, provide the insured, subscriber, or enrollee with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the amount of premium or fee contributions charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated spouses and dependent children who are not the survivors of a deceased insured, without regard to whether such cost is paid by the employer or employee. Failure of the survivor to make premium or fee payments within 90 days after notice of the requirement to pay the premiums or fees shall be a basis for the termination of the coverage without written consent. In event of termination by reason of the survivor's failure to make required premium or fee contributions, written notice of cancellation must be mailed to the survivor's last known address at least 30 days before the cancellation. If the coverage is provided under a group policy, contract, or plan, any required premium or fee contributions for the coverage shall be paid by the survivor to the group policyholder or contract holder for remittance to the insurer, non-profit health service plan corporation, or health maintenance organization.

Sec. 3. Minnesota Statutes 1990, section 62A.17, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITY OF EMPLOYEE.] Every covered employee electing to continue coverage shall pay the former employer, on a monthly basis, the cost of the continued coverage. The policy, contract, or plan must require the group policyholder or contract holder to, upon request, provide the employee with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. If the policy, contract, or health care plan is

administered by a trust, every covered employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for similarly situated employees with respect to whom neither termination nor layoff has occurred, without regard to whether such cost is paid by the employer or employee. The employee shall be eligible to continue the coverage until the employee becomes covered under another group health plan, or for a period of 18 months after the termination of or lay off from employment, whichever is shorter. If the employee becomes covered under another group policy, contract, or health plan and the new group policy, contract, or health plan contains any preexisting condition limitations, the employee may, subject to the 18-month maximum continuation limit, continue coverage with the former employer until the preexisting condition limitations have been satisfied. The new policy, contract, or health plan is primary except as to the preexisting condition. In the case of a newborn child who is a dependent of the employee, the new policy, contract, or health plan is primary upon the date of birth of the child, regardless of which policy, contract, or health plan coverage is deemed primary for the mother of the child.

Sec. 4. Minnesota Statutes 1990, section 62A.21, subdivision 2a, is amended to read:

Subd. 2a. [CONTINUATION PRIVILEGE.] Every policy described in subdivision 1 shall contain a provision which permits continuation of coverage under the policy for the insured's former spouse and dependent children upon entry of a valid decree of dissolution of marriage. The coverage shall be continued until the earlier of the following dates:

(a) the date the insured's former spouse becomes covered under any other group health plan; or

(b) the date coverage would otherwise terminate under the policy.

If the coverage is provided under a group policy, any required premium contributions for the coverage shall be paid by the insured on a monthly basis to the group policyholder for remittance to the insurer. The policy must require the group policyholder to, upon request, provide the insured with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated spouses and dependent children with respect to whom the marital relationship has not dissolved, without regard to whether such cost is paid by the employer or employee.

Sec. 5. [62A.285] [PROHIBITED UNDERWRITING; BREAST IMPLANTS.]

Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance regulated under this chapter, subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, health maintenance contracts regulated under chapter 62D, and health benefit certificates offered through a fraternal benefit society regulated under chapter 64B. This section does not apply to policies, plans, certificates, or contracts payable on a fixed indemnity or nonexpense incurred basis, or policies, plans, certificates, or contracts that provide only accident coverage.

Subd. 2. [REQUIRED COVERAGE.] No policy, plan, certificate, or contract referred to in subdivision 1 shall be issued or renewed to provide coverage to a Minnesota resident if it provides an exclusion, reduction, or other limitation as to coverage, deductible, coinsurance, or copayment applicable solely to conditions caused by breast implants.

Subd. 3. [REFUSAL TO ISSUE OR RENEW.] No issuer of a policy, plan, certificate, or contract referred to in subdivision 1 shall refuse to issue or renew at standard premium rates a policy, plan, certificate, or contract referred to in subdivision 1 solely because the prospective insured or enrollee has breast implants.

Subd. 4. [EXCLUSION PERMITTED.] A policy, plan, certificate, or contract referred to in subdivision 1 may limit or exclude coverage for conditions caused by breast implants, if the conditions were diagnosed prior to the date that coverage for the person begins.

Sec. 6. Minnesota Statutes 1990, section 62C.142, subdivision 2a, is amended to read:

Subd. 2a. [CONTINUATION PRIVILEGE.] Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, shall contain a provision which permits continuation of coverage under the contract for the subscriber's former spouse and children upon entry of a valid decree of dissolution of marriage, if the decree requires the subscriber to provide continued coverage for those persons. The coverage may be continued until the earlier of the following dates:

(a) the date of remarriage of either the subscriber or the subscriber's former spouse; or

(b) the date coverage would otherwise terminate under the subscriber contract.

The contract must require the group contract holder to, upon request, provide the insured with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated spouses and dependent children with respect to whom the marital relationship has not dissolved, without regard to whether such cost is paid by the employer or employee.

Sec. 7. Minnesota Statutes 1990, section 62D.101, subdivision 2a, is amended to read:

Subd. 2a. [CONTINUATION PRIVILEGE.] Every health maintenance contract as described in subdivision 1 shall contain a provision which permits continuation of coverage under the contract for the enrollee's former spouse and children upon entry of a valid decree of dissolution of marriage. The coverage shall be continued until the earlier of the following dates:

(a) the date the enrollee's former spouse becomes covered under another group plan or Medicare; or

(b) the date coverage would otherwise terminate under the health maintenance contract.

If coverage is provided under a group policy, any required premium contributions for the coverage shall be paid by the enrollee on a monthly basis to the group contract holder to be paid to the health maintenance organization. The contract must require the group contract holder to, upon request, provide the enrollee with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the fee charged exceed 102 percent of the cost to the plan for the period of coverage for other similarly situated spouses and dependent children when the marital relationship has not dissolved, regardless of whether the cost is paid by the employer or employee.

Sec. 8. Minnesota Statutes 1991 Supplement, section 62E.10, subdivision 9, is amended to read:

Subd. 9. [EXPERIMENTAL DELIVERY METHOD.] The association may petition the commissioner of commerce for a waiver to allow the experimental use of alternative means of health care delivery. The commissioner may approve the use of the alternative means the commissioner considers appropriate. The commissioner may waive any of the requirements of this chapter and chapters 60A, 62A, and 62D in granting the waiver. The commissioner may also grant to the association any additional powers as are necessary to

facilitate the specific waiver, including the power to implement a provider payment schedule.

This subdivision is effective until August 1, ~~1992~~ 1993.

Sec. 9. Minnesota Statutes 1991 Supplement, section 62E.12, is amended to read:

62E.12 [MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.]

The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan, and a number two qualified plan, except that the maximum lifetime benefit on these plans shall be \$1,000,000, and basic and extended basic Medicare supplement plans. The requirement that a policy issued by the association must be a qualified plan is satisfied if the association contracts with a preferred provider network and the level of benefits for services provided within the network satisfies the requirements of a qualified plan. If the association uses a preferred provider network, payments to nonparticipating providers must meet the minimum requirements of section 72A.20, subdivision 15. They shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier. Notwithstanding the provisions of section 62E.06 the state plan shall exclude coverage of services of a private duty nurse other than on an inpatient basis and any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner.

Sec. 10. Minnesota Statutes 1990, section 65B.133, is amended by adding a subdivision to read:

Subd. 5a. [LIMITATION ON CHARGEABLE ACCIDENTS.] No accident is a chargeable accident for purposes of this section unless it meets the definition of a chargeable accident under Minnesota Rules 1991, part 2770.7700, subpart 2.

Sec. 11. Minnesota Statutes 1990, section 65B.133, subdivision 7, is amended to read:

Subd. 7. [COMMISSIONER MAY PROMULGATE RULES RULE-MAKING.] (a) The commissioner may promulgate adopt rules reasonably necessary to carry out and make effective this section.

(b) The commissioner shall adopt rules establishing surcharge rates for the first and each successive accident or traffic violation. The rules may create a grading system in which each chargeable accident or violation is assigned a certain number of points to determine the maximum allowable surcharge rate.

For collision losses, the rules must require an insurer that recovers 80 percent or more of the insurer's loss through subrogation to immediately refund any surcharges imposed as a result of this loss.

If the insured cannot be located after reasonable effort, the refund is presumed abandoned for purposes of disposition under the uniform disposition of unclaimed property act, sections 345.31 to 345.60.

Sec. 12. Minnesota Statutes 1990, section 72A.20, is amended by adding a subdivision to read:

Subd. 28. [CONVERSION FEES PROHIBITED.] An issuer providing health coverage through conversion policies, plans, or contracts shall not impose a fee or charge, other than the premium, for issuing these policies, plans, or contracts.

Sec. 13. [EFFECTIVE DATE.]

Sections 5 and 11 are effective the day following final enactment.

ARTICLE 5

Section 1. Minnesota Statutes 1990, section 47.016, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the following terms have the meanings given them.

(b) "Credit insurance" means credit life ~~and~~² accident and health insurance, and credit unemployment insurance as defined in section 62B.02.

(c) "Officer," "director," "employee," and "shareholder" include the spouse and minor children of the officer, director, employee, or shareholder.

(d) "Interest" includes ownership through a spouse or minor children; ownership through a broker, nominee, or agent; and ownership through a corporation, partnership, association, joint venture, or proprietorship.

(e) "Financial institution" means any person who lends money and sells credit insurance to the borrower.

Sec. 2. Minnesota Statutes 1990, section 48.185, subdivision 4, is amended to read:

Subd. 4. No charges other than those provided for in subdivision 3 shall be made directly or indirectly for any credit extended under the authority of this section, except that there may be charged to the debtor:

(a) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of using a bank credit card;

(b) charges for premiums on credit life ~~and~~, credit accident and health, and credit unemployment insurance if:

(1) the insurance is not required by the financial institution and this fact is clearly disclosed in writing to the debtor; and

(2) the debtor is notified in writing of the cost of the insurance and affirmatively elects, in writing, to purchase the insurance;

(c) charges for the use of an automated teller machine when cash advances are obtained pursuant to this section through the use of an automated teller machine;

(d) in the case of a financial institution referred to in subdivision 1 that does not charge an annual fee, delinquency and collection charges as follows:

(1) on each payment in arrears for a period not less than ten days, in an amount not in excess of the delinquency and collection charge permitted in section 168.71;

(2) for any monthly or other periodic payment period where the debtor has exceeded or thereby exceeds the maximum approved credit limit under the open-end loan account arrangement, in an amount not in excess of the service charge limitations in section 332.50; and

(3) for any returned check or returned automatic payment withdrawal request, in an amount not in excess of the service charge limitation in section 332.50; and

(e) to the extent not otherwise prohibited by law, charges for other goods or services offered by or through a financial institution referred to in subdivision 1 which the debtor elects to purchase, including, but not limited to, charges for check and draft copies and for the replacement of lost or stolen cards.

Sec. 3. Minnesota Statutes 1991 Supplement, section 52.04, subdivision 1, is amended to read:

Subdivision 1. A credit union has the following powers:

(1) to offer its members and other credit unions various classes of shares, share certificates, deposits, or deposit certificates;

(2) to receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other thrift organizations within its membership. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a credit union;

(3) to make loans to members for provident or productive purposes as provided in section 52.16;

(4) to make loans to a cooperative society or other organization having membership in the credit union;

(5) to deposit in state and national banks and trust companies authorized to receive deposits;

(6) to invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;

(7) to borrow money as hereinafter indicated;

(8) to adopt and use a common seal and alter the same at pleasure;

(9) to make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal Credit Union Act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets. However, payments on shares of and deposit with credit unions chartered by other states are restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause do not apply to share accounts and deposit accounts of the Minnesota corporate credit union in United States central credit union or to share accounts and deposit accounts of credit unions in the Minnesota corporate credit union;

(10) to contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor;

(11) to indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred in connection with or arising out of any action, suit, or proceeding to which that person is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which that person is finally adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of duties. The indemnification is not exclusive of any other rights to which that person may be entitled under any bylaw, agreement, vote of members, or otherwise;

(12) upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make those payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts, but a credit union proposing to permit draft withdrawals shall notify the commissioner of commerce, in the form prescribed, of its intent not less than 90 days prior to authorizing draft withdrawals. The board of directors of a credit union may restrict one class of shares to the extent that it may not be redeemed, withdrawn, or transferred except upon termination of membership in the credit union;

(13) to inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(14) to facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group insurance plan or a subgroup under a master policy plan and to disseminate information to its members concerning the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, if the credit union obtains written authorization from the member for remittance by share or deposit withdrawals or through proceeds of loans made by the members, or by permitting the credit union to make the payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for expenses incurred or in the case of credit life and, accident and health, and unemployment insurance within the meaning of chapter 62B commissions for the handling of the insurance. The amount reimbursed or the commissions received may constitute the general income of

the credit union. The directors, officers, committee members and employees of a credit union shall not profit on any insurance sale facilitated through the credit unions;

(15) to contract with another credit union to furnish services which either could otherwise perform. Contracted services under this clause are subject to regulation and examination by the commissioner of commerce like other services;

(16) in furtherance of the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union;

(17) to rent safe deposit boxes to its members if the credit union obtains adequate insurance or bonding coverage for losses which might result from the rental of safe deposit boxes;

(18) notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to chapter 118 or section 9.031;

(19) to accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of Treasury of the United States;

(20) to accept deposits pursuant to section 149.12, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members;

(21) to sell, in whole or in part, real estate secured loans provided that:

