

STATE OF MINNESOTA

# Journal of the Senate

SEVENTY-NINTH LEGISLATURE

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NINETY-NINTH DAY

St. Paul, Minnesota, Friday, March 15, 1996

The Senate met at 9:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Richard Berg.

The roll was called, and the following Senators answered to their names:

Anderson	Hanson	Kroening	Neuville	Robertson
Beckman	Hottinger	Laidig	Novak	Runbeck
Belanger	Janezich	Langseth	Oliver	Sams
Berg	Johnson, D.E.	Larson	Olson	Samuelson
Berglin	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Lessard	Pappas	Solon
Chandler	Johnston	Limmer	Pariseau	Spear
Cohen	Kelly	Marty	Piper	Stevens
Day	Kiscaden	Merriam	Pogemiller	Stumpf
Dille	Kleis	Metzen	Price	Terwilliger
Fischbach	Knutson	Moe, R.D.	Ranum	Vickerman
Flynn	Kramer	Morse	Reichgott Junge	Wiener
Frederickson	Krentz	Murphy	Riveness	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

March 14, 1996

The Honorable Irv Anderson  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1996 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1996	Date Filed 1996
	2889	302	2:12 p.m. March 13	March 13
	2670	303	2:14 p.m. March 13	March 13
	2044	304	2:20 p.m. March 13	March 13
	2938	305	2:40 p.m. March 13	March 13
	2401	306	2:22 p.m. March 13	March 13
	2483	307	2:27 p.m. March 13	March 13
	2391	308	2:33 p.m. March 13	March 13

Sincerely,  
Joan Anderson Growe  
Secretary of State

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 3012 and 66.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 14, 1996

### FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

**H.F. No. 3012:** A bill for an act relating to metropolitan government; modifying a certain levy limitation for the metropolitan council; allowing for distribution of funds from the tax base revitalization account to development authorities; authorizing the metropolitan council to issue bonds; requiring a transfer between certain accounts of the council; amending Minnesota Statutes 1994, section 473.167, subdivision 2a; Minnesota Statutes 1995 Supplement, sections 473.167, subdivisions 2 and 3; and 473.252; Laws 1989, chapter 279, section 7, subdivision 6; repealing Minnesota Statutes 1994, section 473.167, subdivision 5; Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2365, now on General Orders.

**H.F. No. 66:** A bill for an act relating to occupations and professions; establishing the board of licensed professional counseling; requiring professional counselors to be licensed; requiring certain actions against occupational therapists to be commenced within two years; providing certain exceptions from X-ray operation examination requirements; requiring rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 1994, sections 148A.01, subdivision 5; 541.07; and 609.341, subdivision 17; Minnesota Statutes 1995 Supplement, sections 116J.70, subdivision 2a; 144.121, subdivision 5; 148B.60, subdivision 3; 214.01, subdivision 2; and 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 148B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 891, now on General Orders.

## MOTIONS AND RESOLUTIONS

Mr. Betzold moved that S.F. No. 2134 be taken from the table. The motion prevailed.

**S.F. No. 2134:** A bill for an act relating to crime prevention; expanding the criminal penalty for fleeing a peace officer to include the forfeiture of motor vehicles used in the offense; providing a penalty; amending Minnesota Statutes 1994, section 609.487, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1995 Supplement, section 609.5312, subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Oliver	Sams
Beckman	Hottinger	Langseth	Olson	Scheevel
Belanger	Janezich	Larson	Ourada	Spear
Berg	Johnson, D.E.	Lessard	Pappas	Stevens
Berglin	Johnson, J.B.	Limmer	Pariseau	Stumpf
Betzold	Johnston	Marty	Piper	Vickerman
Chandler	Kiscaden	Metzen	Pogemiller	Wiener
Cohen	Kleis	Moe, R.D.	Price	
Day	Knutson	Morse	Ranum	
Dille	Kramer	Murphy	Robertson	
Flynn	Krentz	Neuville	Runbeck	

So the bill passed and its title was agreed to.

Ms. Runbeck moved that S.F. No. 1833, No. 17 on General Orders, be stricken and returned to its author. The motion prevailed.

Ms. Runbeck moved that S.F. No. 1920, No. 10 on General Orders, be stricken and returned to its author. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2588 a Special Order to be heard immediately.

## SPECIAL ORDER

**H.F. No. 2588:** A bill for an act relating to insurance; providing a process for resolving state claims for certain landfill cleanup costs and associated damages with insurers; authorizing an action by the state for recovery from insurers after a reasonable opportunity for settlement; proposing coding for new law in Minnesota Statutes, chapter 115B; repealing Minnesota Statutes 1994, sections 115B.44, subdivision 1; and 115B.46; Minnesota Statutes 1995 Supplement, sections 115B.44, subdivision 2; and 115B.45.

