

Senator Vickerman introduced--

S.F. No. 1355: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to professions; extending the application  
3 period for power limited technicians; amending  
4 Minnesota Statutes 2004, section 326.242, subdivision  
5 3d.

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

7 Section 1. Minnesota Statutes 2004, section 326.242,  
8 subdivision 3d, is amended to read:

9 Subd. 3d. [POWER LIMITED TECHNICIAN.] (a) Except as  
10 otherwise provided by law, no person shall install, alter,  
11 repair, plan, lay out, or supervise the installing, altering, or  
12 repairing of electrical wiring, apparatus, or equipment for  
13 technology circuits or systems unless:

14 (1) the person is licensed by the board as a power limited  
15 technician; and

16 (2) the electrical work is:

17 (i) for a licensed contractor and the person is an  
18 employee, partner, or officer of, or is the licensed contractor;  
19 or

20 (ii) performed under the supervision of a master  
21 electrician or power limited technician also employed by the  
22 person's employer on technology circuits, systems, apparatus,  
23 equipment, or facilities owned or leased by the employer that  
24 are located within the limits of property owned or leased,  
25 operated, and maintained by the employer.

1 (b) An applicant for a power limited technician's license  
2 shall (1) be a graduate of a four-year electrical course in an  
3 accredited college or university; or (2) have had at least 36  
4 months' experience, acceptable to the board, in planning for,  
5 laying out, supervising, and installing wiring, apparatus, or  
6 equipment for power limited systems, provided however, that the  
7 board may by rule provide for the allowance of up to 12 months  
8 (2,000 hours) of experience credit for successful completion of  
9 a two-year post high school electrical course or other technical  
10 training approved by the board.

11 (c) The board may initially set experience requirements  
12 without rulemaking, but must adopt rules before July 1, 2004.

13 (d) Licensees must attain eight hours of continuing  
14 education acceptable to the board every renewal period.

15 (e) A person who has submitted an application by June  
16 September 30, 2003 2005, to take the alarm and communications  
17 examination administered by the board, and who has achieved a  
18 minimal score of 70 percent on the examination by September  
19 December 30, 2003 2005, may obtain a power limited technician  
20 license without further examination by submitting an application  
21 and a license fee of \$30.

22 (f) A company holding an alarm and communication license as  
23 of June 30, 2003, may designate one person who may obtain a  
24 power limited technician license without passing an examination  
25 administered by the board by submitting an application and  
26 license fee of \$30.

27 [EFFECTIVE DATE.] This section is effective the day  
28 following final enactment.

*Pogemiller*

1 Senator ..... moves to amend S.F. No. 1355 as follows:

2 Page 2, lines 15 to 19, delete the new language and

3 reinstate the stricken language

4 Page 2, after line 26, insert:

5 "(g) A person who has submitted an application by September

6 30, 2005, to take the power limited technician examination

7 administered by the board is not required to meet the

8 qualifications set forth in paragraph (b)."

1 Senator Scheid from the Committee on Commerce, to which was  
2 re-referred

3 S.F. No. 1355: A bill for an act relating to professions;  
4 extending the application period for power limited technicians;  
5 amending Minnesota Statutes 2004, section 326.242, subdivision  
6 3d.

7 Reports the same back with the recommendation that the bill  
8 be amended as follows:

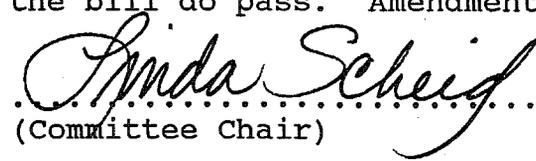
9 Page 2, lines 15 to 19, delete the new language and  
10 reinstate the stricken language

11 Page 2, after line 26, insert:

12 "(g) A person who has submitted an application by September  
13 30, 2005, to take the power limited technician examination  
14 administered by the board is not required to meet the  
15 qualifications set forth in paragraph (b)."

16 And when so amended the bill do pass. Amendments adopted.  
17 Report adopted.

18 .....  
19 (Committee Chair)



20 .....  
21 April 4, 2005.....  
22 (Date of Committee recommendation)

**Senate Counsel, Research,  
and Fiscal Analysis**

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# Senate

State of Minnesota

## **S.F. No. 1732 - Department of Commerce Miscellaneous Bill**

**Author:** Senator David Gaither

**Prepared by:** Christopher B. Stang, <sup>CBS</sup> Senate Counsel (651/296-0539)

**Date:** March 28, 2005

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**Section 1** provides that a violation of the rules of the National Association of Securities Dealers is a violation of Minnesota securities laws.

**Section 2** adds residential mortgage originators and servicers and athlete agents to the list of licenses that are exempt from a general law that applies to licenses issued by the state, unless exempted.

**Section 3** provides that the costs to the Department of Commerce of administering the contractor's recovery fund will be paid out of that fund. Presently, those costs are paid out of the department's regular appropriation. (The contractor's recovery fund uses fees paid by building contractors to reimburse victims of contractors who engage in fraudulent practices or who take payments but do not perform the work. The victims must first obtain a court judgment against the contractor and be unable to collect it.)

CBS:rd

Senators Gaither, Scheid, Michel, Pogemiller and LeClair introduced--  
S.F. No. 1732: Referred to the Committee on Commerce.

1 A bill for an act

2 relating to commerce; regulating securities, mortgage  
3 originators and servicers, athlete agents, and the  
4 contractor's recovery fund; amending Minnesota  
5 Statutes 2004, sections 80A.19, by adding a  
6 subdivision; 116J.70, subdivision 2a; 326.975,  
7 subdivision 1.

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

9 Section 1. Minnesota Statutes 2004, section 80A.19, is  
10 amended by adding a subdivision to read:

11 Subd. 4. [NASD RULES.] A violation of a rule adopted by  
12 the National Association of Securities Dealers is considered to  
13 be a violation of this chapter.

14 Sec. 2. Minnesota Statutes 2004, section 116J.70,  
15 subdivision 2a, is amended to read:

16 Subd. 2a. [LICENSE; EXCEPTIONS.] "Business license" or  
17 "license" does not include the following:

18 (1) any occupational license or registration issued by a  
19 licensing board listed in section 214.01 or any occupational  
20 registration issued by the commissioner of health pursuant to  
21 section 214.13;

22 (2) any license issued by a county, home rule charter city,  
23 statutory city, township, or other political subdivision;

24 (3) any license required to practice the following  
25 occupation regulated by the following sections:

26 (i) abstracters regulated pursuant to chapter 386;

- 1 (ii) accountants regulated pursuant to chapter 326A;
- 2 (iii) adjusters regulated pursuant to chapter 72B;
- 3 (iv) architects regulated pursuant to chapter 326;
- 4 (v) assessors regulated pursuant to chapter 270;
- 5 (vi) athletic trainers regulated pursuant to chapter 148;
- 6 (vii) attorneys regulated pursuant to chapter 481;
- 7 (viii) auctioneers regulated pursuant to chapter 330;
- 8 (ix) barbers and cosmetologists regulated pursuant to
- 9 chapter 154;
- 10 (x) boiler operators regulated pursuant to chapter 183;
- 11 (xi) chiropractors regulated pursuant to chapter 148;
- 12 (xii) collection agencies regulated pursuant to chapter
- 13 332;
- 14 (xiii) dentists, registered dental assistants, and dental
- 15 hygienists regulated pursuant to chapter 150A;
- 16 (xiv) detectives regulated pursuant to chapter 326;
- 17 (xv) electricians regulated pursuant to chapter 326;
- 18 (xvi) mortuary science practitioners regulated pursuant to
- 19 chapter 149A;
- 20 (xvii) engineers regulated pursuant to chapter 326;
- 21 (xviii) insurance brokers and salespersons regulated
- 22 pursuant to chapter 60A;
- 23 (xix) certified interior designers regulated pursuant to
- 24 chapter 326;
- 25 (xx) midwives regulated pursuant to chapter 147D;
- 26 (xxi) nursing home administrators regulated pursuant to
- 27 chapter 144A;
- 28 (xxii) optometrists regulated pursuant to chapter 148;
- 29 (xxiii) osteopathic physicians regulated pursuant to
- 30 chapter 147;
- 31 (xxiv) pharmacists regulated pursuant to chapter 151;
- 32 (xxv) physical therapists regulated pursuant to chapter
- 33 148;
- 34 (xxvi) physician assistants regulated pursuant to chapter
- 35 147A;
- 36 (xxvii) physicians and surgeons regulated pursuant to

- 1 chapter 147;
- 2 (xxviii) plumbers regulated pursuant to chapter 326;
- 3 (xxix) podiatrists regulated pursuant to chapter 153;
- 4 (xxx) practical nurses regulated pursuant to chapter 148;
- 5 (xxxi) professional fund-raisers regulated pursuant to
- 6 chapter 309;
- 7 (xxxii) psychologists regulated pursuant to chapter 148;
- 8 (xxxiii) real estate brokers, salespersons, and others
- 9 regulated pursuant to chapters 82 and 83;
- 10 (xxxiv) registered nurses regulated pursuant to chapter
- 11 148;
- 12 (xxxv) securities brokers, dealers, agents, and investment
- 13 advisers regulated pursuant to chapter 80A;
- 14 (xxxvi) steamfitters regulated pursuant to chapter 326;
- 15 (xxxvii) teachers and supervisory and support personnel
- 16 regulated pursuant to chapter 125;
- 17 (xxxviii) veterinarians regulated pursuant to chapter 156;
- 18 (xxxix) water conditioning contractors and installers
- 19 regulated pursuant to chapter 326;
- 20 (xl) water well contractors regulated pursuant to chapter
- 21 103I;
- 22 (xli) water and waste treatment operators regulated
- 23 pursuant to chapter 115;
- 24 (xlii) motor carriers regulated pursuant to chapter 221;
- 25 (xliii) professional firms regulated under chapter 319B;
- 26 (xliv) real estate appraisers regulated pursuant to chapter
- 27 82B;
- 28 (xlv) residential building contractors, residential
- 29 remodelers, residential roofers, manufactured home installers,
- 30 and specialty contractors regulated pursuant to chapter 326;
- 31 (xlvi) licensed professional counselors regulated pursuant
- 32 to chapter 148B;
- 33 (xlvii) residential mortgage originators and residential
- 34 mortgage servicers regulated under chapter 58;
- 35 (xlviii) athlete agents regulated under chapter 81A;
- 36 (4) any driver's license required pursuant to chapter 171;

1 (5) any aircraft license required pursuant to chapter 360;

2 (6) any watercraft license required pursuant to chapter  
3 86B;

4 (7) any license, permit, registration, certification, or  
5 other approval pertaining to a regulatory or management program  
6 related to the protection, conservation, or use of or  
7 interference with the resources of land, air, or water, which is  
8 required to be obtained from a state agency or instrumentality;  
9 and

10 (8) any pollution control rule or standard established by  
11 the Pollution Control Agency or any health rule or standard  
12 established by the commissioner of health or any licensing rule  
13 or standard established by the commissioner of human services.