(a) the loan is secured by a first lien;

(b) the board of directors approves the sale;

(c) if the sale is partial, the agreement to sell a partial interest shall, at a minimum:

(i) identify the loan or loans covered by the agreement;

(ii) provide for the collection, processing, remittance of payments of principal and interest, taxes and insurance premiums and other charges or escrows, if any;

(iii) define the responsibilities of each party in the event the loan becomes subject to collection, loss or foreclosure;

(iv) provide that in the event of loss, each owner shall share in the loss in proportion to its interest in the loan or loans;

(v) provide for the distribution of payments of principal to each owner proportionate to its interest in the loan or loans;

(vi) provide for loan status reports;

(vii) state the terms and conditions under which the agreement may be terminated or modified; and

(d) the sale is without recourse or repurchase unless the agreement:

(i) requires repurchase of a loan because of any breach of warranty or misrepresentation;

(ii) allows the seller to repurchase at its discretion; or

(iii) allows substitution of one loan for another;

(22) in addition to the sale of loans secured by a first lien on real estate, to sell, pledge, discount, or otherwise dispose of, in whole or in part, to any source, a loan or group of loans, other than a self-replenishing line of credit; provided, that within a calendar year beginning January 1 the total dollar value of loans sold, other than loans secured by real estate or insured by a state or federal agency, shall not exceed 25 percent of the dollar amount of all loans and participating interests in loans held by the credit union at the beginning of the calendar year, unless otherwise authorized in writing by the commissioner;

(23) to designate the par value of the shares of the credit union by board resolution;

(24) to exercise by resolution the powers set forth in United States Code, title 12, section 1757, as amended through August 1, 1985. Before exercising each power, the board must submit a plan to the commissioner of commerce detailing implementation of the power to be used;

(25) to offer self-directed individual retirement accounts and Keogh accounts and act as custodian and trustee of these accounts if:

(1) all contributions of funds are initially made to a deposit, share or share certificate account in the credit union;

(2) any subsequent transfer of funds to other assets is solely at the direction of the member and the credit union exercises no investment discretion and provides no investment advice with respect to plan assets; and

(3) the member is clearly notified of the fact that National Credit Union Share Insurance Fund coverage is limited to funds held in deposit, share or share certificate accounts of National Credit Union Share Insurance Fund-insured credit unions.

Sec. 4. Minnesota Statutes 1990, section 56.125, subdivision 3, is amended to read:

Subd. 3. [CHARGES.] In addition to the charges authorized in subdivision 1, a licensee may contract for and receive in connection with an open-end loan agreement the additional charges, fees, costs, and expenses with respect to the line of credit limit permitted by sections 56.131, subdivisions 1, paragraph (f), clauses (4) and (5), 2, 5, and 6; and 56.155 with respect to other loans, with the following variations:

(1) If credit life or, disability, or unemployment insurance is provided and if the insured dies or, becomes disabled, or becomes unemployed when there is an outstanding open-end loan indebtedness, the amount of the insurance may not exceed the total balance of the loan due on the date of the borrower's death or on the date of the last billing statement in the case of credit life insurance, or all minimum payments which become due on the loan during the covered period of disability in the case of credit disability insurance, or during the covered period of unemployment in the case of credit unemployment insurance. The additional charge for credit life insurance or, credit disability insurance, or credit unemployment insurance must be calculated in each billing cycle by applying the current monthly premium rate for the insurance to the unpaid balances in the borrower's account.

(2) The amount, terms, and conditions of any credit insurance against loss or damage to property must be reasonable in relation to the character and value of the property insured.

Sec. 5. Minnesota Statutes 1990, section 56.155, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] No licensee shall, directly or indirectly, sell or offer for sale any insurance in connection with any loan made under this chapter except as and to the extent authorized by this section. The sale of credit life and, credit accident and health, and credit unemployment insurance is subject to the provisions of chapter 62B, except that the term of the insurance may exceed 60 months if the term of the loan exceeds 60 months. Life, accident, and health, and unemployment insurance, or any of them, may be

written upon or in connection with any loan but must not be required as additional security for the indebtedness. If the debtor chooses to procure credit life insurance ~~or~~ credit accident and health insurance, or credit unemployment insurance as security for the indebtedness, the debtor shall have the option of furnishing this security through existing policies of insurance that the debtor owns or controls, or of furnishing the coverage through any insurer authorized to transact business in this state. A statement in substantially the following form must be made orally and provided in writing in bold face type of a minimum size of 12 points to the borrower before the transaction is completed for each credit life ~~and~~, accident and health, and unemployment insurance coverage sold:

CREDIT LIFE INSURANCE ~~AND~~, CREDIT DISABILITY INSURANCE, AND CREDIT UNEMPLOYMENT INSURANCE ARE NOT REQUIRED TO OBTAIN CREDIT. YOU MAY BUY ANY INSURANCE FROM ANYONE YOU CHOOSE OR YOU MAY USE EXISTING INSURANCE.

The licensee shall disclose whether or not the benefits commence as of the first day of disability or unemployment and shall further disclose the number of days that an insured obligor must be disabled or unemployed, as defined in the policy, before benefits, whether retroactive or nonretroactive, commence. In case there are multiple obligors under a transaction subject to this chapter, no policy or certificate of insurance providing credit accident and health or credit unemployment benefits may be procured by or through a licensee upon more than one of the obligors. In case there are multiple obligors under a transaction subject to this chapter, no policy or certificate of insurance providing credit life insurance may be procured by or through a licensee upon more than two of the obligors in which case they shall be insured jointly. The premium or identifiable charge for the insurance must not exceed that filed by the insurer with the department of commerce. The charge, computed at the time the loan is made for a period not to exceed the full term of the loan contract on an amount not to exceed the total amount required to pay principal and charges, may be deducted from the proceeds or may be included as part of the principal of any loan. If a borrower procures insurance by or through a licensee, the statement required by section 56.14 must disclose the cost to the borrower and the type of insurance, and the licensee shall cause to be delivered to the borrower a copy of the policy, certificate, or other evidence thereof, within a reasonable time. No licensee shall decline new or existing insurance which meets the standards set out in this section nor prevent any obligor from obtaining this insurance coverage from other sources. Notwithstanding any other provision of this chapter, any gain or advantage to the licensee or to any employee, affiliate, or associate of the licensee from this insurance or the sale or provision thereof is not an additional or further charge in connection with the loan; nor are any of the provisions pertaining to insurance contained in this section prohibited by any other provision of this chapter.

Sec. 6. Minnesota Statutes 1990, section 60A.17, subdivision 1a, is amended to read:

Subd. 1a. [LICENSE APPLICATION.] (a) [PROCEDURE.] An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed. The application for license shall be accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9) at the time the agent becomes licensed. The application and appointment shall be on forms prescribed by the commissioner.

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

(b) [RESIDENT AGENT.] The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(1) a person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes, shall constitute an election of residency in this state. Any license issued upon an application claiming residency in this state shall be void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state;

(2) the commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance agent. The examination shall be held at a reasonable time and place designated by the commissioner;

(3) the examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license

applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state;

(4) the examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall not include a school sponsored by, offered by, or affiliated with an insurance company or its agents; except that this limitation does not preclude a bona fide professional association of agents, not acting on behalf of an insurer, from offering courses. The course of study shall consist of 30 hours of classroom study devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. The program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by the organization offering the course shall accompany the applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order;

(5) the applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed;

(6) an applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived; and

(7) any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner. An applicant whose license is not renewed under subdivision 20 is exempt from the requirement of a written examination.

(c) [NONRESIDENT AGENT.] The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(1) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state,

province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought;

(2) The commissioner shall not issue a license to any nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of any interested person arising out of the applicant's insurance business in this state. This designation shall constitute an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon any licensee in any action or proceeding commenced in any court of competent jurisdiction of this state may be made by serving the commissioner with appropriate copies of the process along with payment of the fee pursuant to section 60A.14, subdivision 1, paragraph (c), clause (4). The commissioner shall forward a copy of the process by registered or certified mail to the licensee at the last known address of record or principal place of business of the licensee; and

(3) A nonresident license shall terminate automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

(d) [DENIAL.] (1) If the commissioner finds that an applicant for a resident or nonresident license has not fully met the requirements for licensing, the commissioner shall refuse to issue the license and shall promptly give written notice to both the applicant and the appointing insurer of the denial, stating the grounds for the denial. All fees which accompanied the application and appointment shall be deemed earned and shall not be refundable.

(2) The commissioner may also deny issuance of a license for any cause that would subject the license of a licensee to suspension or revocation. If a license is denied pursuant to this clause, the provisions of subdivision 6c, paragraph (c), apply.

(3) The applicant may make a written demand upon the commissioner for a hearing within 30 days of the denial of a license to determine whether the reasons stated for the denial were lawful. The hearing shall be held pursuant to chapter 14.

(e) [TERM.] All licenses issued pursuant to this section shall remain in force until voluntarily terminated by the licensee, not renewed as prescribed in subdivision 1d, or until suspended or revoked by the commissioner. A voluntary termination shall occur

when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination shall also occur upon the happening of the event described in paragraph (c), clause (3).

Every licensed agent shall notify the commissioner within 30 days of any change of name, address, or information contained in the application.

(f) [SUBSEQUENT APPOINTMENTS.] A person who holds a valid agent's license from this state may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided, that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9). The notice of appointment shall be on a form prescribed by the commissioner.

(g) [AMENDMENT OF LICENSE.] An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c).

An applicant who surrenders an insurance license pursuant to this clause retains licensed status until an amended license is received.

(h) [EXCEPTIONS.] The following are exempt from the general licensing requirements prescribed by this section:

(1) agents of township mutuals who are exempted pursuant to subdivision 1b;

(2) fraternal beneficiary association representatives exempted pursuant to subdivision 1c;

(3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer; provided that a licensed agent must participate in the sale of any such insurance;

(4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided, that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications therefor;

(5) employees of a creditor who enroll debtors for life ~~or~~, accident and health, or unemployment insurance; provided the employees receive no commission or fee therefor;

(6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums; and

(7) rental vehicle companies and their employees in connection with the offer of rental vehicle personal accident insurance under section 72A.125.

Sec. 7. Minnesota Statutes 1990, section 60A.1701, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] This section does not apply to:

(a) persons soliciting or selling solely on behalf of companies organized and operating according to chapter 67A; or

(b) persons holding life and health, or property and casualty licenses who, by February 28 of each year, certify to the commissioner in writing that they will sell only credit life, credit health, credit unemployment, and credit property insurance, during that year and do in fact so limit their sale of insurance.

Sec. 8. Minnesota Statutes 1990, section 62B.01, is amended to read:

62B.01 [SCOPE.]

All life insurance ~~and~~, accident and health insurance, and unemployment insurance in connection with loan or other credit transactions shall be subject to the provisions of sections 62B.01 to 62B.14, except mortgage life, mortgage accidental death, and mortgage disability insurance. Insurance shall not be subject to the provisions of sections 62B.01 to 62B.14 where its issuance is an isolated

transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor. Credit life ~~and~~₂ accident and health, and unemployment insurance provided at no additional cost to the borrower shall not be subject to the provisions of sections 62B.01 to 62B.14.

Sec. 9. Minnesota Statutes 1990, section 62B.02, is amended by adding a subdivision to read:

Subd. 3a. "Credit unemployment insurance" means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is unemployed as defined in the policy.

Sec. 10. Minnesota Statutes 1990, section 62B.03, is amended to read:

62B.03 [FORMS OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.]

Credit life insurance ~~and~~₂ credit accident and health insurance, and credit unemployment insurance shall be issued only in the following forms:

(1) Individual policies of life insurance issued to debtors on the term plan;

(2) Individual policies of accident and health insurance issued to debtors on a term plan or disability benefit provisions in individual policies of credit life insurance;

(3) Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

(4) Group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies to provide such coverage;

(5) Individual policies of unemployment insurance issued to debtors on the term plan;

(6) Group policies of unemployment insurance issued to creditors on a term plan insuring debtors.

Sec. 11. Minnesota Statutes 1990, section 62B.04, subdivision 2, is amended to read:

Subd. 2. [CREDIT ACCIDENT AND HEALTH INSURANCE AND CREDIT UNEMPLOYMENT INSURANCE.] The total

amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, or by credit unemployment insurance in the event of unemployment, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

Sec. 12. Minnesota Statutes 1990, section 62B.05, is amended to read:

62B.05 [TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.]

The term of any credit life insurance ~~or~~ credit accident and health insurance, or credit unemployment insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

If an indebtedness is prepaid in full before its scheduled maturity, except by performance of the insurer's obligation under the policy, the insurance shall be deemed canceled and a refund shall be paid or credited as provided in section 62B.08. Upon prepayment in full, the creditor shall make the refund of unearned premium, unless the credit insurance was originated by a third party, in which case the creditor shall promptly notify the third party who shall make the refund.

Sec. 13. Minnesota Statutes 1990, section 62B.06, subdivision 1, is amended to read:

Subdivision 1. All credit life insurance ~~and~~ credit accident and health insurance, and credit unemployment insurance shall be evidenced by an individual policy, memorandum copy, or in the case of group insurance by a certificate of insurance, which shall be delivered to the debtor.