Ms. Anderson moved to amend H.F. No. 2588, as amended pursuant to Rule 49, adopted by the Senate March 12, 1996, as follows:

(The text of the amended House File is identical to S.F. No. 2120.)

Page 12, after line 16, insert:

"Sec. 6. Minnesota Statutes 1994, section 116B.07, is amended to read:

116B.07 [RELIEF.]

The court may grant declaratory relief, temporary and permanent equitable relief, or may impose such conditions upon a party as are necessary or appropriate to protect the air, water, land

or other natural resources located within the state from pollution, impairment, or destruction. When the court grants temporary equitable relief, it may require the plaintiff to post a bond sufficient to indemnify the defendant for damages suffered because of the temporary relief, if permanent relief is not granted, provided, however, that a bond is not required for temporary equitable relief restraining public improvements that adversely affect natural resources held in public trust.

Sec. 7. Minnesota Statutes 1994, section 562.02, is amended to read:

**562.02 [CIVIL ACTIONS AFFECTING A PUBLIC BODY; SURETY BOND REQUIRED OF PLAINTIFF.]**

Whenever any action at law or in equity is brought in any court in this state questioning directly or indirectly the existence of any condition or thing precedent to, or the validity of any action taken or proposed to be taken, by any public body or its officers or agents in the course of the authorization or sale, issuance or delivery of bonds, the making of a contract for public improvement or the validity of any proceeding to alter the organization of a school district in any manner, such public body may move the court for an order requiring the party, or parties, bringing such action to file a surety bond as hereinafter set forth. Three days' written notice of such motion shall be given. If the public body is not a party to the action, but if it deems that such action be injurious to the public interest and to the taxpayers, such public body may intervene or appear specially for the purpose of making such motion. If the court determines that loss or damage to the public or taxpayers may result from the pendency of the action or proceeding, the court may require such party, or parties, to file a surety bond, which shall be approved by the court, in such amount as the court may determine. The court must also consider whether the action presents substantial constitutional issues or substantial issues of statutory construction, and the likelihood of a party prevailing on these issues, when determining the amount of a bond and whether a bond should be required under this section or section 473.675. Such bond shall be conditioned for payment to the public body of any loss or damage which may be caused to the public body or taxpayers by such delay, to the extent of the penal sum of such bond, if such party, or parties, shall not prevail therein. If such surety bond is not filed within a reasonable time allowed therefor by the court, the action shall be dismissed with prejudice. If such party, or parties, file a bond as herein required and prevail in the action, any premium paid on the bond shall be repaid by or taxed against the public body. This section does not apply to contracts for public improvements that adversely affect natural resources held in public trust."

Page 12, line 33, delete "7" and insert "9"

Page 12, line 34, before the period, insert ", and sections 6 and 7 apply to litigation commenced or pending on or after that date"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Frederickson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 2588 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Frederickson	Johnson, J.B.	Kramer
Beckman	Cohen	Hanson	Johnston	Krentz
Belanger	Day	Hottinger	Kelly	Kroening
Berg	Dille	Janezich	Kiscaden	Langseth
Berglin	Fischbach	Johnson, D.E.	Kleis	Larson
Betzold	Flynn	Johnson, D.J.	Knutson	Lesewski

Lessard  
Limmer  
Marty  
Merriam  
Metzen  
Moe, R.D.

Morse  
Murphy  
Neuville  
Novak  
Oliver  
Olson

Ourada  
Pappas  
Pariseau  
Piper  
Pogemiller  
Ranum

Riveness  
Robertson  
Runbeck  
Sams  
Samuelson  
Scheevel

Solon  
Spear  
Stevens  
Stumpf  
Vickerman  
Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2369 a Special Order to be heard immediately.