14 Sec. 3. Minnesota Statutes 2004, section 326.975,  
15 subdivision 1, is amended to read:

16 Subdivision 1. [GENERALLY.] (a) In addition to any other  
17 fees, each applicant for a license under sections 326.83 to  
18 326.98 shall pay a fee to the contractor's recovery fund. The  
19 contractor's recovery fund is created in the state treasury and  
20 must be administered by the commissioner in the manner and  
21 subject to all the requirements and limitations provided by  
22 section 82.43 with the following exceptions:

23 (1) each licensee who renews a license shall pay in  
24 addition to the appropriate renewal fee an additional fee which  
25 shall be credited to the contractor's recovery fund. The amount  
26 of the fee shall be based on the licensee's gross annual  
27 receipts for the licensee's most recent fiscal year preceding  
28 the renewal, on the following scale:

29	Fee	Gross Receipts
30	\$100	under \$1,000,000
31	\$150	\$1,000,000 to \$5,000,000
32	\$200	over \$5,000,000

33 Any person who receives a new license shall pay a fee based on  
34 the same scale;

35 (2) the sole purpose of this fund is to: (i) compensate  
36 any aggrieved owner or lessee of residential property located

1 within this state who obtains a final judgment in any court of  
2 competent jurisdiction against a licensee licensed under section  
3 326.84, on grounds of fraudulent, deceptive, or dishonest  
4 practices, conversion of funds, or failure of performance  
5 arising directly out of any transaction when the judgment debtor  
6 was licensed and performed any of the activities enumerated  
7 under section 326.83, subdivision 19, on the owner's residential  
8 property or on residential property rented by the lessee, or on  
9 new residential construction which was never occupied prior to  
10 purchase by the owner, or which was occupied by the licensee for  
11 less than one year prior to purchase by the owner, and which  
12 cause of action arose on or after April 1, 1994; and (ii)  
13 reimburse the Department of Commerce for all legal and  
14 administrative expenses, including staffing costs, incurred in  
15 administering the fund;

16 (3) nothing may obligate the fund for more than \$50,000 per  
17 claimant, nor more than \$75,000 per licensee; and

18 (4) nothing may obligate the fund for claims based on a  
19 cause of action that arose before the licensee paid the recovery  
20 fund fee set in clause (1), or as provided in section 326.945,  
21 subdivision 3.

22 (b) Should the commissioner pay from the contractor's  
23 recovery fund any amount in settlement of a claim or toward  
24 satisfaction of a judgment against a licensee, the license shall  
25 be automatically suspended upon the effective date of an order  
26 by the court authorizing payment from the fund. No licensee  
27 shall be granted reinstatement until the licensee has repaid in  
28 full, plus interest at the rate of 12 percent a year, twice the  
29 amount paid from the fund on the licensee's account, and has  
30 obtained a surety bond issued by an insurer authorized to  
31 transact business in this state in the amount of at least  
32 \$40,000.

Adopted 4-4-05

04/01/05

[REVISOR ] PMM/SK A05-0459

1 Senator *Gaitner* ..... moves to amend S.F. No. 1732 as  
2 follows:

3 Page 1, delete section 1

4 Renumber the sections in sequence

5 Amend the title as follows:

6 Page 1, line 2, delete "securities,"

7 Page 1, line 5, delete everything after "sections"

8 Page 1, line 6, delete "subdivision;"

1 Senator Scheid from the Committee on Commerce, to which was  
2 referred

3 S.F. No. 1732: A bill for an act relating to commerce;  
4 regulating securities, mortgage originators and servicers,  
5 athlete agents, and the contractor's recovery fund; amending  
6 Minnesota Statutes 2004, sections 80A.19, by adding a  
7 subdivision; 116J.70, subdivision 2a; 326.975, subdivision 1.

8 Reports the same back with the recommendation that the bill  
9 be amended as follows: follows:

10 Page 1, delete section 1

11 Renumber the sections in sequence

12 Amend the title as follows:

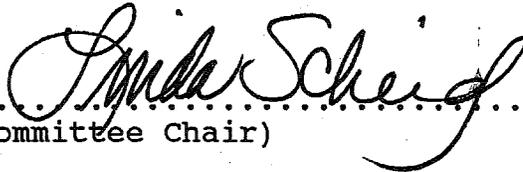
13 Page 1, line 2, delete "securities,"

14 Page 1, line 5, delete everything after "sections"

15 Page 1, line 6, delete "subdivision;"

16 And when so amended the bill do pass and be re-referred to  
17 the Committee on Finance. Amendments adopted. Report adopted.

18



.....

(Committee Chair)

19

20

21

22

23

April 4, 2005.....

(Date of Committee recommendation)

**Senate Counsel, Research,  
and Fiscal Analysis**

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# Senate

State of Minnesota

## **S.F. No. 1815 - Commerce Department Licensee Requirements**

**Author:** Senator Cal Larson

**Prepared by:** Matthew S. Grosser, Senate Research (651/296-1890) *MG*

**Date:** April 4, 2005

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**Section 1** requires all applicants for a license from the Department of Commerce to submit a copy of their public criminal history, obtained at their own expense, from the Bureau of Criminal Apprehension.

**Section 2** limits refunds of application fees to overpayment of fees, which includes payments for licenses for which the applicant does not qualify. Refunds are to be granted only within six months of the overpayment. This section deems an application that is incomplete to be withdrawn if an applicant does not submit a complete application within six months of the date an application was received. Specifies that fees for withdrawn applications are nonrefundable.

**Section 3** requires that each license education course receive prior approval from the Commissioner of Commerce, and that each sponsor offering a license education course have at least one coordinator approved by the Commissioner of Commerce. This section established expiration dates for coordinators and courses that have received department approval prior to this bill's enactment.

**Section 4** specifies that an individual license remains in effect unless revoked or suspended so long as all renewal requirements, fee payments, and continuing education requirements are met.

**Section 5** deletes a provision that allowed applicants who reside in border communities outside the state line to hold a resident license in this state.

**Section 6** deletes a provision that allowed individual insurance producers to be licensed to offer any line of insurance permitted under state law or rules.

**Section 7** makes conforming changes.

**Section 8** deletes a provision in the minimum education requirements for insurance producers that permitted up to half of the credit hours per licensing period to be credited for attending courses sponsored by, offered by, or affiliated with an insurance company or its agents.

**Section 9** eliminates a requirement that instruction courses for a real estate broker's license be completed within 12 months prior to the date of the application for the broker's license.

**Section 10** eliminates a pre-license education requirement for individuals seeking a real estate salesperson's license who do not obtain a license within one year of the date of successful completion of the licensing examination.

**Section 11** eliminates a requirement that at least 15 of the 30 credit hours required for a real estate salesperson's license be completed during the first 12 months of the 24-month licensing period.

**Section 12** adds a definition of Uniform Standards of Professional Appraisal Practices (USPAP).

**Section 13** extends the time in which an applicant for a real estate appraiser's license must file an application from one year after obtaining an acceptable score on an examination to two years.

**Section 14** establishes time limits to the terms of a temporary real estate appraiser's license.

**Sections 15, 17, and 18** clarify an educational requirement from the USPAP.

**Section 16** permits distance education courses that meet Appraiser Qualification Board criteria.

**Section 19** adds time limits for obtaining the experience requirements of a real estate appraiser's license.

**Section 20** amends the real estate appraiser's license renewal education requirements.

**Section 21** repeals provisions in statute and rules relating to experience requirements for a real estate appraiser's license.

MSG:cs

Senator Larson introduced--

S.F. No. 1815: Referred to the Committee on Commerce.

1 A bill for an act

2 relating to commerce; modifying various requirements  
3 for licensees of the Department of Commerce; amending  
4 Minnesota Statutes 2004, sections 60K.37, subdivision  
5 1; 60K.38, subdivision 1; 60K.39, subdivision 3;  
6 60K.56, subdivision 6; 82.29, subdivision 8; 82.31,  
7 subdivision 5; 82.32; 82B.02, by adding a subdivision;  
8 82B.10, subdivision 4; 82B.11, subdivision 6; 82B.13,  
9 subdivisions 1, 3, 4, 5; 82B.14; 82B.19, subdivision  
10 1; proposing coding for new law in Minnesota Statutes,  
11 chapter 45; repealing Minnesota Statutes 2004, section  
12 82B.221; Minnesota Rules, part 2808.2200.

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

14 Section 1. [45.20] [CRIMINAL BACKGROUND CHECK.]

15 All applicants for a license must attach a printed copy of  
16 their own public criminal history which they must obtain at  
17 their own cost from the Bureau of Criminal Apprehension. The  
18 public criminal history cannot be more than 30 days old at the  
19 time of applying for a license.

20 Sec. 2. [45.21] [APPLICATION FEES.]

21 Subdivision 1. [FEE REFUNDS.] Refunds must not be given  
22 other than for overpayment of fees. Overpayment means any  
23 payment of money in excess of a statutory fee or for a license  
24 for which a person does not qualify. An overpayment of a fee  
25 must be returned upon proper application by the applicant. If  
26 an applicant requests a refund of an overpayment, the request  
27 must be received by the commissioner within six months of the  
28 date of deposit or the overpayment will be forfeited. An  
29 overpayment of a fee may be returned to the person entitled to

1 it upon determination by the commissioner that an overpayment  
2 was made.

3 Subd. 2. [WITHDRAWAL OF APPLICATION.] An application that  
4 is incomplete is considered withdrawn if the applicant does not  
5 submit a complete application within six months of the date the  
6 application was received. The application fee is nonrefundable  
7 if an application is withdrawn according to this subdivision.

8 Sec. 3. [45.22] [LICENSE EDUCATION.]

9 (a) License education courses must be approved in advance  
10 by the commissioner. Each sponsor who offers a license  
11 education course must have at least one coordinator, approved by  
12 the commissioner, who is responsible for supervising the  
13 educational program and assuring compliance with all laws and  
14 rules. "Sponsor" means any person or entity offering approved  
15 education.

16 (b) For coordinators with an initial approval date before  
17 the effective date of this provision, approval will expire on  
18 December 31, 2005. For courses with an initial approval date on  
19 or before December 31, 2000, approval will expire on April 30,  
20 2006. For courses with an initial approval date after January  
21 1, 2001, but before the effective date of this provision,  
22 approval will expire on April 30, 2007.

23 Sec. 4. [45.23] [LICENSE RENEWAL.]

24 An individual license remains in effect unless revoked or  
25 suspended as long as all renewal requirements, including renewal  
26 fee payment and continuing education, are met by the due date.