Sec. 14. Minnesota Statutes 1990, section 62B.06, subdivision 2, is amended to read:

Subd. 2. Each individual policy or group certificate of credit life insurance, ~~or~~ credit accident and health insurance, ~~or~~ credit unemployment insurance, shall, in addition to other requirements of law, set forth the name and home office address of the insurer, the name or names of the debtor or in the case of a certificate under a group policy, the identity by name or otherwise of the debtor, the rate or amount of payment, if any, by the debtor separately for credit life insurance ~~and~~, credit accident and health insurance, ~~and~~ credit unemployment insurance, a description of the amount, term and coverage including any exceptions, limitations and restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to the debtor's estate. No individual or group policy of credit accident and health insurance ~~or~~ credit unemployment insurance issued, amended, renewed, or delivered in this state on or after January 1, 1976 shall contain any provision offsetting, or in any other manner reducing any benefit under the policy by the amount of, or in proportion to, any increase in disability ~~or~~ other benefits received or receivable under the federal Social Security Act, as amended subsequent to the date of commencement of such benefit.

Sec. 15. Minnesota Statutes 1990, section 62B.06, subdivision 4, is amended to read:

Subd. 4. If the individual policy or group certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred, a copy of the application for the policy or a notice of proposed insurance, signed by the debtor and setting forth the name and home office address of the insurer, the name or names of the debtor, the premium or amount of payment by the debtor, if any, separately for credit life insurance ~~and~~, credit accident and health insurance, ~~and~~ credit unemployment insurance, the amount, term and a brief description of the coverage provided, shall be delivered to the debtor at the time the indebtedness is incurred. The copy of the application for, or notice of proposed insurance, shall also refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale or other credit statement of account, instrument or agreement, unless the information required by this subdivision is prominently set forth therein. Upon acceptance of the insurance by the insurer and within 30 days of the date on which the indebtedness is incurred, the insurer shall cause the individual policy or group certificate of insurance to be delivered to the debtor. The application or notice of proposed insurance shall state that upon acceptance by the insurer, the insurance shall become effective as provided in section 62B.05. If an application for a policy or a notice of proposed insurance is not delivered at the time the indebtedness is incurred as required by this subdivision, the creditor shall assume all of the liabilities under such insurance until an insurer accepts the risk.

Sec. 16. [62B.065] [DISCLOSURE OF COVERAGE FEATURES.]

At the time of any offer of credit unemployment insurance to a resident of this state, the person making the offer shall provide to the person receiving the offer, on a separate sheet of paper, a notice disclosing the following aspects of the policy:

- (1) the definition of unemployment;
- (2) the period of time, if any, between the beginning of unemployment and the beginning of eligibility for payments;
- (3) the period of time during which payments will be made; and
- (4) the nature of the payments that will be made, including a statement of whether the debt will be paid in full.

No disclosure notice required by this section may be used unless it has been filed with and approved by the commissioner.

Sec. 17. Minnesota Statutes 1990, section 62B.07, subdivision 2, is amended to read:

Subd. 2. The commissioner shall within 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) ~~and~~, (4), (5), and (6), and any and all other factors and trends demonstrated to be relevant, except as otherwise required by section 62B.071. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 18. Minnesota Statutes 1990, section 62B.07, subdivision 6, is amended to read:

Subd. 6. If a group policy of credit life insurance ~~or~~ credit accident and health insurance, or credit unemployment insurance

(1) has been delivered in this state before May 28, 1967, or

(2) has been or is delivered in another state before or after May 28, 1967, the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this state as specified in subdivisions 2 and 4 of section 62B.06 and the forms shall be approved by the commissioner if they conform to the requirements specified in those subdivisions and if the schedules of premium rates applicable to the insurance evidenced by the certificate or notice are not in excess of the insurer's schedules of premium rates filed with the commissioner; provided, however, the premium rate in effect on existing group policies may be continued until the first policy anniversary date following the date this act is effective as provided in section 62B.12.

Sec. 19. [62B.071] [MINIMUM LOSS RATIO.]

(a) Each individual and group policy form for credit life, credit accident and health, and credit unemployment insurance must return to Minnesota policyholders and certificate holders in the form of aggregate benefits under the policy or certificate, for each year, on the basis of claims incurred and premiums earned in Minnesota and in accordance with accepted actuarial principles and practices, at least the percent provided in paragraph (c) of the aggregate amount of premiums earned.

(b) Policies and certificates subject to this section are also subject to the requirements, penalties, and remedies applicable to Medicare supplement policies, as set forth in Minnesota Statutes 1990, section 62A.36, subdivisions 1a, 1b, and 2. The first supplement to the annual statement required to be filed under this paragraph is for the annual statement required to be submitted on or after January 1, 1993, for credit unemployment insurance and January 1, 1994, for credit life and credit accident and health insurance.

(c) The minimum loss ratio required in paragraph (a) is 50 percent through December 31, 1993; 55 percent from January 1, 1994 to December 31, 1995; and 60 percent beginning January 1, 1996. For credit life and credit accident and health insurance, this section does not apply until January 1, 1993. The dates in this paragraph apply to the date that a policy is issued or renewed.

Sec. 20. Minnesota Statutes 1990, section 62B.08, subdivision 1, is amended to read:

Subdivision 1. An insurer may revise its schedules or premium rates from time to time, and shall file such revised schedules with the commissioner. No insurer shall issue any credit life insurance policy ~~or~~₁ credit accident and health insurance policy, or credit unemployment insurance policy for which the premium rate exceeds that determined by the schedules of the insurer then on file with the commissioner.

Sec. 21. Minnesota Statutes 1990, section 62B.08, subdivision 3, is amended to read:

Subd. 3. If a creditor requires a debtor to make a payment for credit life insurance ~~or~~₁ credit accident and health insurance, or credit unemployment insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to the debtor and shall promptly make an appropriate credit to the account.

Sec. 22. Minnesota Statutes 1990, section 62B.08, subdivision 4, is amended to read:

Subd. 4. The amount charged to a debtor for credit life ~~or~~₁ credit health and accident insurance, or credit unemployment insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined, and any premium charged or collected on a single premium basis shall be submitted to the insurer within 90 days of the month in which said premium is charged or collected.

Sec. 23. Minnesota Statutes 1990, section 62B.09, subdivision 1, is amended to read:

Subdivision 1. Policies of credit life insurance ~~and~~₁ credit accident and health insurance, and credit unemployment insurance shall be delivered or issued for delivery in this state only by an insurer authorized to do an insurance business in this state and shall be issued only through holders of licenses or authorizations issued by the commissioner.

Sec. 24. Minnesota Statutes 1990, section 62B.09, subdivision 2, is amended to read:

Subd. 2. The premiums for individual policies of credit life ~~or~~₁ credit accident and health insurance, or credit unemployment insurance issued to debtors or the cost to debtors under group policies of credit life or credit accident and health insurance issued to creditors, whether or not written by or through any lender or other creditor, its affiliate, associate or subsidiary or a director, officer or employee of any of them, shall not be deemed interest or charges nor consideration or any amount whatsoever for any examination,

service, brokerage, commission, compensation for services, incidental expenses or other thing or otherwise, in addition to or in excess of permitted interest or charges in connection with the loan or credit transaction. Any gain, participation or advantage to any lender or other creditor, its affiliate, associates or subsidiary or to a director, officer or employee of any of them arising out of such premium or cost by way of commission, dividend or otherwise, shall not be deemed interest or charges nor consideration or any amount whatsoever for any examination, service, brokerage, commission, compensation for services, incidental expenses or other thing or otherwise, in addition to or in excess of permitted interest or charges in connection with the loan or credit transaction.

Sec. 25. Minnesota Statutes 1990, section 62B.11, is amended to read:

62B.11 [EXISTING INSURANCE; CHOICE OF INSURER.]

When credit life insurance ~~or~~, credit accident and health insurance, or credit unemployment insurance is required as additional security for any indebtedness, the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by the debtor or of procuring and furnishing the required coverage through any insurer authorized to transact an insurance business within this state.

Sec. 26. Minnesota Statutes 1990, section 72A.20, subdivision 27, is amended to read:

Subd. 27. [SOLICITATIONS AND SALES OF INSURANCE PRODUCTS TO BORROWERS.] (a) A loan officer, a loan representative, or other person involved in taking or processing a loan may not solicit an insurance product, except for credit life ~~and~~, credit disability ~~or~~, credit unemployment, mortgage life, mortgage accidental death, or mortgage disability, and except for life insurance when offered in lieu of credit life insurance, from the completion of the initial loan application, as defined in the federal Equal Credit Opportunity Act, United States Code, title 15, sections 1691 to 1691f, and any regulations adopted under those sections, until after the closing of the loan transaction.

(b) This subdivision applies only to loan transactions covered by the federal Truth-in-Lending Act, United States Code, title 15, sections 1601 to 1666j, and any regulations adopted under those sections.

(c) This subdivision does not apply to sales of title insurance, homeowner's insurance, a package homeowner's-automobile insurance product, automobile insurance, or a similar insurance product, required to perfect title to, or protect, property for which a security

interest will be taken if the product is required as a condition of the loan.

(d) Nothing in this subdivision prohibits the solicitation or sale of any insurance product by means of mass communication.

Sec. 27. [EFFECTIVE DATE.]

Sections 1 to 26 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to commerce; regulating data collection, enforcement powers, premium finance agreements, temporary capital stock of mutual life companies, surplus lines insurance, conversion privileges, coverages, rehabilitations and liquidations, the comprehensive health insurance plan, and claims practices; requiring insurers to notify all covered persons of cancellations of group coverage; regulating continuation privileges and automobile premium surcharges; regulating unfair or deceptive practices; regulating insurance agent licensing and education; carrying out the intent of the legislature to make uniform the statutory service of process provisions under the jurisdiction of the department of commerce; permitting the sale of credit unemployment insurance on the same basis as other credit insurance; requiring consumer disclosures; specifying minimum loss ratios for credit insurance; making various technical changes; amending Minnesota Statutes 1990, sections 45.012; 45.027, by adding subdivisions; 45.028, subdivision 1; 47.016, subdivision 1; 48.185, subdivisions 4 and 7; 56.125, subdivision 3; 56.155, subdivision 1; 59A.08, subdivisions 1 and 4; 59A.11, subdivisions 2 and 3; 59A.12, subdivision 1; 60A.02, subdivision 7, and by adding a subdivision; 60A.03, subdivision 2; 60A.07, subdivision 10; 60A.12, subdivision 4; 60A.17, subdivision 1a; 60A.1701, subdivisions 3 and 7; 60A.19, subdivision 4; 60A.201, subdivisions 1 and 4; 60A.203; 60A.206, subdivision 3; 60A.21, subdivision 2; 60B.03, by adding a subdivision; 60B.15; 60B.17, subdivision 1; 62A.10, subdivision 1; 62A.146; 62A.17, subdivision 2; 62A.21, subdivisions 2a and 2b; 62A.30, subdivision 1; 62A.41, subdivision 4; 62A.54; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, subdivision 2; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, and 4; 62B.09, subdivisions 1 and 2; 62B.11; 62C.142, subdivision 2a; 62C.17, subdivision 5; 62D.101, subdivision 2a; 62D.22, subdivision 8; 62E.02, subdivision 23; 62E.11, subdivision 9; 62E.14, by adding a subdivision; 62E.15, subdivision 4, and by adding subdivisions; 62E.16; 62H.01; 64B.33; 64B.35, subdivision 2; 65B.133, subdivisions 4, 7, and by adding a subdivision; 70A.11, subdivision 1; 71A.02, subdivision 3; 72A.07; 72A.125, subdivision 2; 72A.20, subdivision 27, and by adding a subdivision; 72A.201, subdivision 3; 72A.22, subdivision 5; 72A.37, subdivision 2; 72A.43, subdivision 2;

72B.02, by adding a subdivision; 72B.03, subdivision 2; 72B.04, subdivision 6; 80A.27, subdivisions 7 and 8; 80C.20; 82.31, subdivision 3; 82A.22, subdivisions 1 and 2; 83.39, subdivisions 1 and 2; 270B.07, subdivision 1; and 543.08; Minnesota Statutes 1991 Supplement, sections 45.027, subdivisions 1, 2, 5, 6, and 7; 52.04, subdivision 1; 60A.13, subdivision 3a; 60D.15, subdivision 4; 60D.17, subdivision 4; 62E.10, subdivision 9; 62E.12; 72A.061, subdivision 1; 72A.201, subdivision 8; and 82B.15, subdivision 3; Laws 1991, chapter 233, section 111; proposing coding for new law in Minnesota Statutes, chapters 60A; 62A; 62B; and 62I; proposing coding for new law as Minnesota Statutes, chapter 60K; repealing Minnesota Statutes 1990, sections 60A.05; 60A.051; 60A.17, subdivisions 1, 1a, 1b, 1c, 2c, 2d, 3, 5, 5b, 6, 6b, 6c, 6d, 7a, 8, 8a, 9a, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21; 65B.70; and 72A.13, subdivision 3; Minnesota Statutes 1991 Supplement, section 60A.17, subdivision 1d."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1736, A bill for an act relating to transportation; authorizing the issuance of \$150,000,000 in state transportation bonds; appropriating the proceeds for grants to political subdivisions for bridge construction and reconstruction.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1795, A bill for an act relating to the agricultural economy; authorizing certain obligations to assist in the use of agricultural industrial facilities in the city of Detroit Lakes; appropriating money.