### SPECIAL ORDER

**H.F. No. 2369:** A bill for an act relating to financial institutions; regulating consumer credit; modifying rates, fees, and other terms and conditions; providing clarifying and technical changes; providing opportunities for state banks to develop their Minnesota markets through broader intrastate branching; regulating the use of credit cards by institutions; modifying interest rates, fees, and other terms and conditions governing the use of credit cards; providing technical corrections; amending Minnesota Statutes 1994, sections 9.031, subdivision 13; 13.71, by adding a subdivision; 46.041, subdivision 1; 46.044, subdivision 1; 47.10, subdivision 4; 47.101, as amended; 47.201, subdivision 2; 47.51; 47.62, subdivision 1; 48.09; 48.10; 48.185, subdivisions 3 and 4; 48.301; 48.34; 48.845, subdivision 4; 52.131; 53.01; 53.03, subdivision 1; 53.07, subdivision 2; 118.005, subdivision 1; 168.69; 168.705; 168.72, by adding a subdivision; 168.73; 300.025; 332.50, subdivision 2; 334.02; 334.03; Minnesota Statutes 1995 Supplement, sections 46.048, subdivision 2b; 47.20, subdivision 9; 47.52; 47.59, subdivisions 2, 3, 4, 5, 6, and by adding subdivisions; 47.60, subdivision 2; 47.61, subdivision 3; 48.153, subdivision 3a; 48.194; 48.65; 50.1485, subdivision 1; 50.245, subdivision 4; 53.04, subdivision 3a; 53.09, subdivision 2; 56.131, subdivisions 2, 4, and 6; 56.14; 62B.04, subdivisions 1 and 2; Laws 1995, chapter 171, section 70; proposing coding for new law in Minnesota Statutes, chapter 49; repealing Minnesota Statutes 1994, sections 47.201, subdivision 7; 47.27, subdivision 3; 48.185, subdivision 5; 48.94; 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; 51A.57; 53.04, subdivision 3b; Minnesota Statutes 1995 Supplement, sections 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; 51A.58; 53.04, subdivisions 3c and 4a; Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1100; 2655.1200; and 2655.1300.

Mr. Metzen moved to amend H.F. No. 2369, as amended pursuant to Rule 49, adopted by the Senate February 23, 1996, as follows:

(The text of the amended House File is identical to S.F. No. 2037.)

Page 29, line 13, delete "signed or"

Page 29, line 14, delete "unsigned" and strike "thereof" and insert "signed by the retail buyer"

Page 29, line 15, strike the first "of" and strike "execution of" and insert "retail buyer executes" and after the period, insert "The copy signed by both the retail buyer and retail seller shall be provided to the retail buyer within 15 days after delivery of the vehicle. With respect to any contract executed prior to August 1, 1996, which has not been paid in full by the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the retail buyer and retail seller within 120 days after August 1, 1996."

Page 31, line 22, delete everything after the period

Page 31, delete lines 23 to 33

Page 37, delete section 43

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Chandler requested division as follows:

First portion:

Page 29, line 13, delete "signed or"

Page 29, line 14, delete "unsigned" and strike "thereof" and insert "signed by the retail buyer"

Page 29, line 15, strike the first "of" and strike "execution of" and insert "retail buyer executes" and after the period, insert "The copy signed by both the retail buyer and retail seller shall be provided to the retail buyer within 15 days after delivery of the vehicle. With respect to any contract executed prior to August 1, 1996, which has not been paid in full by the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the retail buyer and retail seller within 120 days after August 1, 1996."

Second portion:

Page 31, line 22, delete everything after the period

Page 31, delete lines 23 to 33

Page 37, delete section 43

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the second portion of the amendment. The motion prevailed. So the second portion of the amendment was adopted.

Ms. Anderson moved to amend the first portion of the Metzen amendment to H.F. No. 2369 as follows:

Page 1, line 7, delete "and strike "thereof""

Page 1, delete lines 8 to 17

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the adoption of the first portion of the Metzen amendment. The motion prevailed. So the first portion of the amendment was adopted.

H.F. No. 2369 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Frederickson	Johnston	Krentz
Beckman	Cohen	Hanson	Kelly	Kroening
Belanger	Day	Hottinger	Kiscaden	Langseth
Berg	Dille	Janezich	Kleis	Larson
Berglin	Fischbach	Johnson, D.E.	Knutson	Lesewski
Betzold	Flynn	Johnson, J.B.	Kramer	Lessard

Marty  
Metzen  
Moe, R.D.  
Morse  
Murphy  
Neuville

Novak  
Oliver  
Olson  
Ourada  
Pappas  
Pariseau

Piper  
Pogemiller  
Price  
Ranum  
Reichgott Junge  
Riveness

Robertson  
Runbeck  
Sams  
Samuelson  
Scheevel  
Solon

Spear  
Stevens  
Stumpf  
Terwilliger  
Vickerman  
Wiener

Mr. Merriam voted in the negative.

So the bill, as amended, was passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1980 a Special Order to be heard immediately.