27 Sec. 5. Minnesota Statutes 2004, section 60K.37,  
28 subdivision 1, is amended to read:

29 Subdivision 1. [RESIDENT INSURANCE PRODUCER.] A person is  
30 a resident of this state if that person resides in this state or  
31 the principal place of business of that person is maintained in  
32 this state. Application for a license claiming residency in  
33 this state constitutes an election of residency in this state.  
34 A license issued upon an application claiming residency in this  
35 state is void if the licensee, while holding a resident license  
36 in this state, obtains a resident license in, or claims to be a

1 resident of, any other state or jurisdiction or if the licensee  
2 ceases to be a resident of this state. ~~However, if the~~  
3 ~~applicant is a resident of a community or trade area, the border~~  
4 ~~of which is contiguous with the state line of this state, the~~  
5 ~~applicant may qualify for a resident license in this state and~~  
6 ~~at the same time hold a resident license from the contiguous~~  
7 ~~state.~~

8 Sec. 6. Minnesota Statutes 2004, section 60K.38,  
9 subdivision 1, is amended to read:

10 Subdivision 1. [ISSUANCE.] (a) Unless denied a license  
11 under section 60K.43, a person who has met the requirements of  
12 sections 60K.36 and 60K.37 must be issued an insurance producer  
13 license. An insurance producer may receive qualification for a  
14 license in one or more of the lines of authority in paragraphs  
15 (b) and (c).

16 (b) An individual insurance producer may receive  
17 qualification for a license in one or more of the following  
18 major lines:

19 (1) life insurance: coverage on human lives including  
20 benefits of endowment and annuities, and may include benefits in  
21 the event of death or dismemberment by accident and benefits for  
22 disability income;

23 (2) accident and health or sickness insurance: coverage  
24 for sickness, bodily injury, or accidental death, and may  
25 include benefits for disability income;

26 (3) property insurance: coverage for the direct or  
27 consequential loss or damage to property of every kind;

28 (4) casualty insurance: coverage against legal liability,  
29 including that for death, injury, or disability, or damage to  
30 real or personal property;

31 (5) variable life and variable annuity products insurance:  
32 coverage provided under variable life insurance contracts and  
33 variable annuities; and

34 (6) personal lines: property and casualty insurance  
35 coverage sold to individuals and families for primarily  
36 noncommercial purposes.

1 (c) An individual insurance producer may receive  
2 qualification for a license in one or more of the following  
3 limited lines:

4 (1) limited line credit insurance;

5 (2) farm property and liability insurance;

6 (3) title insurance;

7 (4) travel baggage insurance; and

8 (5) bail bonds; ~~and~~

9 ~~(6) any other line of insurance permitted under state laws~~  
10 ~~or rules.~~

11 Sec. 7. Minnesota Statutes 2004, section 60K.39,  
12 subdivision 3, is amended to read:

13 Subd. 3. [CHANGE OF ADDRESS.] A nonresident producer who  
14 moves from one state to another state ~~or a resident producer who~~  
15 ~~moves from this state to another state~~ shall file a change of  
16 address and provide certification from the new resident state  
17 within ten days of the change of legal residence. No fee or  
18 license application is required.

19 Sec. 8. Minnesota Statutes 2004, section 60K.56,  
20 subdivision 6, is amended to read:

21 Subd. 6. [MINIMUM EDUCATION REQUIREMENT.] Each person  
22 subject to this section shall complete a minimum of 30 credit  
23 hours of courses accredited by the commissioner during each  
24 24-month licensing period. Any person whose initial licensing  
25 period extends more than six months shall complete 15 hours of  
26 courses accredited by the commissioner during the initial  
27 license period. The credit hours required under this  
28 subdivision may be credited to a person for distance education  
29 courses, including interactive technology and the Internet. Any  
30 person teaching or lecturing at an accredited course qualifies  
31 for three times the number of credit hours that would be granted  
32 to a person completing the accredited course. ~~No more than~~  
33 ~~one-half of the credit hours per licensing period required under~~  
34 ~~this section may be credited to a person for attending any~~  
35 ~~combination of courses either sponsored by, offered by, or~~  
36 ~~affiliated with an insurance company or its agents, or offered~~

~~using-new-delivery-technology,including-computer,interactive~~  
~~technology, and the Internet.~~ Courses sponsored by, offered by,  
or affiliated with an insurance company or agent may restrict  
its students to agents of the company or agency.

Sec. 9. Minnesota Statutes 2004, section 82.29,  
subdivision 8, is amended to read:

Subd. 8. [INSTRUCTION; NEW LICENSES.] (a) Every applicant  
for a salesperson's license shall be required to successfully  
complete a course of study in the real estate field consisting  
of 30 hours of instruction approved by the commissioner before  
taking the examination specified in subdivision 1. Every  
applicant for a salesperson's license shall be required to  
successfully complete an additional course of study in the real  
estate field consisting of 60 hours of instruction approved by  
the commissioner, of which three hours shall consist of training  
in state and federal fair housing laws, regulations, and rules,  
and of which two hours must consist of training in laws and  
regulations on agency representation and disclosure, before  
filing an application for the license. This subdivision does  
not apply to salespeople licensed in Minnesota before July 1,  
1969.

(b) An applicant for a broker's license must successfully  
complete a course of study in the real estate field consisting  
of 30 hours of instruction approved by the commissioner, of  
which three hours shall consist of training in state and federal  
fair housing laws, regulations, and rules. ~~The course must have~~  
~~been completed within 12 months prior to the date of application~~  
~~for the broker's license.~~

(c) An applicant for a real estate closing agent's license  
must successfully complete a course of study relating to closing  
services consisting of eight hours of instruction approved by  
the commissioner.

Sec. 10. Minnesota Statutes 2004, section 82.31,  
subdivision 5, is amended to read:

Subd. 5. [PERIOD FOR APPLICATION.] An applicant who  
obtains an acceptable score on a salesperson's examination must

1 file an application and obtain the license within one year of  
2 the date of successful completion of the examination or a second  
3 examination must be taken to qualify for the license. ~~If a new~~  
4 ~~examination is required, prelicense education must be completed~~  
5 ~~in accordance with section 82.29, subdivision 8.~~

6 Sec. 11. Minnesota Statutes 2004, section 82.32, is  
7 amended to read:

8 82.32 [LICENSING: CONTINUING EDUCATION AND INSTRUCTION.]

9 (a) All real estate salespersons and all real estate  
10 brokers shall be required to successfully complete 30 hours of  
11 real estate continuing education, either as a student or a  
12 lecturer, in courses of study approved by the commissioner,  
13 during the initial license period and during each succeeding  
14 24-month license period. ~~At least 15 of the 30 credit hours~~  
15 ~~must be completed during the first 12 months of the 24-month~~  
16 ~~licensing period.~~ Licensees may not claim credit for continuing  
17 education not actually completed as of the date their report of  
18 continuing education compliance is filed.

19 (b) The commissioner may adopt rules defining the standards  
20 for course and instructor approval, and may adopt rules for the  
21 proper administration of prelicense instruction as required  
22 under section 82.29, subdivision 8, and continuing education as  
23 required under this section and sections 82.29; 82.31,  
24 subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and  
25 82.44. The commissioner may not approve a course which can be  
26 completed by the student at home or outside the classroom  
27 without the supervision of an instructor except accredited  
28 courses using new delivery technology, including interactive  
29 technology, and the Internet. The commissioner may approve  
30 courses of study in the real estate field offered in educational  
31 institutions of higher learning in this state or courses of  
32 study in the real estate field developed by and offered under  
33 the auspices of the National Association of Realtors, its  
34 affiliates, or private real estate schools. Courses in  
35 motivation, salesmanship, psychology, or time management shall  
36 not be approved by the commissioner for continuing education

1 credit. The commissioner may approve courses in any other  
2 subjects, including, but not limited to, communication,  
3 marketing, negotiation, and technology for continuing education  
4 credit.

5 (c) Any program approved by Minnesota continuing legal  
6 education shall be approved by the commissioner of commerce for  
7 continuing education for real estate brokers and salespeople if  
8 the program or any part thereof relates to real estate.

9 (d) As part of the continuing education requirements of  
10 this section and sections 82.29; 82.31, subdivisions 5 and 6;  
11 82.33, subdivisions 1 and 4 to 6; and 82.44, the commissioner  
12 shall require that all real estate brokers and salespersons  
13 receive:

14 (1) at least one hour of training during each license  
15 period in courses in laws or regulations on agency  
16 representation and disclosure; and

17 (2) at least one hour of training during each license  
18 period in courses in state and federal fair housing laws,  
19 regulations, and rules, other antidiscrimination laws, or  
20 courses designed to help licensees to meet the housing needs of  
21 immigrant and other underserved populations.

22 Clauses (1) and (2) do not apply to real estate  
23 salespersons and real estate brokers engaged solely in the  
24 commercial real estate business who file with the commissioner a  
25 verification of this status along with the continuing education  
26 report required under paragraph (a).

27 (e) The commissioner is authorized to establish a procedure  
28 for renewal of course accreditation.

29 (f) Approved continuing education courses may be sponsored  
30 or offered by a broker of a real estate company and may be held  
31 on the premises of a company licensed under this chapter. All  
32 continuing education course offerings must be open to any  
33 interested individuals. Access may be restricted by the sponsor  
34 based on class size only. Courses must not be approved if  
35 attendance is restricted to any particular group of people. A  
36 broker must comply with all continuing education rules

1 prescribed by the commissioner. The commissioner shall not  
2 approve any prelicense instruction courses offered by, sponsored  
3 by, or affiliated with any person or company licensed to engage  
4 in the real estate business.

5 (g) Credit may not be earned if the licensee has previously  
6 obtained credit for the same course as either a student or  
7 instructor during the same licensing period.

8 (h) The real estate education course completion certificate  
9 must be in the form set forth by the commissioner.

10 Students are responsible for maintaining copies of course  
11 completion certificates.

12 Sec. 12. Minnesota Statutes 2004, section 82B.02, is  
13 amended by adding a subdivision to read:

14 Subd. 16. [USPAP.] "USPAP" means the Uniform Standards of  
15 Professional Appraisal Practice established by the Appraisal  
16 Foundation.

17 Sec. 13. Minnesota Statutes 2004, section 82B.10,  
18 subdivision 4, is amended to read:

19 Subd. 4. [PERIOD FOR APPLICATION.] An applicant who  
20 obtains an acceptable score on an examination must file an  
21 application and obtain the license within ~~one-year~~ two years of  
22 the date of successful completion of the examination or a second  
23 examination must be taken to qualify for the license.