Reported the same back with the following amendments:

Page 2, line 19, after the period insert "Money may be disbursed from this appropriation only for costs related to the sale of facilities. The authority shall account to the commissioner of finance in detail

about disbursements from the appropriation. Any unused part of the appropriation shall cancel to the general fund."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1811, A bill for an act relating to education; removing certain restrictions on issuing and selling school loan bonds; amending Minnesota Statutes 1991 Supplement, section 124.479.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1833, A bill for an act relating to traffic regulations; permitting certain cities to provide for volunteer enforcement of certain regulations; amending Minnesota Statutes 1990, section 169.346, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1848, A bill for an act relating to the city of Minneapolis; authorizing the city to issue general obligation bonds to finance certain parking, plaza, and other improvements related to federal courts project.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1852, A bill for an act relating to Chippewa county; permitting the consolidation of the offices of auditor and treasurer.

Reported the same back with the following amendments:

Page 1, line 7, before the comma insert "or by the Kandiyohi county board of commissioners" and after "treasurer" insert "in the county adopting the resolution"

Page 2, line 10, after "effect" insert "separately for each county"

Page 2, line 11, after "board" insert "or the Kandiyohi county board"

Amend the title as follows:

Page 1, line 2, delete "county" and insert "and Kandiyohi counties" and delete "the" and insert "each county to consolidate"

Page 2, line 3, delete "consolidation of"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1853, A bill for an act relating to Olmsted county; permitting the appointment of the recorder; authorizing the abolishment and reorganization of the office.

Reported the same back with the following amendments:

Page 2, line 17, delete "15 percent of the registered" and insert "ten percent of the voters in the county voting in the last election"

Page 2, line 18, delete "voters of the county"

Page 2, line 23, delete "acts" and insert "act"

With the recommendation that when so amended the bill pass.

The report was adopted.

Begin from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1889, A bill for an act relating to employment; modifying provisions related to access to employee personnel records; amending Minnesota Statutes 1990, sections 181.961, subdivision 2; and 181.962, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 9, before "The" insert "(a)"

Page 1, line 14, after the period insert:

"(b) With respect to current employees,"

Page 1, line 21, before "Upon" insert "The employee may require that the review take place in the presence of the employee's representative. Following the review under this paragraph, and" and before "request" insert "written"

Page 1, line 22, before "record" insert "personnel" and after the period insert:

"(c) With respect to separated employees, upon the employee's written request, the employer shall provide a copy of the personnel record to the employee.

(d)"

With the recommendation that when so amended the bill pass.

The report was adopted.

Clark from the Committee on Housing to which was referred:

H. F. No. 1954, A bill for an act relating to landlord and tenants; prohibiting owners from charging for tenant reports; requiring that copies of tenant reports be furnished to prospective tenants in certain circumstances; amending Minnesota Statutes 1990, section 504.30, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 504.30, subdivision 5, is amended to read:

Subd. 5. [INFORMATION TO TENANT; CHARGES.] An owner may charge a prospective tenant for a tenant report or a credit report. The owner may charge the greater of:

(1) the cost charged by a tenant screening service or a credit reporting agency for the tenant report or credit report; or

(2) \$25.

Prior to charging a prospective tenant for a tenant report or credit report, the owner must inform the prospective tenant that a tenant report or credit report will be used to determine whether the prospective tenant's application will be accepted or denied, or whether a tenant's security deposit will be increased. The owner must provide the prospective tenant the name, address, and telephone number of the tenant reporting company or credit reporting company from which a report will be obtained. If the owner uses information in a tenant report or credit report to accept or deny the rental or increase the security deposit or rent of a residential housing unit, the owner must inform the prospective tenant of the name and address of the tenant screening service that provided the tenant report that a copy of the credit report is available at no charge from the credit reporting company or furnish a copy of the tenant report to the prospective tenant at the time of notification of acceptance, denial, or increase."

Delete the title and insert:

"A bill for an act relating to landlord and tenants; permitting owners to charge prospective tenants for tenant and credit reports; requiring that tenant and credit reports be furnished to prospective tenants in certain circumstances; amending Minnesota Statutes 1990, section 504.30, subdivision 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 1957, A bill for an act relating to Cook county hospital district; providing for terms for Cook county hospital district board members; amending Laws 1989, chapter 211, section 8, subdivision 3.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1990, section 43A.17, is amended by adding a subdivision to read:

Subd. 10. [LOCAL ELECTED OFFICIALS; CERTAIN COMPENSATION PROHIBITED.] The compensation plan for an elected official of a statutory or home rule charter city, county, town, or school district may not include a provision for vacation or sick leave. The salary of an official covered by this subdivision may not be diminished because of the official's absence from official duties because of vacation or sickness."

Page 1, line 7, delete "Section 1" and insert "Sec. 2"

Page 2, line 6, delete "2" and insert "3"

Page 2, line 7, delete "1" and insert "2"

Amend the title as follows:

Page 1, line 2, delete "Cook county hospital district" and insert "elected officials" and after the semicolon insert "restricting compensation for local elected officials;"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1990, section 43A.17, by adding a subdivision; and"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 2002, A bill for an act relating to community service; directing the Minnesota office on volunteer services to prepare a federal grant proposal.

Reported the same back with the following amendments:

Page 1, line 19, delete "and" and insert ", including an emphasis on youth community service, service learning, and mentoring of youth. The proposal"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Labor-Management Relations.

The report was adopted.

Clark from the Committee on Housing to which was referred:

H. F. No. 2004, A bill for an act relating to housing; authorizing the issuance and sale of state bonds for the neighborhood land trust program; appropriating money.

Reported the same back with the following amendments:

Page 1, line 20, before the period insert ", upon terms and conditions the agency determines"

Page 1, after line 20, insert:

"Sec. 3. [RESTRICTIONS.]

(a) Each grant or loan agreement entered into by the Minnesota housing finance agency under section 2 must require the public entity to which it is made to retain fee title to all property purchased, in whole or part, from bond proceeds until the grant or loan is repaid.

(b) Land purchased by a grant or loan recipient may be leased to any person or entity for a period not exceeding 60 years.

(c) A building purchased by a grant or loan recipient may be demolished in whole or part, sold or leased, if the public entity determines it to be in the public interest. If sold, the building must be sold for fair market value. If leased, the lease period may not exceed 60 years and the annual rental must equal the cost times the

percentage of the building's remaining life allocable to each year. For purposes of determining the required rental, the purchase price of land and buildings must be allocated between them based on standard valuation procedures."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Clark from the Committee on Housing to which was referred:

H. F. No. 2005, A bill for an act relating to appropriations; appropriating money to the housing development as state match for the federal HOME program; proposing coding for new law in Minnesota Statutes, chapter 462A.

Reported the same back with the following amendments:

Page 1, line 7, delete "[APPROPRIATIONS.]" and insert "[HOME MATCH ACCOUNT.]"

Page 1, delete lines 8 and 9

Page 1, line 10, delete everything before "a" and insert "The HOME match account is created as a separate account in the housing development fund. The agency may grant funds to participating jurisdictions to be used as"

Page 1, line 15, delete everything after the first "to" and insert "12576. For the purpose of this section, "participating jurisdiction" is a jurisdiction that has been designated to receive HOME funds under United States Code, title 42, section 12746."

Page 1, delete line 16

Page 1, line 17, delete "funds," and insert "The agency must allocate funds under this section" and delete "recipient's" and insert "participating jurisdiction's"

Page 1, line 18, delete the semicolon and insert a period

Page 1, delete lines 19 to 21 and insert:

"Sec. 2. Minnesota Statutes 1990, section 462A.21, is amended by adding a subdivision to read:

Subd. 17. [HOME MATCH.] It may make grants for the purpose of section 462A.204 and pay the costs and expenses necessary and incidental to the development and operation of the grant program."

Amend the title as follows:

Page 1, line 3, after "development" insert "fund" and after "as" insert "a"

Page 1, line 4, after the semicolon insert "authorizing the housing finance agency to make grants; amending Minnesota Statutes 1990, section 462A.21, by adding a subdivision;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 2017, A bill for an act relating to education; transferring powers and responsibilities for licensing private business, trade, and correspondence schools to the higher education coordinating board; appropriating money; amending Minnesota Statutes 1990, section 141.21, by adding a subdivision; repealing Minnesota Statutes 1990, section 141.21, subdivision 2.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Reding from the Committee on Governmental Operations to which was referred:

H. F. No. 2026, A bill for an act relating to the state board of investment; management of funds under board control; authorizing certain investments by the board; amending Minnesota Statutes 1990, sections 11A.04; 11A.14, subdivision 2; 11A.16, subdivision 5; 11A.17, subdivisions 1, 4, 9, 14, and by adding a subdivision; 11A.18, subdivision 11; 116P.11; 352D.04, subdivision 1; 352D.09, subdivision 7; 354B.04, by adding a subdivision; and 354B.05, subdivision 3; Minnesota Statutes 1991 Supplement, sections 11A.24, subdivision 4; 353D.05, subdivisions 2 and 3; and 354B.07, subdivision 2.

Reported the same back with the following amendments:

Page 5, line 17, after "to" insert "one-twelfth of an annual charge equal to"

Page 5, line 31, after "to" insert "one-twelfth of an annual charge equal to"

Page 13, delete section 16

Page 13, line 11, delete "17" and insert "16"

Page 14, line 4, delete "18" and insert "17"

Page 14, line 18, delete "19" and insert "18"

Page 14, line 19, delete "18" and insert "17"

Amend the title as follows:

Page 1, line 9, delete "354B.04, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 2031, A bill for an act relating to taxation; property; providing for the valuation and assessment of vacant platted property; amending Minnesota Statutes 1991 Supplement, section 273.11, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1990, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED GROSS TAX CAPACITY.] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized gross

tax capacity and an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity and the adjusted net tax capacity, respectively. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted gross tax capacity and the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted gross tax capacities and adjusted net tax capacities. On or before April 15 annually, the department of revenue shall file its final report on the adjusted gross tax capacities and adjusted net tax capacities established by the previous year's assessment with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, section 270.12, subdivision 2, clause (8), and section 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement.

(c) [AGRICULTURAL LANDS.] For purposes of determining the adjusted gross tax capacity and adjusted net tax capacity of agricultural lands for the calculation of adjusted gross tax capacities and adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction."

Page 2, line 25, after "Section 1" insert "is effective the day following final enactment. Section 2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon insert "excluding certain unimproved land sales from sales ratio studies;"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1990, section 124.2131, subdivision 1;"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 756, 1681, 1833, 1852, 1853, 1889, 1954, 1957, 2026 and 2031 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Begich introduced:

H. F. No. 2115, A bill for an act relating to partition fences; providing for apportionment of cost of a partition fence; amending Minnesota Statutes 1990, sections 344.03, subdivision 1; and 344.06.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Lasley and Mariani introduced:

H. F. No. 2116, A bill for an act relating to transportation; authorizing privileged highway use for transit buses and requiring instruction in the driver's manual; providing tax credits for transit use; imposing a tax on gasoline sales at retail and requiring tax proceeds to be used for transit; authorizing municipalities to impose transportation utility fees; amending Minnesota Statutes 1990, sections 169.01, by adding a subdivision; 169.04; 169.18, by adding a subdivision; 169.19, subdivision 1; 171.13, by adding a subdivision; 297A.02, by adding a subdivision; 297A.021, subdivision 1; and 297A.25, subdivision 7; Minnesota Statutes 1991 Supplement, sec-

tion 297A.44, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapters 290; and 444.

The bill was read for the first time and referred to the Committee on Transportation.

Segal, Greenfield and Rodosovich introduced:

H. F. No. 2117, A bill for an act relating to health; authorizing grants for a home health visiting program designed to prevent abuse and neglect of children; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 145A.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Segal introduced:

H. F. No. 2118, A bill for an act relating to education; permitting students to cast nonbinding votes during a school district primary, general, or special election; proposing coding for new law in Minnesota Statutes, chapter 205A.

The bill was read for the first time and referred to the Committee on Education.

Segal, Lourey and Kelso introduced:

H. F. No. 2119, A bill for an act relating to education; reducing the pupil-teacher ratio for LEP students; increasing the state's proportionate share of an LEP teacher's salary; establishing eligibility criteria for LEP courses and programs; providing a levy for LEP costs; amending Minnesota Statutes 1990, section 124.273, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 124.273, subdivision 1b.

The bill was read for the first time and referred to the Committee on Education.

Nelson, S.; Winter; Dille; Dauner and Wenzel introduced:

H. F. No. 2120, A bill for an act relating to agriculture; appropriating money for the agricultural mediator program.

The bill was read for the first time and referred to the Committee on Appropriations.

Nelson, K.; Bauerly; McEachern; Kelso and Weaver introduced:

H. F. No. 2121, A bill for an act relating to education; making technical changes on programs administered by the department of education; amending Minnesota Statutes 1990, sections 121.935, by adding a subdivision; 123.35, by adding a subdivision; 124A.22, by adding subdivisions; 124A.23, subdivision 3; 124A.26, subdivision 2; and 275.125, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 120.17, subdivision 7a; 124.155, subdivision 2; 124.19, subdivision 1; 124.2727, subdivision 6; 124A.03, subdivision 2; 124A.23, subdivision 4; and 124A.24; Laws 1991, chapter 265, articles 7, section 37, subdivision 6; and 9, section 76; repealing Minnesota Statutes 1990, section 124A.23, subdivision 2a; Minnesota Statutes 1991 Supplement, sections 121.935, subdivision 7; 123.35, subdivision 19; and 124.646, subdivision 2; Laws 1991, chapter 265, articles 2, section 18; 3, section 36; 5, section 17; and 6, section 60.