### SPECIAL ORDER

**S.F. No. 1980:** A bill for an act relating to insurance; regulating coverages; modifying agent cancellations or terminations; providing certain filing requirements for domestic insurers; regulating disclosures and policy and contract provisions; providing for the operation and administration of the medical malpractice joint underwriting association and the Minnesota joint underwriting association; regulating policy cancellations or terminations and claims practices; regulating information handling practices; establishing solvency requirements; making technical changes; amending Minnesota Statutes 1994, sections 60A.09, subdivision 4a; 60A.11, subdivision 21; 60A.13, subdivision 8; 60A.171, subdivision 7, and by adding a subdivision; 60A.36, subdivision 1; 60C.09, subdivision 2; 60C.11, by adding a subdivision; 61A.02, subdivision 2, and by adding a subdivision; 61A.072, subdivision 4; 61A.32; 61B.20, subdivision 15; 61B.28, subdivision 7; 62A.011, subdivision 3; 62A.02, by adding a subdivision; 62A.31, subdivisions 1p, 1r, 1s, and 3; 62A.315; 62A.318; 62A.36, subdivision 1; 62A.39; 62A.44, subdivision 2; 62A.60; 62F.03, subdivision 6; 62F.04, subdivision 1a; 62I.02, subdivisions 2, 5, and by adding a subdivision; 62I.07; 62L.02, subdivision 15; 62L.09, subdivision 3; 65A.01, subdivision 3; 65A.295; 65B.14, by adding a subdivision; 65B.15, subdivision 1; 65B.51, subdivision 3; 70A.07; 72A.20, subdivisions 17, 23, 26, 30, and by adding a subdivision; and 72A.493; Minnesota Statutes 1995 Supplement, sections 60A.07, subdivision 10; 60A.67, subdivision 2; 61A.09, subdivision 1; 62A.042; 62A.135, subdivision 1; 62A.31, subdivision 1h; 62C.14, subdivision 14; 62E.05, subdivision 1; 62F.02, subdivision 2; and 62L.12, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 60A; 61A; 62A; and 72A; repealing Minnesota Statutes 1994, sections 60A.07, subdivision 8; 60A.40; 60B.27; 62I.20; 65A.25; 72A.205; 79A.04, subdivision 8; Minnesota Statutes 1995 Supplement, section 79.55, subdivision 5; and Laws 1995, chapter 140, section 1.

Mr. Hottinger moved to amend S.F. No. 1980 as follows:

Page 10, line 8, delete the second "or" and insert "of"

Page 12, line 27, after "policy" insert "or"

Page 13, line 14, delete "61A.55" and insert "61A.57, paragraph (b), clause (2)"

Page 13, line 15, delete "subdivision 3,"

Page 13, line 16, after the second comma, insert "paragraphs (c) and (d),"

Page 13, line 17, delete "maintain a" and insert "index the" and after "register" insert "by replacing agent"

Page 14, line 13, after "policy" insert "or an annuity"

Page 15, after line 8, insert:

"(If you are purchasing an annuity, clauses (1), (2), and (3) above would not apply to the new annuity contract.)"

Page 22, line 36, strike "; RENEWALS"

Page 23, lines 9 and 10, delete the new language

Page 23, line 14, after the period, insert "For purposes of this paragraph, "newborn infants" includes grandchildren who are financially dependent upon a covered grandparent and who reside with that covered grandparent continuously from birth."

Page 24, line 1, strike "; RENEWALS"

Page 24, line 8, strike the comma

Page 24, strike line 9

Page 24, line 10, strike "grandparent,"

Page 24, line 12, after the period, insert "For purposes of this paragraph, "newborn infants" includes grandchildren who are financially dependent upon a covered grandparent and who reside with that covered grandparent continuously from birth."

Page 27, line 6, strike everything after "any"

Page 27, line 7, strike "policy form" and insert "such coverage"

Page 27, line 8, strike "a policy" and insert "coverage"

Page 27, line 11, strike "insurance" and insert "coverage" and after "submitted" insert "prior to or"

Page 27, line 12, before "month" insert "day of the"

Page 27, line 13, strike "paragraph" and insert "subdivision"

Page 27, line 14, after "applies" insert "to each Medicare-related coverage offered by a health carrier"

Page 27, line 17, strike the second "the" and insert "another"

Page 27, line 18, strike "if" and insert "beginning the first day of the month in which"

Page 27, line 20, after the period, insert "An individual who is or was previously enrolled in Medicare Part B due to disability status is eligible for another six-month enrollment period under this subdivision beginning the first day of the month in which the individual has attained the age of 65 years and either maintains enrollment in, or enrolls again in, Medicare Part B."

Page 55, line 2, strike the comma

Page 55, line 3, strike "including dependent grandchildren,"

Page 55, line 6, after the period, insert "For purposes of this paragraph, "newborn infants" includes grandchildren who are financially dependent upon a covered grandparent and who reside with that covered grandparent continuously from birth."