24 Sec. 14. Minnesota Statutes 2004, section 82B.11,  
25 subdivision 6, is amended to read:

26 Subd. 6. [TEMPORARY PRACTICE.] (a) The commissioner shall  
27 issue a license for temporary practice as a real estate  
28 appraiser under subdivision 3, 4, or 5 to a person certified or  
29 licensed by another state if:

30 (1) the property to be appraised is part of a federally  
31 related transaction and the person is licensed to appraise  
32 property limited to the same transaction value or complexity  
33 provided in subdivision 3, 4, or 5;

34 (2) the appraiser's business is of a temporary nature; and

35 (3) the appraiser registers with the commissioner to obtain  
36 a temporary license before conducting appraisals within the

1 state.

2 (b) The term of a temporary practice license is the lesser  
3 of:

4 (1) the time required to complete the assignment; or

5 (2) six months, with one extension allowed.

6 The appraiser may request one extension of no more than six  
7 months on a form provided by the commissioner. If more than 12  
8 months are necessary to complete the assignment, a new temporary  
9 application and fee is required.

10 Sec. 15. Minnesota Statutes 2004, section 82B.13,  
11 subdivision 1, is amended to read:

12 Subdivision 1. [REGISTERED REAL PROPERTY APPRAISER OR  
13 LICENSED REAL PROPERTY APPRAISER.] As a prerequisite for  
14 licensing as a registered real property appraiser or licensed  
15 real property appraiser, an applicant must present evidence  
16 satisfactory to the commissioner that the person has  
17 successfully completed at least 90 classroom hours of courses.  
18 The courses must consist of 75 hours of general real estate  
19 appraisal principles and ~~15-hours-related-to-standards-of~~  
20 ~~professional-appraisal-practice-and-the-provisions-of-this~~  
21 chapter the 15-hour national USPAP course.

22 Sec. 16. Minnesota Statutes 2004, section 82B.13,  
23 subdivision 3, is amended to read:

24 Subd. 3. [COMMISSIONER'S APPROVAL; RULES.] The courses and  
25 instruction and procedures of courses must be approved by the  
26 commissioner. The commissioner may adopt rules to administer  
27 this section. These rules must, to the extent practicable,  
28 conform to the rules adopted for real estate and insurance  
29 education. The credit hours required under this section may be  
30 credited to a person for distance education courses that meet  
31 Appraiser Qualifications Board criteria.

32 Sec. 17. Minnesota Statutes 2004, section 82B.13,  
33 subdivision 4, is amended to read:

34 Subd. 4. [CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER.]  
35 As a prerequisite for licensing as a certified residential real  
36 property appraiser, an applicant must present evidence

1 satisfactory to the commissioner that the person has  
2 successfully completed at least 120 classroom hours of courses,  
3 ~~including-15-hours-related-to-the-standards-of-professional~~  
4 ~~appraisal-practice-and-the-provisions-of-this-chapter,~~ with  
5 particular emphasis on the appraisal of one to four unit  
6 residential properties. Fifteen of the 120 hours must include  
7 successful completion of the 15-hour national USPAP course.

8 Sec. 18. Minnesota Statutes 2004, section 82B.13,  
9 subdivision 5, is amended to read:

10 Subd. 5. [CERTIFIED GENERAL REAL PROPERTY APPRAISER.] As a  
11 prerequisite for licensing as a certified general real property  
12 appraiser, an applicant must present evidence satisfactory to  
13 the commissioner that the person has successfully completed at  
14 least 180 classroom hours of courses, ~~including-15-hours-related~~  
15 ~~to-the-standards-of-professional-appraisal-practice-and-the~~  
16 ~~provisions-of-this-chapter,~~ with particular emphasis on the  
17 appraisal of nonresidential properties. Fifteen of the 180  
18 hours must include successful completion of the 15-hour national  
19 USPAP course.

20 Sec. 19. Minnesota Statutes 2004, section 82B.14, is  
21 amended to read:

22 82B.14 [EXPERIENCE REQUIREMENT.]

23 (a) As a prerequisite for licensing as a licensed real  
24 property appraiser, an applicant must present evidence  
25 satisfactory to the commissioner that the person has obtained  
26 2,000 hours of experience in real property appraisal.

27 As a prerequisite for licensing as a certified residential  
28 real property appraiser, an applicant must present evidence  
29 satisfactory to the commissioner that the person has obtained  
30 2,500 hours of experience in real property appraisal obtained in  
31 no fewer than 24 months.

32 As a prerequisite for licensing as a certified general real  
33 property appraiser, an applicant must present evidence  
34 satisfactory to the commissioner that the person has obtained  
35 3,000 hours of experience in real property appraisal obtained in  
36 no fewer than 30 months. At least 50 percent, or 1,500 hours,

1 must be in nonresidential appraisal work.

2 (b) Each applicant for license under section 82B.11,  
3 subdivision 3, 4, or 5, shall give under oath a detailed listing  
4 of the real estate appraisal reports or file memoranda for which  
5 experience is claimed by the applicant. Upon request, the  
6 applicant shall make available to the commissioner for  
7 examination, a sample of appraisal reports that the applicant  
8 has prepared in the course of appraisal practice.

9 (c) Applicants may not receive credit for experience  
10 accumulated while unlicensed, if the experience is based on  
11 activities which required a license under this section.

12 Sec. 20. Minnesota Statutes 2004, section 82B.19,  
13 subdivision 1, is amended to read:

14 Subdivision 1. [LICENSE RENEWALS.] A licensed real estate  
15 appraiser shall present evidence satisfactory to the  
16 commissioner of having met the continuing education requirements  
17 of this chapter before the commissioner renews a license.

18 The basic continuing education requirement for renewal of a  
19 license is the completion by the applicant either as a student  
20 or as an instructor, during the immediately preceding term of  
21 licensing, of at least 30 classroom hours of instruction in  
22 courses or seminars that have received the approval of the  
23 commissioner. Classroom hour credit must not be accepted for  
24 courses of less than two hours. As part of the continuing  
25 education requirements of this section, the commissioner shall  
26 require that all real estate appraisers ~~receive-at-least-seven~~  
27 ~~hours-of-training-each-license-period-in-courses-in-laws-or~~  
28 ~~regulations-on-standards-of-professional-practice~~ successfully  
29 complete the seven-hour national USPAP update course every two  
30 years. If the applicant's immediately preceding term of  
31 licensing consisted of 12 or more months, but fewer than 24  
32 months, the applicant must provide evidence of completion of 15  
33 hours of instruction during the license period. ~~If-the~~  
34 ~~immediately-preceding-term-of-licensing-consisted-of-fewer-than~~  
35 ~~12-months,-no-continuing-education-need-be-reported.~~ The credit  
36 hours required under this section may be credited to a person

1 for distance education courses that meet Appraiser

2 Qualifications Board criteria.

3 Sec. 21. [REPEALER.]

4 (a) Minnesota Statutes 2004, section 82B.221, is repealed.

5 (b) Minnesota Rules, part 2808.2200, is repealed.

APPENDIX  
Repealed Minnesota Statutes for 05-0309

**82B.221 TRANSITION PERIOD PROVISIONS.**

(a) The commissioner may issue a license as provided under section 82B.11, subdivision 3, 4, or 5, to a person who satisfies the requirements of sections 82B.10, 82B.12, and 82B.13, but has not satisfied the requirement of section 82B.14, provided the person provides evidence satisfactory to the commissioner that they have acquired the equivalent of two years of experience in real property appraisal by September 1, 1993.

(b) The commissioner may issue a license as provided under section 82B.11, subdivision 3, 4, or 5, to a person who has satisfied the requirements of sections 82B.10, 82B.12, and 82B.14, but who has not satisfied the requirements of section 82B.13, provided the person provides evidence satisfactory to the commissioner of completion of the appropriate licensing prerequisite education by September 1, 1993.

(c) Failure to meet the requirements of paragraph (a) or (b) shall be grounds for revocation of a real estate appraiser's license.

Larson

1 Senator ..... moves to amend S.F. No. 1815 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. [45.21] [APPLICATION FEES.]

4 Subdivision 1. [FEE REFUNDS.] Refunds must not be given  
5 other than for overpayment of fees. Overpayment means any  
6 payment of money in excess of a statutory fee or for a license  
7 for which a person does not qualify. An overpayment of a fee  
8 must be returned upon proper application by the applicant. If  
9 an applicant requests a refund of an overpayment, the request  
10 must be received by the commissioner within six months of the  
11 date of deposit or the overpayment will be forfeited. An  
12 overpayment of a fee may be returned to the person entitled to  
13 it upon determination by the commissioner that an overpayment  
14 was made.

15 Subd. 2. [WITHDRAWAL OF APPLICATION.] An application that  
16 is incomplete is considered withdrawn if the applicant does not  
17 submit a complete application within six months of the date the  
18 application was received. The application fee is nonrefundable  
19 if an application is withdrawn according to this subdivision.

20 Sec. 2. [45.22] [LICENSE EDUCATION.]

21 (a) License education courses must be approved in advance  
22 by the commissioner. Each sponsor who offers a license  
23 education course must have at least one coordinator, approved by  
24 the commissioner, who is responsible for supervising the  
25 educational program and assuring compliance with all laws and  
26 rules. "Sponsor" means any person or entity offering approved  
27 education.

28 (b) For coordinators with an initial approval date before  
29 the effective date of this provision, approval will expire on  
30 December 31, 2005. For courses with an initial approval date on  
31 or before December 31, 2000, approval will expire on April 30,  
32 2006. For courses with an initial approval date after January  
33 1, 2001, but before the effective date of this provision,  
34 approval will expire on April 30, 2007.

35 Sec. 3. Minnesota Statutes 2004, section 60K.37,  
36 subdivision 1, is amended to read:

1       Subdivision 1. [RESIDENT INSURANCE PRODUCER.] A person is  
2 a resident of this state if that person resides in this state or  
3 the principal place of business of that person is maintained in  
4 this state. Application for a license claiming residency in  
5 this state constitutes an election of residency in this state.  
6 A license issued upon an application claiming residency in this  
7 state is void if the licensee, while holding a resident license  
8 in this state, obtains a resident license in, or claims to be a  
9 resident of, any other state or jurisdiction or if the licensee  
10 ceases to be a resident of this state. ~~However, if the~~  
11 ~~applicant is a resident of a community or trade area, the border~~  
12 ~~of which is contiguous with the state line of this state, the~~  
13 ~~applicant may qualify for a resident license in this state and~~  
14 ~~at the same time hold a resident license from the contiguous~~  
15 ~~state.~~

16       Sec. 4. Minnesota Statutes 2004, section 60K.38,  
17 subdivision 1, is amended to read:

18       Subdivision 1. [ISSUANCE.] (a) Unless denied a license  
19 under section 60K.43, a person who has met the requirements of  
20 sections 60K.36 and 60K.37 must be issued an insurance producer  
21 license. An insurance producer may receive qualification for a  
22 license in one or more of the lines of authority in paragraphs  
23 (b) and (c).