The bill was read for the first time and referred to the Committee on Education.

Welker, Ogren, Valento and Girard introduced:

H. F. No. 2122, A bill for an act relating to taxes; providing for purchase of certain tax-forfeited lands; amending Minnesota Statutes 1990, sections 282.012; and 282.241.

The bill was read for the first time and referred to the Committee on Taxes.

Jefferson introduced:

H. F. No. 2123, A bill for an act relating to occupations and professions; requiring locksmiths and keymakers to be licensed; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 326.

The bill was read for the first time and referred to the Committee on Commerce.

Pugh introduced:

H. F. No. 2124, A bill for an act relating to probate; enacting article 2 of the uniform probate code regulating intestate succession and wills; repealing conflicting provisions; amending Minnesota Statutes 1990, sections 524.2-101; 524.2-102; 524.2-103; 524.2-104; 524.2-105; 524.2-106; 524.2-107; 524.2-108; 524.2-109; 524.2-110; 524.2-111; 524.2-113; 524.2-114; 524.2-201; 524.2-202; 524.2-203;

524.2-204; 542.2-205; 524.2-206; 524.2-207; 524.2-301; 524.2-302; 524.2-502; 524.2-504; 524.2-505; 524.2-506; 524.2-507; 524.2-508; 524.2-509; 524.2-512; 524.2-513; 524.2-602; 524.2-603; 524.2-604; 524.2-605; 524.2-606; 524.2-607; 524.2-608; 524.2-609; 524.2-701; 524.2-802; and 524.2-803; proposing coding for new law in Minnesota Statutes, chapter 524; repealing Minnesota Statutes 1990, sections 501A.01; 501A.02; 501A.03; 501A.04; 501A.05; 501A.06; 501A.07; 524.2-112; 524.2-610; and 524.2-612.

The bill was read for the first time and referred to the Committee on Judiciary.

Tunheim and Anderson, I., introduced:

H. F. No. 2125, A bill for an act relating to agriculture; adding Roseau and Koochiching counties to the restricted seed potato growing area; amending Minnesota Statutes 1990, section 21.1196, subdivision 1.

The bill was read for the first time and referred to the Committee on Agriculture.

Orenstein, Vellenga, Carlson and Morrison introduced:

H. F. No. 2126, A bill for an act relating to education; requiring faculty, staff, and students in post-secondary institutions to participate in violence prevention and sexual harassment training programs; requiring recommendations from the higher education coordinating board about curricula, based upon a survey of graduates and current course offerings; authorizing grants for multidisciplinary training programs; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 135A.

The bill was read for the first time and referred to the Committee on Education.

Sparby, Rice, Morrison, Simoneau and Carlson introduced:

H. F. No. 2127, A bill for an act relating to state government; prohibiting the construction of state buildings with flat roofs; proposing coding for new law in Minnesota Statutes, chapter 16B.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Clark, Greenfield, Jefferson and Wejcman introduced:

H. F. No. 2128, A bill for an act relating to human services; authorizing an exception to the moratorium on new negotiated rate facilities for a specialized housing program for chronic inebriates; amending Minnesota Statutes 1991 Supplement, section 256I.04, subdivision 3.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Vellenga, Hasskamp, Carruthers, Macklin and Orenstein introduced:

H. F. No. 2129, A bill for an act relating to crimes; establishing a criminal justice system task force to review the Minnesota criminal code and penalties, review bias crime penalties, and review sentencing under the sentencing guidelines.

The bill was read for the first time and referred to the Committee on Judiciary.

Dempsey introduced:

H. F. No. 2130, A bill for an act relating to education; extending interactive television levy authority to school districts in economic region nine; amending Minnesota Statutes 1991 Supplement, section 275.125, subdivision 11g.

The bill was read for the first time and referred to the Committee on Education.

Vellenga, Wagenius, Brown, Onnen and Cooper introduced:

H. F. No. 2131, A bill for an act relating to courts; requiring the state to reimburse counties for certain extradition expenses from any forfeited bail of the defendant or probationer that had been forwarded to the state treasury as required by law; amending Minnesota Statutes 1990, section 485.018, subdivision 5.

The bill was read for the first time and referred to the Committee on Judiciary.

Sarna, O'Connor, McEachern and Kinkel introduced:

H. F. No. 2132, A bill for an act relating to consumer protection; requiring certificates of title on rebuilt vehicles to contain the term

"rebuilt" on them; removing a limitation on this requirement; amending Minnesota Statutes 1990, section 325F.6642, subdivision 3.

The bill was read for the first time and referred to the Committee on Commerce.

Jacobs, Sarna, Janezich and Beard introduced:

H. F. No. 2133, A bill for an act relating to motor fuels; requiring gasoline sellers to comply with posted octane amounts; providing for octane testing; establishing enforcement procedures and penalties for violations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 239.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Jacobs, Murphy and O'Connor introduced:

H. F. No. 2134, A bill for an act relating to energy; appropriating money to energy and conservation account for programs to improve energy efficiency of residential oil-fired heating plants in low-income households.

The bill was read for the first time and referred to the Committee on Energy.

Jacobs, Lasley, Tunheim, Osthoff and Ozment introduced:

H. F. No. 2135, A bill for an act relating to utilities; clarifying the authority of the public utility commission in establishing extended area telephone service; amending Minnesota Statutes 1990, section 237.161, subdivision 3; Minnesota Statutes 1991 Supplement, section 237.161, subdivision 1.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Cooper and Greenfield introduced:

H. F. No. 2136, A bill for an act relating to health and human services; mandating a study on the identification of specialized services and needs in nursing homes; amending Minnesota Statutes 1991 Supplement, section 144A.31, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Lourey; Reding; O'Connor; Johnson, R., and Knickerbocker introduced:

H. F. No. 2137, A bill for an act relating to retirement; the Minnesota state retirement system and the public employees retirement association; making various changes to administration, benefits, and investment practices; amending Minnesota Statutes 1990, sections 352.01, subdivision 2b; 352.029, subdivisions 1 and 2; 352.113, subdivisions 1, 3, 4, and 10; 352.12, subdivision 1; 352.22, subdivision 3; 352D.12; 353.01, subdivision 28; 353.27, subdivision 10; 353.29, subdivision 7; 353.33, subdivisions 1, 6, 6a, and 6b; 353.34, subdivision 2; 353.65, subdivision 1; 353.656, subdivision 5; 353.659; 353.68, subdivision 4; 353A.02, subdivisions 12 and 28; 353A.04, subdivision 2; 353A.05, subdivision 3; 353A.07, subdivision 3; 353A.08, subdivision 6, and by adding a subdivision; 353A.09, subdivision 1; 353A.10, subdivision 4, and by adding a subdivision; 356.30, subdivision 1; 356.302, subdivision 6; 356.303, subdivision 3; 490.124, subdivision 11; Minnesota Statutes 1991 Supplement, sections 353.01, subdivisions 2b, 16, and 20; 353.27, subdivisions 12 and 12b; 353.31, subdivision 1; 353.32, subdivision 1a; 353.64, subdivision 5a; 353.657, subdivisions 1, 2, and 2a; 353A.03; 353A.06; 353D.01, subdivision 2; 353D.02; 353D.03; 353D.04, subdivision 1; 353D.05, subdivisions 2 and 3; 353D.07, subdivisions 2 and 3; 353D.12, subdivision 1; and Laws 1990, chapter 570, article 8, section 14, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapter 353; repealing Minnesota Statutes 1990, sections 352.029, subdivision 4; and 353.656, subdivision 7.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Greenfield; Welle; Anderson, R., and Rodosovich introduced:

H. F. No. 2138, A bill for an act relating to human services; establishing a hold-harmless provision concerning the property-related rate for nursing homes; authorizing the recognition of debt from sales occurring after May 22, 1983; establishing a repair and maintenance rate; establishing an equity incentive for major additions and replacements; establishing a nursing home valuation process; appropriating money; amending Minnesota Statutes 1990, section 256B.431, by adding subdivisions.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Olson, K.; Hasskamp; Vellenga; Orenstein and Seaberg introduced:

H. F. No. 2139, A bill for an act relating to children; requiring prompt decisions in juvenile court proceedings involving children who are physically or sexually abused; amending Minnesota Statutes 1990, sections 260.155, subdivision 1; and 546.27, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

Farrell; Solberg; Johnson, A.; Bodahl and Swenson introduced:

H. F. No. 2140, A bill for an act relating to assaults; providing for the establishment of a homicide investigation and tracking system within the bureau of criminal apprehension; creating a domestic abuse data system; providing for restitution under orders for protection; providing for statewide enforcement and verification of orders for protection; classifying the residence address and telephone number in driver's license and motor vehicle registration records as private data; appropriating money; amending Minnesota Statutes 1990, sections 13.69, subdivision 1; 299C.09; 299C.10; 299C.11; 299C.12; and 518B.01, subdivision 13, and by adding a subdivision; and Minnesota Statutes 1991 Supplement, section 518B.01, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 299C; repealing Minnesota Statutes 1990, sections 168.346; and 171.12, subdivision 7.

The bill was read for the first time and referred to the Committee on Judiciary.

Farrell, Solberg, Bodahl, Swenson and Nelson, S., introduced:

H. F. No. 2141, A bill for an act relating to public safety; enhancing penalties for certain repeat harassment offenses; increasing role of prosecutor in seeking restitution for victims of crime; requiring consideration of fact that victim is a stranger as aggravating factor under the sentencing guidelines; amending Minnesota Statutes 1990, sections 609.746, subdivision 2; 611A.034; and 611A.04, subdivisions 1 and 1a.

The bill was read for the first time and referred to the Committee on Judiciary.

Johnson, A.; Rukavina; Begich; Murphy and Blatz introduced:

H. F. No. 2142, A bill for an act relating to employment; leaves of

absence; assigning duties to the division of labor standards; modifying provisions relating to school conference leave for employees with children; amending Minnesota Statutes 1990, sections 177.26, subdivision 2; and 181.9412; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Steensma; Welle; Battaglia; Johnson, R., and Dempsey introduced:

H. F. No. 2143, A bill for an act relating to the environment; imposing a moratorium on the adoption of rules regulating above-ground storage tanks; requiring a report; providing for legislative review of proposed rules.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Pugh, Milbert, Tompkins, Seaberg and Morrison introduced:

H. F. No. 2144, A bill for an act relating to human services; providing for a pilot project for improved mental health services delivery system in Dakota county for adults with serious and persistent mental illness.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Brown, Bertram and Nelson, S., introduced:

H. F. No. 2145, A bill for an act relating to education; repealing requirements for consolidation of certain community college and technical college administrative positions; repealing the requirement that the state board of technical colleges create technical college districts; removing technical colleges from the authority of the higher education board; removing the technical college system from the merger of post-secondary education systems; amending Minnesota Statutes 1991 Supplement, sections 136E.03; 136E.04, subdivision 1; 179A.10, subdivision 2; Laws 1991, chapter 356, article 9, sections 8, subdivisions 1 and 4; 9; and 14; repealing Minnesota Statutes 1991 Supplement, sections 135A.50; 136C.71; 136E.04, subdivision 4; Laws 1991, chapter 356, article 9, sections 8, subdivision 6; and 11.

The bill was read for the first time and referred to the Committee on Education.

Lieder, Tunheim, Sparby, Dauner and Olson, E., introduced:

H. F. No. 2146, A bill for an act relating to agriculture; appropriating money for a potato inspection facility.

The bill was read for the first time and referred to the Committee on Appropriations.

Wagenius; Johnson, R.; Pauly; Ozment and Munger introduced:

H. F. No. 2147, A bill for an act relating to the environment; banning placement of mercury in solid waste; regulating the sale and use of mercury; requiring recycling of mercury in certain products; amending Minnesota Statutes 1991 Supplement, section 115A.9561, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Rest, Greenfield, Skoglund, Pauly and Leppik introduced:

H. F. No. 2148, A bill for an act relating to taxation; providing an exemption from the alternative minimum tax; amending Minnesota Statutes 1990, section 290.0922, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Greenfield; Clark; Rodosovich; Anderson, R., and Murphy introduced:

H. F. No. 2149, A bill for an act relating to general assistance and work readiness; transferring secondary school students for whom English is a second language from the work readiness program to the general assistance program; amending Minnesota Statutes 1991 Supplement, section 256D.05, subdivision 1.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Wagenius; Long; Anderson, R.; Munger and Ozment introduced:

H. F. No. 2150, A bill for an act relating to waste management; defining postconsumer material; emphasizing and clarifying waste reduction; setting requirements for use of labels on products and packages indicating recycled content; amending provisions related

to designation of waste; strengthening the requirement for pricing of waste collection based on volume or weight of waste collected; requiring recycled content in and recyclability of telephone directories and requiring recycling of waste directories; requiring labeling of rechargeable batteries; requiring studies on automobile waste, construction debris, and used motor oil; and making various other amendments and additions related to solid waste management; authorizing rulemaking; providing penalties; amending Minnesota Statutes 1990, sections 16B.121; 115.071, subdivision 1; 115A.03, subdivision 36a, and by adding subdivisions; 115A.07, by adding a subdivision; 115A.557, subdivision 3; 115A.63, subdivision 3; 115A.81, subdivision 2; 115A.93, by adding a subdivision; 115A.981; 325E.12; 325E.125, subdivision 1; and 473.844, subdivision 4; Minnesota Statutes 1991 Supplement, sections 16B.122, subdivision 2; 115A.02; 115A.15, subdivision 9; 115A.411, subdivision 1; 115A.83; 115A.9157, subdivision 5; 115A.93, subdivision 3; 115A.931; 325E.1251, subdivision 2; and 473.849; Laws 1991, chapter 337, section 90; proposing coding for new law in Minnesota Statutes, chapter 115A.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Peterson, Brown, McEachern and Nelson, K., introduced:

H. F. No. 2151, A bill for an act relating to education; appropriating money for, and authorizing levies by, the Lac Qui Parle valley joint school district.