Page 75, line 20, delete "No" and insert "Any"

Page 76, line 33, after the second semicolon, insert "and" and delete everything after "72A.205" and insert ", are repealed."

Page 76, delete lines 34 and 35

Page 77, line 6, delete "1996" and insert "1997"

Page 77, after line 7, insert:

"Section 1. Minnesota Statutes 1994, section 60A.07, subdivision 8, is amended to read:



Subd. 8. [SPECIAL PROVISIONS AS TO MUTUAL COMPANIES.] (1) [AMENDMENT OF ARTICLES OR CERTIFICATE OF INCORPORATION.] The certificate of incorporation or articles of association of any domestic insurance company without capital stock, now or hereafter organized and existing under the laws of this state, may be amended in respect to any matter which an original certificate of incorporation or articles of association of a corporation of the same kind might lawfully have contained by the adoption of a resolution specifying the proposed amendment, at a regular meeting of the members thereof or at a special meeting called for that expressly stated purpose, by the affirmative vote of a majority of the members present, in person or by proxy, at the meeting, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner prescribed by law for the execution, approval, filing, recording, and publishing of a like original certificate of incorporation or articles of association.

(2) [RENEWAL OF CORPORATE EXISTENCE.] Any domestic insurance company or corporation having no capital stock, heretofore or hereafter organized and existing under the laws of this state, whose period of duration has expired or is about to expire, may, on or before the date of the expiration, or within six months after the date of expiration, renew its corporate existence from the date of such expiration for any period permitted by the laws of this state, by the adoption of a resolution to that effect by the affirmative vote of three-fourths of the members present, in person or by proxy, at a regular meeting of the members, or at any special meeting called for that expressly stated purpose, and by causing the resolution to be embraced in a certificate duly executed by its president and secretary or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner prescribed by law for the execution, approval, filing, recording, and publishing of an original certificate of incorporation or articles of association.

(3) [BYLAWS.] The bylaws of any domestic insurance corporation without capital stock, in cases where the bylaws must be adopted or approved by the members thereof, may be adopted, altered, or amended at a regular meeting of the members thereof, or at a special meeting called for that expressly stated purpose, by the affirmative vote of a majority of the members present, in person or by proxy, at the meeting.

~~(4) [CONVERSION OF A DOMESTIC MUTUAL INTO A STOCK INSURANCE CORPORATION.] A domestic mutual corporation may be converted into a stock insurance corporation as follows:~~

~~(a) [ACTION BY BOARD OF DIRECTORS.] The board of directors shall adopt a plan of conversion.~~

~~(b) [PLAN OF CONVERSION.] (i) The plan of conversion shall provide that, upon consummation of the conversion, each policyholder at the date of the passage of the resolution by the board of directors shall be entitled to such shares of stock of the new company as the policyholder's equitable share of the surplus of the company will purchase. This equitable share shall be determined by independent certified auditors or consulting actuaries and shall be subject to approval by the commissioner. If a policyholder's equitable share of the surplus of the company produces a fractional share, the policyholder shall be given the option of either receiving the value of the fractional share in cash or of purchasing the fractional part of a share that will entitle the policyholder to a full share.~~

~~(ii) No shares of the corporation being organized shall be issued or subscribed for, formally or informally, directly or indirectly during the conversion except as authorized under subparagraph (i).~~

~~(iii) The corporation shall not pay compensation or remuneration of any kind to any person in connection with the proposed conversion, except at reasonable rates for printing costs, and for legal and other professional fees for services actually rendered.~~

~~(iv) The plan of conversion shall include a copy of the proposed articles of incorporation which shall comply with the requirements of chapter 300. Except as otherwise specifically provided, the corporation resulting from conversion under this section shall be deemed to have been organized~~

as of the date of issuance of the initial certificate of authority to the mutual corporation being converted.

(c) ~~[APPROVAL BY POLICYHOLDERS.]~~ Within 30 days after its adoption by the board of directors, the plan of conversion shall be submitted to the policyholders for approval by the affirmative vote of a majority of the policyholders entitled to vote, in the manner prescribed by subparagraph (1). Every policyholder as of the date of the adoption under subparagraph (a) shall be entitled to one vote for each policy held. Only such policyholders shall be entitled to vote.

(d) ~~[APPROVAL BY THE COMMISSIONER.]~~ (i) Within 30 days after its adoption by the policyholders, the plan of conversion shall be submitted to the commissioner with an application for approval.

(ii) The commissioner shall not approve if the value of single shares is set at a figure that substantially burdens policyholders who wish to purchase a fractional share under subparagraph (b)(i).