24       (b) An individual insurance producer may receive  
25 qualification for a license in one or more of the following  
26 major lines:

27       (1) life insurance: coverage on human lives including  
28 benefits of endowment and annuities, and may include benefits in  
29 the event of death or dismemberment by accident and benefits for  
30 disability income;

31       (2) accident and health or sickness insurance: coverage  
32 for sickness, bodily injury, or accidental death, and may  
33 include benefits for disability income;

34       (3) property insurance: coverage for the direct or  
35 consequential loss or damage to property of every kind;

36       (4) casualty insurance: coverage against legal liability,

1 including that for death, injury, or disability, or damage to  
2 real or personal property;

3 (5) variable life and variable annuity products insurance:  
4 coverage provided under variable life insurance contracts and  
5 variable annuities; and

6 (6) personal lines: property and casualty insurance  
7 coverage sold to individuals and families for primarily  
8 noncommercial purposes.

9 (c) An individual insurance producer may receive  
10 qualification for a license in one or more of the following  
11 limited lines:

12 (1) limited line credit insurance;

13 (2) farm property and liability insurance;

14 (3) title insurance;

15 (4) travel baggage insurance; and

16 (5) bail bonds; ~~and~~

17 ~~(6) any other line of insurance permitted under state laws~~  
18 ~~or rules.~~

19 Sec. 5. Minnesota Statutes 2004, section 60K.39,  
20 subdivision 3, is amended to read:

21 Subd. 3. [CHANGE OF ADDRESS.] A nonresident producer who  
22 moves from one state to another state ~~or a resident producer who~~  
23 ~~moves from this state to another state~~ shall file a change of  
24 address and provide certification from the new resident state  
25 within ten days of the change of legal residence. No fee or  
26 license application is required.

27 Sec. 6. Minnesota Statutes 2004, section 60K.56,  
28 subdivision 6, is amended to read:

29 Subd. 6. [MINIMUM EDUCATION REQUIREMENT.] Each person  
30 subject to this section shall complete a minimum of 30 credit  
31 hours of courses accredited by the commissioner during each  
32 24-month licensing period. Any person whose initial licensing  
33 period extends more than six months shall complete 15 hours of  
34 courses accredited by the commissioner during the initial  
35 license period. The credit hours required under this  
36 subdivision may be credited to a person for distance education

1 courses, including interactive technology and the Internet. Any  
2 person teaching or lecturing at an accredited course qualifies  
3 for three times the number of credit hours that would be granted  
4 to a person completing the accredited course. ~~No more than~~  
5 ~~one-half-of-the-credit-hours-per-licensing-period-required-under~~  
6 ~~this-section-may-be-credited-to-a-person-for-attending-any~~  
7 ~~combination-of-courses-either-sponsored-by, offered-by, or~~  
8 ~~affiliated-with-an-insurance-company-or-its-agents, or offered~~  
9 ~~using-new-delivery-technology, including computer, interactive~~  
10 ~~technology, and the Internet.~~ Courses sponsored by, offered by,  
11 or affiliated with an insurance company or agent may restrict  
12 its students to agents of the company or agency.

13 Sec. 7. Minnesota Statutes 2004, section 82.31,  
14 subdivision 5, is amended to read:

15 Subd. 5. [PERIOD FOR APPLICATION.] An applicant who  
16 obtains an acceptable score on a salesperson's examination must  
17 file an application and obtain the license within one year of  
18 the date of successful completion of the examination or a second  
19 examination must be taken to qualify for the license. ~~If a new~~  
20 ~~examination-is-required, prelicense-education-must-be-completed~~  
21 ~~in-accordance-with-section-82.29, subdivision 8.~~

22 Sec. 8. Minnesota Statutes 2004, section 82.32, is amended  
23 to read:

24 82.32 [LICENSING: CONTINUING EDUCATION AND INSTRUCTION.]

25 (a) All real estate salespersons and all real estate  
26 brokers shall be required to successfully complete 30 hours of  
27 real estate continuing education, either as a student or a  
28 lecturer, in courses of study approved by the commissioner,  
29 during the initial license period and during each succeeding  
30 24-month license period. ~~At least 15 of the 30 credit hours~~  
31 ~~must-be-completed-during-the-first-12-months-of-the-24-month~~  
32 ~~licensing-period.~~ Licensees may not claim credit for continuing  
33 education not actually completed as of the date their report of  
34 continuing education compliance is filed.

35 (b) The commissioner may adopt rules defining the standards  
36 for course and instructor approval, and may adopt rules for the

1 proper administration of prelicense instruction as required  
2 under section 82.29, subdivision 8, and continuing education as  
3 required under this section and sections 82.29; 82.31,  
4 subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and  
5 82.44. The commissioner may not approve a course which can be  
6 completed by the student at home or outside the classroom  
7 without the supervision of an instructor except accredited  
8 courses using new delivery technology, including interactive  
9 technology, and the Internet. The commissioner may approve  
10 courses of study in the real estate field offered in educational  
11 institutions of higher learning in this state or courses of  
12 study in the real estate field developed by and offered under  
13 the auspices of the National Association of Realtors, its  
14 affiliates, or private real estate schools. Courses in  
15 motivation, salesmanship, psychology, or time management shall  
16 not be approved by the commissioner for continuing education  
17 credit. The commissioner may approve courses in any other  
18 subjects, including, but not limited to, communication,  
19 marketing, negotiation, and technology for continuing education  
20 credit.

21 (c) Any program approved by Minnesota continuing legal  
22 education shall be approved by the commissioner of commerce for  
23 continuing education for real estate brokers and salespeople if  
24 the program or any part thereof relates to real estate.

25 (d) As part of the continuing education requirements of  
26 this section and sections 82.29; 82.31, subdivisions 5 and 6;  
27 82.33, subdivisions 1 and 4 to 6; and 82.44, the commissioner  
28 shall require that all real estate brokers and salespersons  
29 receive:

30 (1) at least one hour of training during each license  
31 period in courses in laws or regulations on agency  
32 representation and disclosure; and

33 (2) at least one hour of training during each license  
34 period in courses in state and federal fair housing laws,  
35 regulations, and rules, other antidiscrimination laws, or  
36 courses designed to help licensees to meet the housing needs of

1 immigrant and other underserved populations.

2       Clauses (1) and (2) do not apply to real estate  
3 salespersons and real estate brokers engaged solely in the  
4 commercial real estate business who file with the commissioner a  
5 verification of this status along with the continuing education  
6 report required under paragraph (a).

7       (e) The commissioner is authorized to establish a procedure  
8 for renewal of course accreditation.

9       (f) Approved continuing education courses may be sponsored  
10 or offered by a broker of a real estate company and may be held  
11 on the premises of a company licensed under this chapter. All  
12 continuing education course offerings must be open to any  
13 interested individuals. Access may be restricted by the sponsor  
14 based on class size only. Courses must not be approved if  
15 attendance is restricted to any particular group of people. A  
16 broker must comply with all continuing education rules  
17 prescribed by the commissioner. The commissioner shall not  
18 approve any prelicense instruction courses offered by, sponsored  
19 by, or affiliated with any person or company licensed to engage  
20 in the real estate business.

21       (g) Credit may not be earned if the licensee has previously  
22 obtained credit for the same course as either a student or  
23 instructor during the same licensing period.

24       (h) The real estate education course completion certificate  
25 must be in the form set forth by the commissioner.  
26 Students are responsible for maintaining copies of course  
27 completion certificates.

28       Sec. 9. Minnesota Statutes 2004, section 82B.02, is  
29 amended by adding a subdivision to read:

30       Subd. 16. [USPAP.] "USPAP" means the Uniform Standards of  
31 Professional Appraisal Practice established by the Appraisal  
32 Foundation.

33       Sec. 10. [82B.095] [APPRAISER QUALIFICATION COMPONENTS.]

34       The three components required for a real property appraiser  
35 license are education, experience, and examination. Applicants  
36 for a class of license must document that they have met at least

1 the component criteria that were in effect at the time they  
2 completed that component.

3 Sec. 11. Minnesota Statutes 2004, section 82B.10,  
4 subdivision 4, is amended to read:

5 Subd. 4. [PERIOD FOR APPLICATION.] An applicant who  
6 obtains an acceptable score on an examination must file an  
7 application and obtain the license within ~~one-year~~ two years of  
8 the date of successful completion of the examination or a second  
9 examination must be taken to qualify for the license.

10 Sec. 12. Minnesota Statutes 2004, section 82B.11,  
11 subdivision 6, is amended to read:

12 Subd. 6. [TEMPORARY PRACTICE.] (a) The commissioner shall  
13 issue a license for temporary practice as a real estate  
14 appraiser under subdivision 3, 4, or 5 to a person certified or  
15 licensed by another state if:

16 (1) the property to be appraised is part of a federally  
17 related transaction and the person is licensed to appraise  
18 property limited to the same transaction value or complexity  
19 provided in subdivision 3, 4, or 5;

20 (2) the appraiser's business is of a temporary nature; and

21 (3) the appraiser registers with the commissioner to obtain  
22 a temporary license before conducting appraisals within the  
23 state.

24 (b) The term of a temporary practice license is the lesser  
25 of:

26 (1) the time required to complete the assignment; or

27 (2) six months, with one extension allowed.

28 The appraiser may request one extension of no more than six  
29 months on a form provided by the commissioner. If more than 12  
30 months are necessary to complete the assignment, a new temporary  
31 application and fee is required.

32 Sec. 13. Minnesota Statutes 2004, section 82B.13,  
33 subdivision 1, is amended to read:

34 Subdivision 1. [REGISTERED REAL PROPERTY APPRAISER OR  
35 LICENSED REAL PROPERTY APPRAISER.] As a prerequisite for  
36 licensing as a registered real property appraiser or licensed

1 real property appraiser, an applicant must present evidence  
2 satisfactory to the commissioner that the person has  
3 successfully completed at least 90 classroom hours of prelicense  
4 courses. The courses must consist of 75 hours of general real  
5 estate appraisal principles and ~~15-hours-related-to-standards-of~~  
6 ~~professional-appraisal-practice-and-the-provisions-of-this~~  
7 chapter the 15-hour national USPAP course.

8 Sec. 14. Minnesota Statutes 2004, section 82B.13,  
9 subdivision 3, is amended to read:

10 Subd. 3. [COMMISSIONER'S APPROVAL; RULES.] The courses and  
11 instruction and procedures of courses must be approved by the  
12 commissioner. The commissioner may adopt rules to administer  
13 this section. These rules must, to the extent practicable,  
14 conform to the rules adopted for real estate and insurance  
15 education. The credit hours required under this section may be  
16 credited to a person for distance education courses that meet  
17 Appraiser Qualifications Board criteria.