The bill was read for the first time and referred to the Committee on Education.

Murphy; Anderson, I., and Farrell introduced:

H. F. No. 2152, A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1990, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Vanasek; Lieder; Anderson, I., and Schreiber introduced:

H. F. No. 2153, A bill for an act relating to metropolitan airport planning; revising the name, authority, and duties of the state advisory council; expanding the council and altering the voting

status of certain members; authorizing staff and office space; appropriating money; proposing coding for law in Minnesota Statutes, chapter 473.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Orenstein, Weaver, Rodosovich and Carruthers introduced:

H. F. No. 2154, A bill for an act relating to health; providing for the release of certain immunization data in certain cases; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Judiciary.

Sparby, Beard, Frederick and Milbert introduced:

H. F. No. 2155, A bill for an act relating to lawful gambling; expanding the definition of lawful purpose to include certain senior citizen activities sponsored by an organization; amending Minnesota Statutes 1991 Supplement, section 349.12, subdivision 25.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Sparby, Beard, Frederick and Milbert introduced:

H. F. No. 2156, A bill for an act relating to gambling; permitting organizations to conduct contests involving certain card games for senior citizens; amending Minnesota Statutes 1990, section 609.761, by adding a subdivision.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Sparby, Beard, Frederick and Milbert introduced:

H. F. No. 2157, A bill for an act relating to lawful gambling; establishing a lawful gambling advisory council; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 349.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Sparby, Rodosovich, Thompson, Tunheim and Jennings introduced:

H. F. No. 2158, A bill for an act relating to workers' compensation; providing a new general system of law for the compensation of employment related injuries; providing rights, duties, and remedies; providing for administration and procedure; permitting adoption of administrative rules; modifying insurance regulations; appropriating money; amending Minnesota Statutes 1990, sections 79.01, subdivision 1; 79.074, by adding subdivisions; 79.252, by adding a subdivision; 79.50; 79.59; and 176A.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79; proposing coding for new law as Minnesota Statutes, chapter 176C; repealing Minnesota Statutes 1990, section 175.007.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Sarna and Rice introduced:

H. F. No. 2159, A bill for an act relating to local governments; reimbursing costs incurred by peace officers in defending civilian complaints; amending Minnesota Statutes 1990, section 471.44.

The bill was read for the first time and referred to the Committee on Judiciary.

Wagenius and Vellenga introduced:

H. F. No. 2160, A bill for an act relating to family law; modifying provisions dealing with the administration, computation, and enforcement of child support; modifying visitation provisions; imposing penalties; appropriating money; amending Minnesota Statutes 1990, sections 257.67, subdivision 3; 357.021, subdivision 1a; 518.003, subdivision 3; 518.14; 518.171, subdivisions 1, 3, 4, 5, 6, 7, and 9; 518.175, subdivision 1; 518.54, subdivision 4; 518.551, subdivisions 1, 7, and 10, and by adding subdivisions; 518.57, subdivision 1, and by adding subdivisions; 518.611, subdivision 4; 548.091, subdivision 1a; 588.20; and 609.375, subdivisions 1 and 2; Minnesota Statutes 1991 Supplement, sections 214.101, subdivision 1; 357.021, subdivision 2; 518.551, subdivisions 5 and 12; and 518.64, subdivisions 1, 2, and 5; proposing coding for new law in Minnesota Statutes, chapters 16B and 518; repealing Minnesota Statutes 1990, section 609.37.

The bill was read for the first time and referred to the Committee on Judiciary.

Clark, Greenfield and Segal introduced:

H. F. No. 2161, A bill for an act relating to the Minnesota supplemental aid program; expanding assistance for mentally ill persons in shared housing; amending Minnesota Statutes 1990, section 256D.44, subdivisions 2 and 3.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Hausman, Mariani, Skoglund and Nelson, K., introduced:

H. F. No. 2162, A bill for an act relating to education; including excess costs of certain hazards in the excess transportation levy; making a levy adjustment; amending Minnesota Statutes 1990, section 275.125, subdivision 5e.

The bill was read for the first time and referred to the Committee on Education.

Hausman, Mariani, Skoglund and Nelson, K., introduced:

H. F. No. 2163, A bill for an act relating to education; expanding state transportation and authorization; making a levy adjustment; amending appropriations and entitlements; amending Minnesota Statutes 1991 Supplement, sections 124.223, subdivision 1; and 124.225, subdivision 1; Laws 1991, chapter 265, article 2, section 19, subdivision 2.

The bill was read for the first time and referred to the Committee on Education.

Hausman; Mariani; Skoglund; Nelson, K., and Schafer introduced:

H. F. No. 2164, A bill for an act relating to education; restoring state transportation and authorization for late activities buses; making a levy adjustment; amending appropriations and entitlements; amending Minnesota Statutes 1991 Supplement, sections 124.223, subdivision 1; and 124.225, subdivisions 1 and 7d; Laws 1991, chapter 265, article 2, section 19, subdivision 2.

The bill was read for the first time and referred to the Committee on Education.

Hausman; Mariani; Skoglund; Nelson, K., and McGuire introduced:

H. F. No. 2165, A bill for an act relating to education; modifying the nonregular transportation revenue inflation factor; making a levy adjustment; amending appropriations and entitlements; amending Minnesota Statutes 1991 Supplement, section 124.225, subdivision 7d; and Laws 1991, chapter 265, article 2, section 19, subdivision 2.

The bill was read for the first time and referred to the Committee on Education.

Rest introduced:

H. F. No. 2166, A bill for an act relating to taxation; providing a sales tax exemption for materials purchased by government agencies for use in construction of housing for persons and families of low and moderate income; amending Minnesota Statutes 1990, section 297A.25, subdivision 11.

The bill was read for the first time and referred to the Committee on Taxes.

Wejcman, Orenstein and Vellenga introduced:

H. F. No. 2167, A bill for an act relating to crimes; requiring law enforcement training courses concerning crimes of violence against women and children; amending Minnesota Statutes 1990, section 626.8451.

The bill was read for the first time and referred to the Committee on Judiciary.

Mariani introduced:

H. F. No. 2168, A bill for an act relating to human services; providing for six demonstration projects to test alternatives to the delivery of mental health services; amending Minnesota Statutes 1990, section 256E.05, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Janezich, Rukavina, McGuire and McEachern introduced:

H. F. No. 2169, A bill for an act relating to school boards; providing

for appointment of runner-up candidate to fill vacancy on school board; amending Minnesota Statutes 1990, section 123.33, subdivision 4.

The bill was read for the first time and referred to the Committee on Education.

Farrell introduced:

H. F. No. 2170, A bill for an act relating to the environment; petrofund; providing that bonds or insurance must be provided by persons bidding on or performing corrective actions; proposing coding for new law in Minnesota Statutes, chapter 115C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Seaberg introduced:

H. F. No. 2171, A bill for an act relating to crimes; requiring revocation of the driver's license of a person convicted of a controlled substance offense involving use of a motor vehicle; amending Minnesota Statutes 1991 Supplement, section 171.17, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

Nelson, S.; Dille; Bauerly; Dauner and Munger introduced:

H. F. No. 2172, A bill for an act relating to appropriations; specifying allocation of funds appropriated for wetlands preservation; amending Laws 1991, chapter 354, article 11, section 1, subdivision 2.

The bill was read for the first time and referred to the Committee on Appropriations.

Kelso, Tunheim, Lasley, Weaver and Leppik introduced:

H. F. No. 2173, A bill for an act relating to education; providing for a reimbursement of costs incurred by school districts to comply with required elementary preparation time rules; appropriating money.

The bill was read for the first time and referred to the Committee on Education.

Trimble, Battaglia, Kalis and Dille introduced:

H. F. No. 2174, A bill for an act relating to once-through cooling systems; providing grants for retrofitting and conversion; amending Minnesota Statutes 1990, section 103G.271, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 103G.271, subdivision 6.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Frerichs and Davids introduced:

H. F. No. 2175, A bill for an act relating to capital improvements; authorizing the issuance of state bonds for the Lake Florence restoration project; appropriating money.

The bill was read for the first time and referred to the Committee on Appropriations.

Frerichs, Bishop and Davids introduced:

H. F. No. 2176, A bill for an act relating to taxation; property; providing for the valuation and assessment of vacant platted property; amending Minnesota Statutes 1991 Supplement, section 273.11, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Rukavina; Begich; Sarna; Johnson, R., and Welle introduced:

H. F. No. 2177, A bill for an act relating to workers' compensation; regulating benefits and coverage; providing penalties; amending Minnesota Statutes 1990, sections 176.011, subdivisions 3, 11a, and 18; 176.101, subdivisions 1, 2, and 3f; 176.102, subdivision 11; 176.111, subdivision 18; and 176.645, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 176.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Rukavina, Begich, Sarna, Winter and Johnson, R., introduced:

H. F. No. 2178, A bill for an act relating to workers' compensation; regulating hearings; providing for appointments to the workers' compensation court of appeals; regulating attorney fees; providing

penalties; amending Minnesota Statutes 1990, sections 176.081, subdivisions 1, 2, and 3; 176.105, subdivision 1; 176.421, subdivisions 1 and 6; 176.461; 480B.01, subdivisions 1 and 10; and 609.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 176.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Vellenga, Mariani, Wejcman and Gruenes introduced:

H. F. No. 2179, A bill for an act relating to social work licensure; exempting school social workers licensed by the board of teaching; amending Minnesota Statutes 1990, section 148B.28, subdivision 4.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Bauerly and McEachern introduced:

H. F. No. 2180, A bill for an act relating to counties; providing for the place of residence of commissioners in certain years; amending Minnesota Statutes 1991 Supplement, section 375.025, subdivision 4.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Carruthers introduced:

H. F. No. 2181, A bill for an act relating to government data practices; referencing provisions codified outside the Minnesota government data practices act; proposing coding for new law in Minnesota Statutes, chapter 13.

The bill was read for the first time and referred to the Committee on Judiciary.

Carruthers introduced:

H. F. No. 2182, A bill for an act relating to occupations and professions; authorizing civil penalties against certain corporations and partnerships by health-related licensing boards; authorizing the attorney general to bring an action dissolving the corporation or partnership; authorizing rulemaking; amending Minnesota Statutes 1990, sections 214.10, by adding a subdivision; 302A.757,

subdivision 1; 317A.751, subdivision 5; and 319A.20; proposing coding for new law in Minnesota Statutes, chapter 322.

The bill was read for the first time and referred to the Committee on Judiciary.

Waltman and Sviggum introduced:

H. F. No. 2183, A bill for an act relating to the city of Zumbrota; allowing informational signs.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Orenstein introduced:

H. F. No. 2184, A bill for an act relating to civil liability; raising the tort liability limits for claims against the metropolitan transit commission; amending Minnesota Statutes 1990, sections 466.01, by adding a subdivision; and 466.04, subdivisions 1 and 3.

The bill was read for the first time and referred to the Committee on Judiciary.

Farrell, Rice, Beard and Welle introduced:

H. F. No. 2185, A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1990, sections 222.86, subdivision 3; 222.87, subdivision 3, and by adding subdivisions; and 222.88.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

McGuire introduced:

H. F. No. 2186, A bill for an act relating to retirement; St. Paul fire department relief association; authorizing the payment of benefits to surviving former spouses of certain members.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Johnson, A., and Runbeck introduced:

H. F. No. 2187, A bill for an act relating to intoxicating liquor; authorizing Blaine to issue an on-sale license for the National Sports Center.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Jefferson introduced:

H. F. No. 2188, A bill for an act relating to occupations and professions; board of accountancy; regulating registered public accountants; changing educational requirements for accountants; making various technical changes; appropriating money; amending Minnesota Statutes 1990, sections 326.17; 326.18; 326.19; 326.20, subdivisions 1 and 2; 326.211; 326.212; and 326.224; proposing coding for new law in Minnesota Statutes, chapter 326.

The bill was read for the first time and referred to the Committee on Commerce.

Simoneau, Krueger, Lourey, Blatz and Sviggum introduced:

H. F. No. 2189, A bill for an act relating to the legislature; requiring committees of the legislature to consider the effect of proposed legislation on the state's science and technology policy; proposing coding for new law in Minnesota Statutes, chapter 3.

The bill was read for the first time and referred to the Committee on Economic Development.

McGuire introduced:

H. F. No. 2190, A bill for an act relating to economic development; providing that Ramsey county has the powers and duties of a city for the purpose of economic development authorities; amending Minnesota Statutes 1990, section 469.091, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Economic Development.

Simoneau and Kalis introduced:

H. F. No. 2191, A bill for an act relating to metropolitan government; authorizing the acquisition and betterment of transit facilities.

ties and equipment and providing financing for their cost; amending Minnesota Statutes 1990, section 473.39.

The bill was read for the first time and referred to the Committee on Transportation.