(iii) If the commissioner finds that the plan of conversion has been duly approved by the policyholders, that the conversion would not violate any law and would not be contrary to the interests of the policyholders, the commissioner shall approve the plan of conversion and shall issue a new certificate of authority to the corporation.

(e) ~~[CONVERSION.]~~ After filing an amendment of the articles of incorporation as provided by chapter 300, the corporation shall become a stock corporation and shall no longer be a mutual corporation, and the board of directors shall execute the plan of conversion.

(f) ~~[SECURITIES REGULATION.]~~ The filing with the commissioner of commerce of a certified copy of the plan of conversion as adopted by the policyholders and approved by the commissioner shall constitute registration under chapter 80A, of the securities authorized to be issued to policyholders thereunder."

Pages 99 and 100, delete section 5

Page 104, line 28, delete "60A.07" and insert "60A.13"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 13, after "sections" insert "60A.07, subdivision 8;"

Page 1, line 14, delete "60A.13, subdivision 8;"

Page 1, line 37, delete "60A.07" and insert "60A.13"

Page 1, line 39, delete everything after "72A.205;"

Page 1, line 40, delete everything before "and"

The motion prevailed. So the amendment was adopted.

Mr. Hottinger then moved to amend S.F. No. 1980 as follows:

Page 76, after line 30, insert:

"Sec. 61. [COMMITTEE STUDY; DISCLOSURE OF FINANCIAL INCENTIVES.]

The house of representatives committee on financial institutions and insurance shall study how best to disclose to consumers any financial arrangements between health plan companies and health care providers that may provide financial incentives for providers to restrict care provided to consumers."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Hottinger then moved to amend S.F. No. 1980 as follows:

Page 76, delete section 59

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 28, after "70A.07;" insert "and"

Page 1, line 29, delete the second "and"

Page 1, line 30, delete "72A.493;"

The motion prevailed. So the amendment was adopted.

Mr. Hottinger then moved to amend S.F. No. 1980 as follows:

Page 1, after line 43, insert:

"Section 1. Minnesota Statutes 1994, section 60A.08, subdivision 14, is amended to read:

Subd. 14. [AGREEMENT TO RESCIND POLICY OR RELEASE BAD-FAITH CLAIM.] (a) If the insurer has knowledge of any claims against the insured that would remain unsatisfied due to the financial condition of the insured, the insurer and the insured may not agree to:

(1) rescind the policy; or

(2) directly or indirectly transfer to, or release to, the insurer the insured's claim or potential claim against the insurer based upon the insurer's refusal to settle a claim against the insured.

(b) Before entering into an agreement to rescind a policy described in paragraph (a), an insurer must make a good faith effort to ascertain: (1) the existence and identity of all claims against the policy; and (2) the financial condition of the insured.

(c) The insured must provide reasonable financial information upon the request of the insurer.

(d) An agreement made in violation of this section is void and unenforceable."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 13, after "sections" insert "60A.08, subdivision 14;"

The motion prevailed. So the amendment was adopted.

Mr. Hottinger then moved to amend S.F. No. 1980 as follows:

Page 5, after line 2, insert:

"Sec. 5. Minnesota Statutes 1995 Supplement, section 60K.03, subdivision 7, is amended to read:

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 credit life, credit accident and health, or credit involuntary unemployment 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;

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

(8) employees of a retailer who enroll purchasers for credit insurance associated with a retail purchase; provided the employees receive no commission, fee, bonus, or other form of compensation for it; and

(9) representatives of prepaid legal service plans in connection with the sale and marketing of these plans."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 31, after "subdivision 2;" insert "60K.03, subdivision 7;"

The motion prevailed. So the amendment was adopted.

Mr. Hottinger then moved to amend S.F. No. 1980 as follows:

Page 13, line 18, delete "PENALTIES" and insert "ENFORCEMENT; EFFECT OF COMPLIANCE"

Page 14, after line 2, insert:

"(d) Compliance by an insurer, agent, or broker with sections 61A.53 to 61A.60 does not limit any cause of action or other remedies that the insured may otherwise have against an insurer, agent, or broker. In a proceeding in which the insured's knowledge or understanding is an issue, compliance with those sections may be admitted as evidence on that issue, but shall not be conclusive."

The motion prevailed. So the amendment was adopted.