18 Sec. 15. Minnesota Statutes 2004, section 82B.13,  
19 subdivision 4, is amended to read:

20 Subd. 4. [CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER.]  
21 As a prerequisite for licensing as a certified residential real  
22 property appraiser, an applicant must present evidence  
23 satisfactory to the commissioner that the person has  
24 successfully completed at least 120 classroom hours  
25 of prelicense courses, ~~including-15-hours-related-to-the~~  
26 ~~standards-of-professional-appraisal-practice-and-the-provisions~~  
27 ~~of-this-chapter,~~ with particular emphasis on the appraisal of  
28 one to four unit residential properties. Fifteen of the 120  
29 hours must include successful completion of the 15-hour national  
30 USPAP course.

31 Sec. 16. Minnesota Statutes 2004, section 82B.13,  
32 subdivision 5, is amended to read:

33 Subd. 5. [CERTIFIED GENERAL REAL PROPERTY APPRAISER.] As a  
34 prerequisite for licensing as a certified general real property  
35 appraiser, an applicant must present evidence satisfactory to  
36 the commissioner that the person has successfully completed at

1 least 180 classroom hours of prelicense courses, ~~including-15~~  
2 ~~hours-related-to-the-standards-of-professional-appraisal~~  
3 ~~practice-and-the-provisions-of-this-chapter,~~ with particular  
4 emphasis on the appraisal of nonresidential properties. Fifteen  
5 of the 180 hours must include successful completion of the  
6 15-hour national USPAP course.

7 Sec. 17. Minnesota Statutes 2004, section 82B.14, is  
8 amended to read:

9 82B.14 [EXPERIENCE REQUIREMENT.]

10 (a) As a prerequisite for licensing as a licensed real  
11 property appraiser, an applicant must present evidence  
12 satisfactory to the commissioner that the person has obtained  
13 2,000 hours of experience in real property appraisal.

14 As a prerequisite for licensing as a certified residential  
15 real property appraiser, an applicant must present evidence  
16 satisfactory to the commissioner that the person has obtained  
17 2,500 hours of experience in real property appraisal obtained in  
18 no fewer than 24 months.

19 As a prerequisite for licensing as a certified general real  
20 property appraiser, an applicant must present evidence  
21 satisfactory to the commissioner that the person has obtained  
22 3,000 hours of experience in real property appraisal obtained in  
23 no fewer than 30 months. At least 50 percent, or 1,500 hours,  
24 must be in nonresidential appraisal work.

25 (b) Each applicant for license under section 82B.11,  
26 subdivision 3, 4, or 5, shall give under oath a detailed listing  
27 of the real estate appraisal reports or file memoranda for which  
28 experience is claimed by the applicant. Upon request, the  
29 applicant shall make available to the commissioner for  
30 examination, a sample of appraisal reports that the applicant  
31 has prepared in the course of appraisal practice.

32 (c) Applicants may not receive credit for experience  
33 accumulated while unlicensed, if the experience is based on  
34 activities which required a license under this section.

35 Sec. 18. Minnesota Statutes 2004, section 82B.19,  
36 subdivision 1, is amended to read:



Adopted

4-4-05

Metzen

1 Senator ..... moves to amend the delete-everything  
2 amendment (SCS1815A-1) to S.F. No. 1815 as follows:

3 Page 1, after line 34, insert:

4 "Sec. 3. Minnesota Statutes 2004, section 60K.36,  
5 subdivision 2, is amended to read:

6 Subd. 2. [EXAMINATION NOT REQUIRED.] A resident individual  
7 applying for a limited lines credit insurance, title insurance,  
8 travel baggage insurance, mobile telephone insurance, or bail  
9 bonds license is not required to take a written examination."

10 Page 3, line 15, delete "and"

11 Page 3, line 16, after "(5)" insert "mobile telephone  
12 insurance; and

13 (6)"

14 Renumber the sections in sequence and correct the internal  
15 references

16 Amend the title accordingly

4-4-05

Did  
prevail

1 Senator <sup>Reiter</sup> moves to amend the delete-everything  
 2 amendment (SCS1815A-1) to S.F. No. 1815 as follows:  
 3 Pages 3 and 4, delete section 6

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Did  
not  
prevail

4 Pages 4 to 6, delete section 8  
 5 Renumber the sections in sequence and correct the internal  
 6 references  
 7 Amend the title accordingly

1 Senator Scheid from the Committee on Commerce, to which was  
2 referred

3 S.F. No. 1815: A bill for an act relating to commerce;  
4 modifying various requirements for licensees of the Department  
5 of Commerce; amending Minnesota Statutes 2004, sections 60K.37,  
6 subdivision 1; 60K.38, subdivision 1; 60K.39, subdivision 3;  
7 60K.56, subdivision 6; 82.29, subdivision 8; 82.31, subdivision  
8 5; 82.32; 82B.02, by adding a subdivision; 82B.10, subdivision  
9 4; 82B.11, subdivision 6; 82B.13, subdivisions 1, 3, 4, 5;  
10 82B.14; 82B.19, subdivision 1; proposing coding for new law in  
11 Minnesota Statutes, chapter 45; repealing Minnesota Statutes  
12 2004, section 82B.221; Minnesota Rules, part 2808.2200.

13 Reports the same back with the recommendation that the bill  
14 be amended as follows:

15 Delete everything after the enacting clause and insert:

16 "Section 1. [45.21] [APPLICATION FEES.]

17 Subdivision 1. [FEE REFUNDS.] Refunds must not be given  
18 other than for overpayment of fees. Overpayment means any  
19 payment of money in excess of a statutory fee or for a license  
20 for which a person does not qualify. An overpayment of a fee  
21 must be returned upon proper application by the applicant. If  
22 an applicant requests a refund of an overpayment, the request  
23 must be received by the commissioner within six months of the  
24 date of deposit or the overpayment will be forfeited. An  
25 overpayment of a fee may be returned to the person entitled to  
26 it upon determination by the commissioner that an overpayment  
27 was made.

28 Subd. 2. [WITHDRAWAL OF APPLICATION.] An application that  
29 is incomplete is considered withdrawn if the applicant does not  
30 submit a complete application within six months of the date the  
31 application was received. The application fee is nonrefundable  
32 if an application is withdrawn according to this subdivision.

33 Sec. 2. [45.22] [LICENSE EDUCATION.]

34 (a) License education courses must be approved in advance  
35 by the commissioner. Each sponsor who offers a license  
36 education course must have at least one coordinator, approved by  
37 the commissioner, who is responsible for supervising the  
38 educational program and assuring compliance with all laws and  
39 rules. "Sponsor" means any person or entity offering approved  
40 education.

41 (b) For coordinators with an initial approval date before

1 the effective date of this provision, approval will expire on  
2 December 31, 2005. For courses with an initial approval date on  
3 or before December 31, 2000, approval will expire on April 30,  
4 2006. For courses with an initial approval date after January  
5 1, 2001, but before the effective date of this provision,  
6 approval will expire on April 30, 2007.

7 Sec. 3. Minnesota Statutes 2004, section 60K.36,  
8 subdivision 2, is amended to read:

9 Subd. 2. [EXAMINATION NOT REQUIRED.] A resident individual  
10 applying for a limited lines credit insurance, title insurance,  
11 travel baggage insurance, mobile telephone insurance, or bail  
12 bonds license is not required to take a written examination.

13 Sec. 4. Minnesota Statutes 2004, section 60K.37,  
14 subdivision 1, is amended to read:

15 Subdivision 1. [RESIDENT INSURANCE PRODUCER.] A person is  
16 a resident of this state if that person resides in this state or  
17 the principal place of business of that person is maintained in  
18 this state. Application for a license claiming residency in  
19 this state constitutes an election of residency in this state.  
20 A license issued upon an application claiming residency in this  
21 state is void if the licensee, while holding a resident license  
22 in this state, obtains a resident license in, or claims to be a  
23 resident of, any other state or jurisdiction or if the licensee  
24 ceases to be a resident of this state. ~~However, if the~~  
25 ~~applicant is a resident of a community or trade area, the border~~  
26 ~~of which is contiguous with the state line of this state, the~~  
27 ~~applicant may qualify for a resident license in this state and~~  
28 ~~at the same time hold a resident license from the contiguous~~  
29 ~~state.~~

30 Sec. 5. Minnesota Statutes 2004, section 60K.38,  
31 subdivision 1, is amended to read:

32 Subdivision 1. [ISSUANCE.] (a) Unless denied a license  
33 under section 60K.43, a person who has met the requirements of  
34 sections 60K.36 and 60K.37 must be issued an insurance producer  
35 license. An insurance producer may receive qualification for a  
36 license in one or more of the lines of authority in paragraphs

1 (b) and (c).

2 (b) An individual insurance producer may receive  
3 qualification for a license in one or more of the following  
4 major lines:

5 (1) life insurance: coverage on human lives including  
6 benefits of endowment and annuities, and may include benefits in  
7 the event of death or dismemberment by accident and benefits for  
8 disability income;

9 (2) accident and health or sickness insurance: coverage  
10 for sickness, bodily injury, or accidental death, and may  
11 include benefits for disability income;

12 (3) property insurance: coverage for the direct or  
13 consequential loss or damage to property of every kind;

14 (4) casualty insurance: coverage against legal liability,  
15 including that for death, injury, or disability, or damage to  
16 real or personal property;

17 (5) variable life and variable annuity products insurance:  
18 coverage provided under variable life insurance contracts and  
19 variable annuities; and

20 (6) personal lines: property and casualty insurance  
21 coverage sold to individuals and families for primarily  
22 noncommercial purposes.

23 (c) An individual insurance producer may receive  
24 qualification for a license in one or more of the following  
25 limited lines:

26 (1) limited line credit insurance;

27 (2) farm property and liability insurance;

28 (3) title insurance;

29 (4) travel baggage insurance;

30 (5) mobile telephone insurance; and

31 (6) bail bonds; and

32 ~~(6) any other line of insurance permitted under state laws~~  
33 ~~or rules.~~

34 Sec. 6. Minnesota Statutes 2004, section 60K.39,  
35 subdivision 3, is amended to read:

36 Subd. 3. [CHANGE OF ADDRESS.] A nonresident producer who

1 moves from one state to another state ~~or-a-resident-producer-who~~  
2 ~~moves-from-this-state-to-another-state~~ shall file a change of  
3 address and provide certification from the new resident state  
4 within ten days of the change of legal residence. No fee or  
5 license application is required.