Hausman; Janezich; Milbert; Anderson, I., and Pauly introduced:

H. F. No. 2192, A bill for an act relating to tax increment financing; establishing a special environmental treatment area; establishing tax increment financing districts; providing certain contaminant remediation and development powers; proposing coding for new law in Minnesota Statutes, chapter 469.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Wejcman introduced:

H. F. No. 2193, A bill for an act relating to children; providing for a recognition of parentage with the force and effect of a paternity adjudication; providing for preparation and distribution of a recognition form and educational materials for paternity; amending Minnesota Statutes 1990, sections 144.215, subdivision 3; 257.54; 257.541; 257.55, subdivision 1; 257.59, subdivision 1; 257.74, subdivision 1; and 518.156, subdivision 1; Minnesota Statutes 1991 Supplement, section 257.57, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 257.

The bill was read for the first time and referred to the Committee on Judiciary.

McEachern; Pelowski; Beard; Johnson, A., and Dille introduced:

H. F. No. 2194, A bill for an act relating to education; clarifying permitted uses of staff development revenue; amending Minnesota Statutes 1991 Supplement, sections 124A.29, subdivision 1; and 126.70.

The bill was read for the first time and referred to the Committee on Education.

Runbeck, Lasley, Boo and Henry introduced:

H. F. No. 2195, A bill for an act relating to education; entitling the PER report the "Annual Report on Curriculum and Student Performances"; including in the PER report information about curriculum

advisory committee membership; amending Minnesota Statutes 1990, section 126.666, subdivision 4.

The bill was read for the first time and referred to the Committee on Education.

Dauner and Thompson introduced:

H. F. No. 2196, A bill for an act relating to counties; changing certain requirements for issuance of tax anticipation certificates; amending Minnesota Statutes 1990, section 383.06.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Nelson, K.; McEachern; Bauerly; Olson, K., and Weaver introduced:

H. F. No. 2197, A bill for an act relating to education; authorizing the board of teaching to implement restructured teacher preparation programs and requirements to become a licensed teacher; requiring certain examinations before admission to an internship program and becoming licensed; requiring a one-year internship in an approved professional development school before becoming licensed; recodifying and simplifying certain licensure provisions for clarification; amending Minnesota Statutes 1990, section 125.05, subdivisions 1, 7, and by adding subdivisions; Minnesota Statutes 1991 Supplement, section 125.185, subdivisions 4 and 4a; repealing Minnesota Statutes 1990, section 125.03, subdivision 5.

The bill was read for the first time and referred to the Committee on Education.

Runbeck, Mariani, Thompson and Anderson, R. H., introduced:

H. F. No. 2198, A bill for an act relating to education; permitting a student to sign a waiver to attend a non-HECB registered school; amending Minnesota Statutes 1990, section 136A.63.

The bill was read for the first time and referred to the Committee on Education.

Trimble, Osthoff and Mariani introduced:

H. F. No. 2199, A bill for an act relating to the state lottery; requiring the director to conduct lottery games with tickets sold only at locations in St. Paul; providing that net proceeds from such games

be used only for youth programs in St. Paul; amending Minnesota Statutes 1991 Supplement, section 349A.10, subdivisions 3 and 5; proposing coding for new law in Minnesota Statutes, chapter 349A.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

McEachern, Brown, Janezich, Ogren and Schreiber introduced:

H. F. No. 2200, A bill for an act relating to taxation; providing for a refund of taxes on cigarettes and tobacco products if the tax is deemed to be a bad debt; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 297.

The bill was read for the first time and referred to the Committee on Taxes.

Bertram, Beard and Milbert introduced:

H. F. No. 2201, A bill for an act relating to veterans; clarifying admission standards for the Minnesota veterans homes; amending Minnesota Statutes 1990, section 198.022.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Cooper, Dorn, Bertram, Brown and Gruenes introduced:

H. F. No. 2202, A bill for an act relating to education; expanding the physician loan forgiveness program; establishing other health professional education programs; establishing a physician assistant training program; requiring studies; providing health education grants; appropriating money; amending Minnesota Statutes 1990, section 136A.1355, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 136A, 137, and 144A.

The bill was read for the first time and referred to the Committee on Education.

Olson, E.; Ogren; Sviggum; Dauner and Dempsey introduced:

H. F. No. 2203, A bill for an act relating to taxation; providing for payment of certain in-lieu taxes; amending Minnesota Statutes 1990, sections 97A.061; and 477A.14.

The bill was read for the first time and referred to the Committee on Taxes.

Olson, E.; Ogren; Sviggum; Dauner and Dempsey introduced:

H. F. No. 2204, A bill for an act relating to taxation; property; providing for distribution of penalties and interest; amending Minnesota Statutes 1990, section 276.131.

The bill was read for the first time and referred to the Committee on Taxes.

Mariani, Trimble and O'Connor introduced:

H. F. No. 2205, A bill for an act relating to highways; directing the commissioner of transportation to erect a directional sign on interstate highway No. 94 in St. Paul.

The bill was read for the first time and referred to the Committee on Transportation.

Pugh, Carruthers, Limmer and Hasskamp introduced:

H. F. No. 2206, A bill for an act relating to courts; authorizing certain appearances in conciliation court; modifying and clarifying conciliation court jurisdiction and procedures; increasing jurisdictional amounts; amending Minnesota Statutes 1990, sections 487.30, subdivisions 1, 3a, 4, 7, and by adding subdivisions; 488A.12, subdivision 3; and 488A.29, subdivision 3; Minnesota Statutes 1991 Supplement, section 481.02, subdivision 3; repealing Minnesota Statutes 1990, section 487.30, subdivision 3.

The bill was read for the first time and referred to the Committee on Judiciary.

Pugh, Vellenga, Blatz, Bishop and Carruthers introduced:

H. F. No. 2207, A bill for an act relating to criminal justice information; creating a commission on criminal and juvenile justice information; creating a partnership council on criminal and juvenile justice information to advise and assist the commission; prescribing duties; requiring the preparation of a supplementary sex offender information statement for persons sentenced as patterned sex offenders; appropriating money; amending Minnesota Statutes 1990, section 609.1352, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 13C.

The bill was read for the first time and referred to the Committee on Judiciary.

Janezich introduced:

H. F. No. 2208, A bill for an act relating to occupations and professions; requiring sign contractors to be licensed by the state; establishing a sign contractors state advisory council; authorizing the commissioner of commerce to adopt rules; providing penalties; appropriating money; amending Minnesota Statutes 1990, section 116J.70, subdivision 2a; Minnesota Statutes 1991 Supplement, section 45.027, subdivisions 1, 2, 5, 6, 7, and 8; proposing coding for new law as Minnesota Statutes, chapter 326A.

The bill was read for the first time and referred to the Committee on Commerce.

Wejcmán, Skoglund, Orenstein and Lourey introduced:

H. F. No. 2209, A bill for an act relating to child custody; establishing a commission to study and make recommendations on the law regarding removal of a child from the state by the custodial parent.

The bill was read for the first time and referred to the Committee on Judiciary.

Wejcmán, Skoglund and Orenstein introduced:

H. F. No. 2210, A bill for an act relating to crimes; providing enhanced penalties for multiple violations of contractor fraud under mechanic's lien law; amending Minnesota Statutes 1990, section 514.02, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

Bauerly introduced:

H. F. No. 2211, A bill for an act relating to crime; clarifying certain law enforcement powers; making technical corrections to the eligibility criteria for possession of a pistol; increasing penalties for the unlawful carrying of a pistol without a permit; amending Minnesota Statutes 1990, sections 169.98, subdivision 1a; 299D.06; 624.713, subdivision 1; and 624.714, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

Greenfield introduced:

H. F. No. 2212, A bill for an act relating to appropriations; expanding the scope of a construction project at the Minnesota correctional facility – Lino Lakes; appropriating money.

The bill was read for the first time and referred to the Committee on Appropriations.

Greenfield; Segal; Rodosovich; Anderson, R., and Murphy introduced:

H. F. No. 2213, A bill for an act relating to health; changing home care licensure requirements; requiring persons who provide home management services to be registered, but not licensed; removing the fee exemption for local government providers; amending Minnesota Statutes 1990, sections 144A.43, subdivisions 3 and 4; and 144A.46, subdivision 5; Minnesota Statutes 1991 Supplement, section 144A.46, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 144A.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Clark, Solberg and Trimble introduced:

H. F. No. 2214, A bill for an act relating to human services; creating the section of American Indian programs on alcohol and drug abuse; outlining duties of the special assistant for American Indian programs; amending Minnesota Statutes 1990, section 254A.03, subdivision 2.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Farrell introduced:

H. F. No. 2215, A bill for an act relating to insurance; no-fault auto; regulating wage loss reimbursement coverage for disabled persons; amending Minnesota Statutes 1990, section 65B.491.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Farrell introduced:

H. F. No. 2216, A bill for an act relating to taxation; providing that

property be treated as a homestead under certain circumstances; amending Minnesota Statutes 1990, section 273.124, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Farrell, Orfield, Pugh and Bishop introduced:

H. F. No. 2217, A bill for an act relating to commerce; enacting the uniform franchise and business opportunities act; proposing coding for new law as Minnesota Statutes, chapter 80F; repealing Minnesota Statutes 1990, chapter 80C.

The bill was read for the first time and referred to the Committee on Commerce.

Rest, Solberg, Vellenga, Seaberg and Macklin introduced:

H. F. No. 2218, A bill for an act relating to juveniles; authorizing the issuance of state bonds to construct and remodel space at state juvenile correctional facilities for the secure confinement of dangerous juvenile offenders; authorizing victims of crimes committed by juveniles to have a supportive person present in the courtroom during the victim's testimony; appropriating money; amending Minnesota Statutes 1990, sections 242.19, subdivision 2; and 260.155, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Judiciary.

Johnson, A.; Kalis; Carruthers and Anderson, I., introduced:

H. F. No. 2219, A bill for an act relating to transportation; providing tax incentives for the use of alternative means of commuting; directing the regional transit board to establish a program to reduce traffic congestion; increasing the penalty for assaulting a transit operator; prohibiting right turns in front of buses; providing public transit operations priority in the event of an energy supply emergency; establishing a demonstration enforcement project for high occupancy vehicle lane use; amending Minnesota Statutes 1990, sections 169.19, subdivision 1; 216C.15, subdivision 1; 290.01, subdivision 19b, and by adding a subdivision; and 609.2231, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 169.346, subdivision 1; and 290.01, subdivision 19d; proposing coding for new law in Minnesota Statutes, chapters 290; and 473.

The bill was read for the first time and referred to the Committee on Transportation.

Dorn, Hausman, Ozment, Tunheim and Jacobs introduced:

H. F. No. 2220, A bill for an act relating to education; clarifying the meaning of "instruction offered on a noncredit basis" in excepting certain community education instructors from the definition of public employee; amending Minnesota Statutes 1991 Supplement, section 179A.03, subdivision 14.

The bill was read for the first time and referred to the Committee on Education.

Sparby; Olson, E.; Lieder and Dauner introduced:

H. F. No. 2221, A bill for an act relating to education; extending or exempting consolidating districts from the state aid penalty for failure to meet the deadline for collective bargaining agreements; amending Minnesota Statutes 1990, section 124A.22, subdivision 2a.

The bill was read for the first time and referred to the Committee on Education.

Carlson introduced:

H. F. No. 2222, A bill for an act relating to retirement; public employees defined contribution retirement plan; authorizing an election of plan coverage and purchase of prior service coverage for certain local elected officials.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Carruthers, McGuire and Limmer introduced:

H. F. No. 2223, A bill for an act relating to crime; requiring the juvenile court to retain records on delinquency adjudications until the offender's 26th birthday; prohibiting the deeming of a felony or gross misdemeanor conviction as a conviction for a lesser crime when certain sentences are imposed or stayed; requiring the sentencing guidelines commission to modify the calculation of certain criminal history scores; amending Minnesota Statutes 1990, section 260.161, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1990, section 609.13.

The bill was read for the first time and referred to the Committee on Judiciary.

Hasskamp, by request, introduced:

H. F. No. 2224, A bill for an act relating to snowmobiles; reducing registration fee for snowmobiles not operated on public trails; amending Minnesota Statutes 1991 Supplement, section 84.82, subdivision 3.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

O'Connor, Dawkins, Hausman, Orenstein and Trimble introduced:

H. F. No. 2225, A bill for an act relating to retirement; St. Paul police relief association; authorizing retirees and surviving spouses to participate in relief association board elections; amending Laws 1955, chapter 151, section 1, subdivision 3, as amended.

The bill was read for the first time and referred to the Committee on Governmental Operations.

O'Connor, Osthoff, Dawkins, Orenstein and Trimble introduced:

H. F. No. 2226, A bill for an act relating to retirement; St. Paul police relief association; validating a change in the date on which personal and benefit payments are made.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Tunheim introduced:

H. F. No. 2227, A bill for an act relating to taxation; adjusting the in-lieu payments for inflation; appropriating money; amending Minnesota Statutes 1990, section 477A.12.

The bill was read for the first time and referred to the Committee on Taxes.

Dauner; Schreiber; Anderson, I.; Bodahl and Olson, E., introduced:

H. F. No. 2228, A bill for an act relating to taxation; property;

extending the special levy for abatements to counties; amending Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5.

The bill was read for the first time and referred to the Committee on Taxes.