Mr. Hottinger, for Mr. Finn, then moved to amend S.F. No. 1980 as follows:

Page 68, after line 8, insert:

"Sec. 48. Minnesota Statutes 1994, section 65A.10, subdivision 1, is amended to read:

Subdivision 1. [BUILDINGS.] Nothing contained in sections 65A.08 and 65A.09 shall be construed to preclude insurance against the cost, in excess of actual cash value at the time any loss or damage occurs, of actually repairing, rebuilding or replacing the insured property. Subject to

any applicable policy limits, where an insurer offers replacement cost insurance; (i) the insurance must cover the cost of replacing, rebuilding, or repairing any loss or damaged property in accordance with the minimum code as required by state or local authorities; and (ii) the insurance coverage may not be conditioned on replacing or rebuilding the damaged property at its original location on the owner's property if the structure must be relocated because of zoning or land use regulations of state or local government. In the case of a partial loss, unless more extensive coverage is otherwise specified in the policy, this coverage applies only to the damaged portion of the property."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 26, before "65A.295;" insert "65A.10, subdivision 1;"

The motion prevailed. So the amendment was adopted.

Mr. Metzen moved to amend S.F. No. 1980 as follows:

Page 4, after line 1, insert:

"Sec. 4. [60A.179] [LIFE OR HEALTH INSURANCE POLICY QUOTAS FOR EXCLUSIVE AGENTS.]

Subdivision 1. [APPLICATION.] This section applies to licensed insurance agents as defined by section 60A.176.

Subd. 2. [PROHIBITED PRACTICE.] No insurer shall require an agent who has been licensed as an agent three years or more to sell a specified number of life or health insurance policies or a specified dollar amount of life and health insurance in relation to the sale of other insurance products. No insurer may terminate an agent's contract or reduce or restrict an agent's underwriting authority on property and casualty insurance policies based upon the sale of life or health insurance."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Hottinger moved to amend S.F. No. 1980 as follows:

Page 34, after line 2, insert:

"Sec. 29. [62A.313] [ASSESSMENT OF PROPOSED HEALTH COVERAGE MANDATES.]

Subdivision 1. [HEALTH COVERAGE MANDATE ASSESSMENT PROCESS ESTABLISHED.] The commissioner of health, in consultation with the commissioners of commerce, human services, and employee relations, shall establish and administer a process for the review, assessment, and cost benefit analysis of mandated health benefit proposals.

Subd. 2. [REQUESTS FOR ASSESSMENT.] Whenever a legislative measure containing a mandated health benefit proposal is introduced as a bill or offered as an amendment to a bill, or is likely to be introduced or offered as an amendment, the chairs of the standing committees having jurisdiction over the proposal shall request that the commissioner of health complete an assessment of the proposal prior to any committee action by either house of the legislature. Any person or organization may also request that the commissioner of health complete an assessment. If multiple requests are received, the commissioner shall consult with the chairs of the standing legislative committees having jurisdiction over mandated health benefit proposals to prioritize the requests.

Subd. 3. [ASSESSMENT OF PROPOSED MANDATES; REPORT TO THE LEGISLATURE.] The commissioner of health shall conduct an assessment of each mandated

health benefit proposal selected for assessment and submit a report to the legislature no later than 180 days after the request. The commissioner shall, in consultation with the chairs of the standing committees having jurisdiction over the proposal, develop a reporting date for each proposal to be assessed. If the commissioners of health and commerce determine that the assessment of a particular mandated health benefit proposal should be completed entirely or in part by the commissioner of commerce, the commissioner of health may agree to have the commissioner of commerce complete the assessment and submit the report to the legislature. The commissioner responsible for completing an assessment may seek the assistance and advice of consultants, contractors, researchers, or other persons or organizations with relevant expertise.

Subd. 4. [NONLEGISLATIVE SOLUTIONS.] If, in the course of reviewing a mandated health benefit proposal, the commissioner responsible for completing an assessment determines that the problem can be solved without legislation through the exercise of existing state regulatory authority or other actions, the commissioner may take action to resolve the problem, and shall inform the chairs of the standing committees having jurisdiction over the mandated health benefit proposal.

Subd. 5. [PUBLIC INPUT.] The commissioner responsible for completing an assessment shall solicit comments and recommendations on a mandated health benefit proposal from any interested persons and organizations and may schedule public hearings. The commissioner shall also seek the comments and recommendations of representatives of health care consumers and employers. The commissioner shall seek the advice and recommendations of the Minnesota health care commission regarding a mandated health benefit proposal and shall include a summary of the commission's advice and recommendations in the commissioner's report to the legislature.

Subd. 6. [FEES.] The commissioner responsible for completing an assessment may assess a fee payable by all health plan companies sufficient to cover the costs of completing the assessment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Berglin moved to amend the eighth Hottinger amendment to S.F. No. 1980 as follows:

Page 2, line 19, delete from "The" through page 2, line 23, to "legislature."