6 Sec. 7. Minnesota Statutes 2004, section 82.31,  
7 subdivision 5, is amended to read:

8 Subd. 5. [PERIOD FOR APPLICATION.] An applicant who  
9 obtains an acceptable score on a salesperson's examination must  
10 file an application and obtain the license within one year of  
11 the date of successful completion of the examination or a second  
12 examination must be taken to qualify for the license. ~~If-a-new~~  
13 ~~examination-is-required,-prelicense-education-must-be-completed~~  
14 ~~in-accordance-with-section-82-29,-subdivision-8-~~

15 Sec. 8. Minnesota Statutes 2004, section 82.32, is amended  
16 to read:

17 82.32 [LICENSING: CONTINUING EDUCATION AND INSTRUCTION.]

18 (a) All real estate salespersons and all real estate  
19 brokers shall be required to successfully complete 30 hours of  
20 real estate continuing education, either as a student or a  
21 lecturer, in courses of study approved by the commissioner,  
22 during the initial license period and during each succeeding  
23 24-month license period. ~~At-least-15-of-the-30-credit-hours~~  
24 ~~must-be-completed-during-the-first-12-months-of-the-24-month~~  
25 ~~licensing-period-~~ Licensees may not claim credit for continuing  
26 education not actually completed as of the date their report of  
27 continuing education compliance is filed.

28 (b) The commissioner may adopt rules defining the standards  
29 for course and instructor approval, and may adopt rules for the  
30 proper administration of prelicense instruction as required  
31 under section 82.29, subdivision 8, and continuing education as  
32 required under this section and sections 82.29; 82.31,  
33 subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and  
34 82.44. The commissioner may not approve a course which can be  
35 completed by the student at home or outside the classroom  
36 without the supervision of an instructor except accredited

1 courses using new delivery technology, including interactive  
2 technology, and the Internet. The commissioner may approve  
3 courses of study in the real estate field offered in educational  
4 institutions of higher learning in this state or courses of  
5 study in the real estate field developed by and offered under  
6 the auspices of the National Association of Realtors, its  
7 affiliates, or private real estate schools. Courses in  
8 motivation, salesmanship, psychology, or time management shall  
9 not be approved by the commissioner for continuing education  
10 credit. The commissioner may approve courses in any other  
11 subjects, including, but not limited to, communication,  
12 marketing, negotiation, and technology for continuing education  
13 credit.

14 (c) Any program approved by Minnesota continuing legal  
15 education shall be approved by the commissioner of commerce for  
16 continuing education for real estate brokers and salespeople if  
17 the program or any part thereof relates to real estate.

18 (d) As part of the continuing education requirements of  
19 this section and sections 82.29; 82.31, subdivisions 5 and 6;  
20 82.33, subdivisions 1 and 4 to 6; and 82.44, the commissioner  
21 shall require that all real estate brokers and salespersons  
22 receive:

23 (1) at least one hour of training during each license  
24 period in courses in laws or regulations on agency  
25 representation and disclosure; and

26 (2) at least one hour of training during each license  
27 period in courses in state and federal fair housing laws,  
28 regulations, and rules, other antidiscrimination laws, or  
29 courses designed to help licensees to meet the housing needs of  
30 immigrant and other underserved populations.

31 Clauses (1) and (2) do not apply to real estate  
32 salespersons and real estate brokers engaged solely in the  
33 commercial real estate business who file with the commissioner a  
34 verification of this status along with the continuing education  
35 report required under paragraph (a).

36 (e) The commissioner is authorized to establish a procedure

1 for renewal of course accreditation.

2 (f) Approved continuing education courses may be sponsored  
3 or offered by a broker of a real estate company and may be held  
4 on the premises of a company licensed under this chapter. All  
5 continuing education course offerings must be open to any  
6 interested individuals. Access may be restricted by the sponsor  
7 based on class size only. Courses must not be approved if  
8 attendance is restricted to any particular group of people. A  
9 broker must comply with all continuing education rules  
10 prescribed by the commissioner. The commissioner shall not  
11 approve any prelicense instruction courses offered by, sponsored  
12 by, or affiliated with any person or company licensed to engage  
13 in the real estate business.

14 (g) Credit may not be earned if the licensee has previously  
15 obtained credit for the same course as either a student or  
16 instructor during the same licensing period.

17 (h) The real estate education course completion certificate  
18 must be in the form set forth by the commissioner.  
19 Students are responsible for maintaining copies of course  
20 completion certificates.

21 Sec. 9. Minnesota Statutes 2004, section 82B.02, is  
22 amended by adding a subdivision to read:

23 Subd. 16. [USPAP.] "USPAP" means the Uniform Standards of  
24 Professional Appraisal Practice established by the Appraisal  
25 Foundation.

26 Sec. 10. [82B.095] [APPRAISER QUALIFICATION COMPONENTS.]

27 The three components required for a real property appraiser  
28 license are education, experience, and examination. Applicants  
29 for a class of license must document that they have met at least  
30 the component criteria that were in effect at the time they  
31 completed that component.

32 Sec. 11. Minnesota Statutes 2004, section 82B.10,  
33 subdivision 4, is amended to read:

34 Subd. 4. [PERIOD FOR APPLICATION.] An applicant who  
35 obtains an acceptable score on an examination must file an  
36 application and obtain the license within ~~one-year~~ two years of

1 the date of successful completion of the examination or a second  
2 examination must be taken to qualify for the license.

3 Sec. 12. Minnesota Statutes 2004, section 82B.11,  
4 subdivision 6, is amended to read:

5 Subd. 6. [TEMPORARY PRACTICE.] (a) The commissioner shall  
6 issue a license for temporary practice as a real estate  
7 appraiser under subdivision 3, 4, or 5 to a person certified or  
8 licensed by another state if:

9 (1) the property to be appraised is part of a federally  
10 related transaction and the person is licensed to appraise  
11 property limited to the same transaction value or complexity  
12 provided in subdivision 3, 4, or 5;

13 (2) the appraiser's business is of a temporary nature; and

14 (3) the appraiser registers with the commissioner to obtain  
15 a temporary license before conducting appraisals within the  
16 state.

17 (b) The term of a temporary practice license is the lesser  
18 of:

19 (1) the time required to complete the assignment; or

20 (2) six months, with one extension allowed.

21 The appraiser may request one extension of no more than six  
22 months on a form provided by the commissioner. If more than 12  
23 months are necessary to complete the assignment, a new temporary  
24 application and fee is required.

25 Sec. 13. Minnesota Statutes 2004, section 82B.13,  
26 subdivision 1, is amended to read:

27 Subdivision 1. [REGISTERED REAL PROPERTY APPRAISER OR  
28 LICENSED REAL PROPERTY APPRAISER.] As a prerequisite for  
29 licensing as a registered real property appraiser or licensed  
30 real property appraiser, an applicant must present evidence  
31 satisfactory to the commissioner that the person has  
32 successfully completed at least 90 classroom hours of prelicense  
33 courses. The courses must consist of 75 hours of general real  
34 ~~estate appraisal principles and 15-hours-related-to-standards-of~~  
35 ~~professional-appraisal-practice-and-the-provisions-of-this~~  
36 ~~chapter~~ the 15-hour national USPAP course.

1       Sec. 14. Minnesota Statutes 2004, section 82B.13,  
2 subdivision 3, is amended to read:

3       Subd. 3. [COMMISSIONER'S APPROVAL; RULES.] The courses and  
4 instruction and procedures of courses must be approved by the  
5 commissioner. The commissioner may adopt rules to administer  
6 this section. These rules must, to the extent practicable,  
7 conform to the rules adopted for real estate and insurance  
8 education. The credit hours required under this section may be  
9 credited to a person for distance education courses that meet  
10 Appraiser Qualifications Board criteria.

11       Sec. 15. Minnesota Statutes 2004, section 82B.13,  
12 subdivision 4, is amended to read:

13       Subd. 4. [CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER.]  
14 As a prerequisite for licensing as a certified residential real  
15 property appraiser, an applicant must present evidence  
16 satisfactory to the commissioner that the person has  
17 successfully completed at least 120 classroom hours  
18 of prelicense courses, ~~including-15-hours-related-to-the~~  
19 ~~standards-of-professional-appraisal-practice-and-the-provisions~~  
20 ~~of-this-chapter,~~ with particular emphasis on the appraisal of  
21 one to four unit residential properties. Fifteen of the 120  
22 hours must include successful completion of the 15-hour national  
23 USPAP course.

24       Sec. 16. Minnesota Statutes 2004, section 82B.13,  
25 subdivision 5, is amended to read:

26       Subd. 5. [CERTIFIED GENERAL REAL PROPERTY APPRAISER.] As a  
27 prerequisite for licensing as a certified general real property  
28 appraiser, an applicant must present evidence satisfactory to  
29 the commissioner that the person has successfully completed at  
30 least 180 classroom hours of prelicense courses, ~~including-15~~  
31 ~~hours-related-to-the-standards-of-professional-appraisal~~  
32 ~~practice-and-the-provisions-of-this-chapter,~~ with particular  
33 emphasis on the appraisal of nonresidential properties. Fifteen  
34 of the 180 hours must include successful completion of the  
35 15-hour national USPAP course.

36       Sec. 17. Minnesota Statutes 2004, section 82B.14, is

1 amended to read:

2 82B.14 [EXPERIENCE REQUIREMENT.]

3 (a) As a prerequisite for licensing as a licensed real  
4 property appraiser, an applicant must present evidence  
5 satisfactory to the commissioner that the person has obtained  
6 2,000 hours of experience in real property appraisal.

7 As a prerequisite for licensing as a certified residential  
8 real property appraiser, an applicant must present evidence  
9 satisfactory to the commissioner that the person has obtained  
10 2,500 hours of experience in real property appraisal obtained in  
11 no fewer than 24 months.

12 As a prerequisite for licensing as a certified general real  
13 property appraiser, an applicant must present evidence  
14 satisfactory to the commissioner that the person has obtained  
15 3,000 hours of experience in real property appraisal obtained in  
16 no fewer than 30 months. At least 50 percent, or 1,500 hours,  
17 must be in nonresidential appraisal work.

18 (b) Each applicant for license under section 82B.11,  
19 subdivision 3, 4, or 5, shall give under oath a detailed listing  
20 of the real estate appraisal reports or file memoranda for which  
21 experience is claimed by the applicant. Upon request, the  
22 applicant shall make available to the commissioner for  
23 examination, a sample of appraisal reports that the applicant  
24 has prepared in the course of appraisal practice.

25 (c) Applicants may not receive credit for experience  
26 accumulated while unlicensed, if the experience is based on  
27 activities which required a license under this section.

28 Sec. 18. Minnesota Statutes 2004, section 82B.19,  
29 subdivision 1, is amended to read:

30 Subdivision 1. [LICENSE RENEWALS.] A licensed real estate  
31 appraiser shall present evidence satisfactory to the  
32 commissioner of having met the continuing education requirements  
33 of this chapter before the commissioner renews a license.