Wagenius, Ogren, Munger, Battaglia and Ozment introduced:

H. F. No. 2229, A bill for an act relating to the environment; establishing an environmental cleanup program for landfills; authorizing the public facilities authority to make loans to counties for landfill closure; establishing a registration and registration fee system for priority toxic materials in consumer products and packaging to fund the landfill cleanup program; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 115A; 115B; and 446A.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

McEachern and Rice introduced:

H. F. No. 2230, A bill for an act relating to education; authorizing a fund transfer for independent school district No. 885, St. Michael-Albertville.

The bill was read for the first time and referred to the Committee on Education.

Carruthers introduced:

H. F. No. 2231, A bill for an act relating to state government; regulating administrative rulemaking; providing for corrective legislation; requiring the attorney general and administrative law judge to disregard harmless errors; regulating dual notices; establishing an expedited procedure for federally mandated rules; amending Minnesota Statutes 1990, sections 3C.04, subdivision 4; 14.115, subdivision 5; 14.15, by adding a subdivision; 14.22; 14.26; and 14.32; proposing coding for new law in Minnesota Statutes, chapter 14.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Simoneau introduced:

H. F. No. 2232, A bill for an act relating to civil actions; including

arbitration awards under the collateral source statute; amending Minnesota Statutes 1990, section 548.36, subdivisions 1, 2, 3, and 4.

The bill was read for the first time and referred to the Committee on Judiciary.

Trimble, Ogren, Kalis and Dille introduced:

H. F. No. 2233, A bill for an act relating to taxation; exempting certain sales of air cooling equipment from the sales and use tax; clarifying that certain air cooling equipment will not increase the property's market value for purposes of property taxation; amending Minnesota Statutes 1990, section 297A.25, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 273.11, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

McEachern introduced:

H. F. No. 2234, A bill for an act relating to taxation; property; excluding fire service levies by the city of Otsego from levy limits.

The bill was read for the first time and referred to the Committee on Taxes.

Rukavina, Begich, Sarna, Winter and Welle introduced:

H. F. No. 2235, A bill for an act relating to workers' compensation; regulating medical and rehabilitation benefits; providing penalties; amending Minnesota Statutes 1990, sections 176.011, subdivision 15; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 7, and 9; 176.103, subdivisions 2, 3, and by adding a subdivision; 176.135, subdivisions 1, 1a, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.155, subdivision 1; and 176.83, subdivisions 5, 6, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1990, sections 176.135, subdivision 3; and 176.136, subdivision 5.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Hausman; Skoglund; Munger; Nelson, K., and Bauerly introduced:

H. F. No. 2236, A bill for an act relating to education; authorizing

the sale of bonds; proposing coding for new law in Minnesota Statutes, chapter 124C.

The bill was read for the first time and referred to the Committee on Education.

Janezich, Rukavina and McEachern introduced:

H. F. No. 2237, A bill for an act relating to alcoholic beverages; providing for the advertising of intoxicating liquor prices; amending Minnesota Statutes 1990, section 340A.507, subdivision 3.

The bill was read for the first time and referred to the Committee on Regulated Industries.

Cooper; Winter; Anderson, R.; Lourey and Ogren introduced:

H. F. No. 2238, A bill for an act relating to health; requiring initiatives and program changes related to rural health; modifying rural hospital grant programs; establishing a rural health advisory committee; assigning duties to the office of rural health; modifying distribution of money in the emergency medical services system fund; creating an account for pediatric access and training; increasing medical assistance reimbursement to small hospitals and ambulance services; requiring studies; appropriating money; amending Minnesota Statutes 1990, sections 16A.124, by adding a subdivision; 43A.17, subdivision 9; 43A.23, by adding a subdivision; 144.147, subdivisions 1, 3, and 4; 144.581, subdivision 1, and by adding a subdivision; 144.8093; and 447.31, subdivisions 1 and 3; Minnesota Statutes 1991 Supplement, section 256.969, subdivision 20; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Johnson, R.; Rukavina; Anderson, R.; Janezich and Anderson, I., introduced:

H. F. No. 2239, A bill for an act relating to natural resources; establishing a bill of rights for natural resource permit applicants; creating an office of ombudsman for natural resource permits; appropriating money; amending Minnesota Statutes 1991 Supplement, section 15A.081, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Rukavina, Begich, Sarna and Welle introduced:

H. F. No. 2240, A bill for an act relating to workers' compensation; regulating insurance; regulating the assigned risk plan; creating a health and safety fund; providing for fraud prevention; requiring the department to assist employees; providing for accident prevention and injury reduction; eliminating subsequent injury registration and reimbursement; appropriating money; amending Minnesota Statutes 1990, sections 79.251, by adding subdivisions; 79.252, subdivisions 1 and 3; 176.102, subdivision 3a; 176.103, subdivision 3; 176.106, subdivision 6; 176.129, subdivision 10; 176.130, subdivisions 8 and 9; 176.138; 176.139, subdivision 2; 176.181, subdivisions 3 and 7; 176.182; 176.185, subdivision 5a; 176.194, subdivisions 4 and 5; 176.221, subdivisions 3 and 3a; 176.231, subdivision 10; 176.261; 176.84, subdivision 2; 176A.03, by adding a subdivision; and 182.666, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1990, section 176.131.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Thompson, Bettermann, Hasskamp, Beard and Mariani introduced:

H. F. No. 2241, A bill for an act proposing an amendment to the Minnesota Constitution, article X, by adding a section; dedicating part of the sales tax to property tax relief; amending Minnesota Statutes 1991 Supplement, section 16A.711, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

McGuire, Leppik, Vellenga, Blatz and Long introduced:

H. F. No. 2242, A bill for an act relating to human rights; declaring a state policy of zero tolerance of violence; encouraging state agencies to act to implement the policy; proposing coding for new law in Minnesota Statutes, chapters 1 and 15.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Clark; Segal; Garcia; Olsen, S., and Henry introduced:

H. F. No. 2243, A bill for an act relating to human rights; declaring a state policy of zero tolerance of violence; encouraging state agencies to act to implement the policy; proposing coding for new law in Minnesota Statutes, chapters 1 and 15.

The bill was read for the first time and referred to the Committee on Governmental Operations.

McPherson, Lynch, Runbeck and Morrison introduced:

H. F. No. 2244, A bill for an act relating to human rights; declaring a state policy of zero tolerance of violence; encouraging state agencies to act to implement the policy; proposing coding for new law in Minnesota Statutes, chapters 1 and 15.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Lourey, Rest, Hasskamp, Kahn and Bettermann introduced:

H. F. No. 2245, A bill for an act relating to human rights; declaring a state policy of zero tolerance of violence; encouraging state agencies to act to implement the policy; proposing coding for new law in Minnesota Statutes, chapters 1 and 15.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Kelso, Murphy, Wagenius and Olson, K., introduced:

H. F. No. 2246, A bill for an act relating to human rights; declaring a state policy of zero tolerance of violence; encouraging state agencies to act to implement the policy; proposing coding for new law in Minnesota Statutes, chapters 1 and 15.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Johnson, A.; Wejcman; Pauly; Tompkins and Hausman introduced:

H. F. No. 2247, A bill for an act relating to human rights; declaring a state policy of zero tolerance of violence; encouraging state agencies to act to implement the policy; proposing coding for new law in Minnesota Statutes, chapters 1 and 15.

The bill was read for the first time and referred to the Committee on Governmental Operations.

O'Connor, Long, Boo, Kalis and Anderson, I., introduced:

H. F. No. 2248, A bill for an act relating to traffic regulations; motor vehicles; establishing system for the notification, recording, and collection of delinquent fines for parking violations; prohibiting registration of vehicle of owner who has not paid the fine for a parking violation; prohibiting issuance of warrants for parking violations; imposing a fee; appropriating money; amending Minnesota Statutes 1990, sections 169.95; and 169.99, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 168 and 169.

The bill was read for the first time and referred to the Committee on Transportation.

Frerichs, Pugh, Vellenga and Davids introduced:

H. F. No. 2249, A bill for an act relating to public safety officers; public safety officer's survivor benefits; clarifying the definition of the term "killed in the line of duty"; amending Minnesota Statutes 1990, section 299A.41, subdivision 3.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Carruthers introduced:

H. F. No. 2250, A bill for an act relating to public safety officer's survivor benefits; altering a definition; amending Minnesota Statutes 1990, section 299A.41, subdivision 3.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Olson, K.; Johnson, A.; Lourey; Henry and Sviggum introduced:

H. F. No. 2251, A bill for an act relating to state government; adopting the square dance as the American folk dance of Minnesota; proposing coding for new law in Minnesota Statutes, chapter 1.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Waltman and Sviggum introduced:

H. F. No. 2252, A bill for an act relating to disabled persons; reducing fee for Minnesota identification card for physically dis-

abled person; amending Minnesota Statutes 1991 Supplement, section 171.07, subdivision 3.

The bill was read for the first time and referred to the Committee on Transportation.

McGuire, Onnen, Gruenes, Dorn and Steensma introduced:

H. F. No. 2253, A bill for an act relating to occupations and professions; board of medical practice; clarifying requirements for granting medical licenses and for investigating physicians; amending Minnesota Statutes 1990, sections 147.131; and 147.161, subdivision 3; Minnesota Statutes 1991 Supplement, section 147.03.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Cooper, Ostrom, Leppik, Kelso and Gutknecht introduced:

H. F. No. 2254, A bill for an act relating to occupations and professions; clarifying membership requirements for the board of pharmacy; amending Minnesota Statutes 1991 Supplement, section 151.03.

The bill was read for the first time and referred to the Committee on Health and Human Services.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I have the honor to inform the House of Representatives that the Senate is ready to meet with the House of Representatives at 6:45 p.m., Thursday, March 5, 1992, to receive the supplemental budget message of the Honorable Arne H. Carlson, Governor of the State of Minnesota, said supplemental budget message to be delivered at 7:00 p.m., Thursday, March 5, 1992.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1666.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1666, A bill for an act relating to local government; authorizing county hospitals to undertake certain projects; amending various laws relating to contracts and conflicts of interest; amending Minnesota Statutes 1990, sections 376.08; 412.311; 412.691; 471.345, subdivisions 3, 4, and by adding a subdivision; and 471.88, subdivision 5; repealing Minnesota Statutes 1990, section 471.88, subdivision 8.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

CONSENT CALENDAR

H. F. No. 1948, A bill for an act relating to life insurance; authorizing policies for the benefit of a charity; proposing coding for new law in Minnesota Statutes, chapters 61A; and 309.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Carlson	Garcia	Jacobs	Krambeer
Anderson, I.	Carruthers	Girard	Janezich	Krinkie
Anderson, R. H.	Clark	Goodno	Jaros	Krueger
Battaglia	Cooper	Gruenes	Jefferson	Lasley
Bauerly	Dauner	Gutknecht	Jennings	Leppik
Beard	Davids	Hanson	Johnson, A.	Lieder
Begich	Dawkins	Hartle	Johnson, R.	Limmer
Bertram	Dempsey	Hasskamp	Johnson, V.	Lourey
Bettermann	Dille	Haukoos	Kahn	Lynch
Bishop	Dorn	Hausman	Kalis	Macklin
Blatz	Erhardt	Heir	Kelso	Mariani
Bodahl	Farrell	Henry	Kinkel	Marsh
Boo	Frederick	Hufnagle	Knickerbocker	McEachern
Brown	Frerichs	Hugoson	Koppendrayner	McGuire

McPherson	Omann	Rest	Solberg	Vellenga
Milbert	Onnen	Rice	Sparby	Wagenius
Morrison	Orenstein	Rodosovich	Stanius	Waltman
Munger	Orfield	Rukavina	Steensma	Weaver
Murphy	Osthoff	Runbeck	Sviggum	Wejzman
Nelson, K.	Ostrom	Sarna	Swenson	Welker
Nelson, S.	Ozment	Schafer	Tompkins	Welle
Newinski	Pauly	Schreiber	Trimble	Wenzel
O'Connor	Pellow	Seaberg	Tunheim	Winter
Olsen, S.	Peterson	Simoneau	Uphus	Spk. Long
Olson, E.	Pugh	Skoglund	Valento	
Olson, K.	Reding	Smith	Vanasek	

The bill was passed and its title agreed to.

GENERAL ORDERS

Welle moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Bodahl moved that the name of Kelso be stricken and the name of Johnson, R., be added as an author on H. F. No. 1825. The motion prevailed.

Girard moved that the name of Dempsey be added as an author on H. F. No. 1881. The motion prevailed.

Bishop moved that the name of Orenstein be stricken and the name of Henry be added as an author on H. F. No. 2027. The motion prevailed.

Ostrom moved that the name of Schafer be added as an author on H. F. No. 2078. The motion prevailed.

Dawkins moved that H. F. No. 2076 be recalled from the Committee on Housing and be re-referred to the Committee on Judiciary. The motion prevailed.

Welle moved that H. F. No. 1982 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Judiciary. The motion prevailed.

Bishop moved that H. F. No. 1213 be returned to its author. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to the committee to escort the Governor to the House Chamber for the Joint Convention on Thursday, March 5, 1992:

O'Connor, Clark, Lynch, Stanius and Welker.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the following change in committee assignments:

Ways and Means: Add the name of Welle.

ADJOURNMENT

Welle moved that when the House adjourns today it adjourn until 2:30 p.m., Monday, March 2, 1992. The motion prevailed.

Welle moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Monday, March 2, 1992.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