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Hottinger moved to amend the eighth Hottinger amendment to S.F. No. 1980 as follows:

Page 1, line 30, after "date" insert "within 180 days"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Knutson moved to amend the eighth Hottinger amendment to S.F. No. 1980 as follows:

Page 2, delete lines 5 to 12

Page 2, line 13, delete "5" and insert "4"

Page 2, line 24, delete "6" and insert "5"

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Anderson moved to amend the eighth Hottinger amendment to S.F. No. 1980 as follows:

Page 1, line 16, delete "shall" and insert "may"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Neuville moved to amend the eighth Hottinger amendment to S.F. No. 1980 as follows:

Page 1, lines 9, 12, and 26, before "mandated" insert "new or additional"

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Wiener moved to amend the eighth Hottinger amendment to S.F. No. 1980 as follows:

Page 2, line 27, after "assessment" insert "and may accept contributions from private entities for such costs"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the eighth Hottinger amendment, as amended.

The roll was called, and there were yeas 31 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Kelly	Merriam	Pogemiller	Spear
Berg	Kiscaden	Metzen	Price	Terwilliger
Berglin	Knutson	Morse	Ranum	Wiener
Chandler	Krentz	Murphy	Reichgott Junge	
Cohen	Langseth	Novak	Riveness	
Flynn	Larson	Oliver	Robertson	
Hottinger	Limmer	Pappas	Runbeck	

Those who voted in the negative were:

Beckman	Fischbach	Johnston	Marty	Samuelson
Belanger	Frederickson	Kleis	Neuville	Scheevel
Betzold	Hanson	Kramer	Ourada	Stevens
Day	Johnson, D.E.	Kroening	Pariseau	Stumpf
Dille	Johnson, J.B.	Lessard	Sams	Vickerman

The motion prevailed. So the eighth Hottinger amendment, as amended, was adopted.

Ms. Runbeck moved to amend S.F. No. 1980 as follows:

Page 71, after line 35, insert:

"Sec. 52. Minnesota Statutes 1994, section 65B.64, subdivision 3, is amended to read:

Subd. 3. A person shall not be entitled to basic economic loss benefits through the assigned claims plan with respect to injury which was sustained if at the time of such injury the injured person was the owner of a private passenger motor vehicle for which security is required under sections 65B.41 to 65B.71 and that person failed to have such security in effect.

For purposes of determining whether security is required under section 65B.48, an owner of any vehicle is deemed to have contemplated the operation or use of the vehicle at all times unless the owner demonstrates to the contrary by clear and convincing objective evidence.

Persons, whether or not related by blood or marriage, who and function together with the owner as a family, other than adults who have been adjudicated as incompetent and minor children, shall also be disqualified from benefits through the assigned claims plan."

Page 77, line 3, delete "55, 57, and 58" and insert "53, 56, 58, and 59"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 10, after the semicolon, insert "modifying standards for participation in the assigned claims plan;"

Page 1, line 28, after the second semicolon, insert "65B.64, subdivision 3;"

The motion prevailed. So the amendment was adopted.

Pursuant to Rule 22, Ms. Olson moved to be excused from voting on all questions pertaining to S.F. No. 1980. The motion prevailed.

S.F. No. 1980 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Sams
Beckman	Hanson	Kroening	Neuville	Samuelson
Belanger	Hottinger	Langseth	Novak	Scheevel
Berg	Janezich	Larson	Oliver	Solon
Berglin	Johnson, D.E.	Lesewski	Ourada	Stevens
Betzold	Johnson, J.B.	Lessard	Pappas	Stumpf
Chandler	Johnston	Limmer	Pariseau	Terwilliger
Cohen	Kelly	Marty	Pogemiller	Vickerman
Day	Kiscaden	Merriam	Price	Wiener
Dille	Kleis	Metzen	Riveness	
Fischbach	Knutson	Moe, R.D.	Robertson	
Flynn	Kramer	Morse	Runbeck	

So the bill, as amended, was passed and its title was agreed to.

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2782: Messrs. Metzen, Hottinger and Stevens.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MEMBERS EXCUSED

Messrs. Chmielewski, Finn and Mondale were excused from the Session of today. Mr. Laidig was excused from the Session of today at 9:50 a.m. Mr. Samuelson was excused from the Session of today from 9:00 to 9:40 a.m. Mr. Novak was excused from the Session of today from 9:00 to 10:00 a.m. Mrs. Pariseau was excused from the Session of today from 9:45 to 10:00 a.m. Ms. Fischbach was excused from the Session of today from 9:30 to 9:45 a.m.

The following member was excused from today's Session for brief periods of time: Mr. Johnson, D.J.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Monday, March 18, 1996. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



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