34 The basic continuing education requirement for renewal of a  
35 license is the completion by the applicant either as a student  
36 or as an instructor, during the immediately preceding term of

1 licensing, of at least 30 classroom hours of instruction in  
 2 courses or seminars that have received the approval of the  
 3 commissioner. Classroom hour credit must not be accepted for  
 4 courses of less than two hours. As part of the continuing  
 5 education requirements of this section, the commissioner shall  
 6 require that all real estate appraisers ~~receive-at-least-seven~~  
 7 ~~hours-of-training-each-license-period-in-courses-in-laws-or~~  
 8 ~~regulations-on-standards-of-professional-practice~~ successfully  
 9 complete the seven-hour national USPAP update course every two  
 10 years. If the applicant's immediately preceding term of  
 11 licensing consisted of 12 or more months, but fewer than 24  
 12 months, the applicant must provide evidence of completion of 15  
 13 hours of instruction during the license period. ~~If-the~~  
 14 ~~immediately-preceding-term-of-licensing-consisted-of-fewer-than~~  
 15 ~~12-months,-no-continuing-education-need-be-reported.~~ The credit  
 16 hours required under this section may be credited to a person  
 17 for distance education courses that meet Appraiser  
 18 Qualifications Board criteria.

19 Sec. 19. [REPEALER.]

20 (a) Minnesota Statutes 2004, section 82B.221, is repealed.

21 (b) Minnesota Rules, part 2808.2200, is repealed."

22 Delete the title and insert:

23 "A bill for an act relating to commerce; modifying various  
 24 requirements for licensees of the Department of Commerce;  
 25 amending Minnesota Statutes 2004, sections 60K.36, subdivision  
 26 2; 60K.37, subdivision 1; 60K.38, subdivision 1; 60K.39,  
 27 subdivision 3; 82.31, subdivision 5; 82.32; 82B.02, by adding a  
 28 subdivision; 82B.10, subdivision 4; 82B.11, subdivision 6;  
 29 82B.13, subdivisions 1, 3, 4, 5; 82B.14; 82B.19, subdivision 1;  
 30 proposing coding for new law in Minnesota Statutes, chapters 45;  
 31 82B; repealing Minnesota Statutes 2004, section 82B.221;  
 32 Minnesota Rules, part 2808.2200."

33 And when so amended the bill do pass. Amendments adopted.  
 34 Report adopted.

35 *Sandra Scheid*  
 36 .....  
 37 (Committee Chair)

38 April 4, 2005.....  
 39 (Date of Committee recommendation)

**Senate Counsel, Research,  
and Fiscal Analysis**

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**Senate**  

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**State of Minnesota**

**S.F. No. 1783 - Omnibus Insurance Bill**

**Author:** Senator Linda Scheid  
**Prepared by:** Christopher B. Stang, <sup>CB</sup> Senate Counsel (651/296-0539)  
**Date:** March 31, 2005

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**Section 1** provides that gross unearned premiums on a canceled finance insurance contract is calculated based on audited premiums and is due within 60 days after cancellation.

**Section 2** increases the fee for filing insurance forms and premium rates from \$75 to \$90. Eliminates a \$250 filing fee for a worker's compensation "large risk alternative rating option plan," which meets a threshold of at least \$250,000 in annual premiums from a single employer. The elimination of this fee relates to section 24 of this bill.

**Section 3** requires an insurance company to provide notice that a policy is not being renewed when due to termination of a contract with an insurance agent. If the agent is unable to replace the policy with another insurer, the agent must notify the policyholder of the policyholder's right to renew with the company terminating the policy.

**Section 4** changes health plant third-party administrator license fees from \$1,000 for two years to \$1,500 for three years.

**Section 5.** This section involves viatical settlements. A viatical settlement is the sale, by a person who has life insurance, of the right to collect the person's life insurance benefit when the person dies at some unknown time in the future. These transactions are usually handled through intermediaries called viatical settlement providers, who receive a fee for their services. This section extends current law regulating intermediaries in viatical settlements to include brokers.

**Section 6** makes existing viatical settlement disclosure requirements apply to viatical settlement brokers. Changes the required timing of disclosures that a viatical settlement provider or broker is required to make to the seller (called a "viator"), so that they are made when the provider or broker

gives an application to the prospective viator, rather than later when the viatical settlement agreement is being signed.

**Section 7** defines terms used in the following section.

**Section 8** requires insurance companies, agents, and other insurance-related entities to implement a comprehensive security program to protect customer information. Lists examples of methods that may be used to achieve compliance.

**Section 9** makes a violation of the two preceding sections a violation of the unfair insurance trade practices act.

**Section 10** is a technical clarification of a section that lists requirements that apply to health plan coverage that do not apply to dental insurance plans.

**Section 11** deals with the "six month open window" open enrollment period for Medicare supplement insurance available after a person enrolls in Medicare Part B. Open enrollment means the person cannot be turned down for Medicare supplement insurance for health reasons during that six-month period. Under current law, if a person who is enrolled in Medicare Part B drops that enrollment because the person has returned to work and has employee health coverage through the person's employer, the person gets another "six-month open window" when the person later retires again (or loses the job) and reenrolls in Medicare Part B. This section extends that to also apply to people who drop Medicare Part B because they obtain health coverage through an employer other than through becoming an employee. The typical example of this would be a person who gets that employer health coverage as a spouse or other dependent of an employee.

**Section 12** changes the coverage of preventive care in the Medicare supplement "extended basic" plan to conform to changes in Medicare's coverage of preventive care.

**Section 13** changes the coverage of preventive care in the Medicare supplement "basic" plan, to conform to changes in Medicare's coverage of preventive care.

**Section 14** is a technical change to correctly refer to Medicare supplement plans offered by the Minnesota Comprehensive Health Association.

**Section 15** adds MinnesotaCare to the list of acceptable waivers of coverage for small employer health insurance. A waiver means that an employee who has other health coverage can decline ("waive") coverage from a small employer without being included in the denominator of the fraction expressing the percentage of eligible employees who are covered, which must be at least 75 percent.

**Section 16** extends the prohibition on denials of health coverage on the basis of suicide or attempted suicide to more types of health-related insurance.

**Section 17** prohibits homeowner's insurance companies from including as a claim for nonrenewal purposes an insured's inquiry about a hypothetical claim or an inquiry to the insured's agent regarding a potential claim.

**Section 18** changes the initial application fee for motor vehicle self-insurance from \$1,500 to \$2,500. Changes the renewal period from annual to three years. Changes the renewal fee for political subdivisions from \$400 per year to \$1,200 for three years. Changes the renewal fee for nongovernmental entities from \$500 per year to \$1,500 for three years.

**Section 19** prohibits insurance companies from using as claims for purposes of homeowner's insurance nonrenewal the types of inquiries described in section 17 of this bill.

**Section 20** requires insurers to reevaluate a policyholder's credit score or insurance score upon request. Requires any resulting premium change to be effective upon renewal. Provides that insurers need not do this more than twice per year for a policyholder.

**Section 21** defines "accident and sickness insurance" for purposes of chapter 72A. The definition is identical to that used in section 62A.01. This definition is then used in the next section of this bill.

**Section 22** uses the definition added in the previous section to clarify that a written notice requirement for claims that cannot be accepted or denied within 30 days applies to all accident and sickness insurance claims.

**Section 23** eliminates a requirement that premiums charged to workers' compensation insurance companies for reinsurance by the Workers' Compensation Reinsurance Association (WCRA) be recognized as a cost for ratemaking on the same basis as assessments for the special compensation fund.

**Section 24** involves the large risk alternative rating option ("LRARO") worker's compensation premium rate plans referred to in section 2 of this bill. Changes LRARO to provide that the insurer may charge a premium rate without filing it with the commissioner if the insurer files with the commissioner a certification that the premium rate is being used only with a specified employer that generates at least \$250,000 in annual worker's compensation premiums under the plan in all states combined, prior to discounts for high deductibles. Under current law, a LRARO premium rating plan must be filed with the commissioner, but is not subject to disapproval. Current law does not require the certification by the insurer.

**Section 25** makes changes to conform to the preceding section.

**Section 26** increases the initial and annual renewal licensing fee charged to data service organizations from \$50 to \$1,000. These are organizations of insurers that develop worker's compensation premium rates.

**Section 27** gives the Workers' Compensation Self-Insurers' Security Fund the right to immediate possession of an insolvent member's claims files and data.

**Section 28** requires self-insured employers who terminate self-insurance to provide an actuarial opinion of their liabilities within 120 days of the date of termination and provides enforcement of that requirement. Provides for interest on such liabilities not paid to the security fund within 30 days of notification.

**Section 29** changes language involving the assessments made by the worker's compensation self-insurance security fund on employers that are individually self-insured. This security fund steps in to pay worker's compensation benefits owed to employees by a self-insured employer that becomes insolvent.

**Section 30** modifies distribution procedures for surplus money in a workers' compensation commercial self-insurance group.

**Section 31** permits self-insured workers' compensation groups to provide "all states" coverage. Requires it be available to members temporarily performing work out of state.

**Section 32** is a technical clarification of a law that governs the obligations of health insurers and worker's compensation insurers for injuries or illnesses that may be covered by both.

**Section 33** repeals a law requiring prior approval of advertisements by life insurance companies involving accelerated benefits and prohibiting approval if the advertisement might cause a prospective purchaser to think the product is a long-term care insurance policy. Also repeals a law requiring employers that provide health coverage to employees to offer coverage that meets certain requirements.

**Section 34** establishes various effective dates.

CBS:cs

Delete section 15, 21, + 22

Senators Scheid, Reiter, Michel, Kiscaden and Murphy introduced--  
S.F. No. 1783: Referred to the Committee on Commerce.

1 A bill for an act  
2 relating to insurance; regulating agency terminations,  
3 coverages, fees, forms, disclosures, reports,  
4 information security, and premiums; amending Minnesota  
5 Statutes 2004, sections 59A.12, subdivision 2; 60A.14,  
6 subdivision 1; 60A.171, subdivision 11; 60A.23,  
7 subdivision 8; 60A.966; 60A.969; 62A.136; 62A.31,  
8 subdivision 1h; 62A.315; 62A.316; 62E.13, subdivision  
9 2; 62L.03, subdivision 3; 62Q.471; 65A.29, subdivision  
10 11; 65B.48, subdivision 3; 72A.20, subdivisions 13,  
11 36; 72A.201, subdivisions 3, 4; 79.40; 79.56,  
12 subdivisions 1, 3; 79.62, subdivision 3; 79A.04,  
13 subdivision 10; 79A.06, subdivision 5; 79A.12,  
14 subdivision 2; 79A.22, subdivision 11, by adding a  
15 subdivision; 176.191, subdivision 3; proposing coding  
16 for new law in Minnesota Statutes, chapter 60A;  
17 repealing Minnesota Statutes 2004, sections 61A.072,  
18 subdivision 2; 62E.03.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:  
20 Section 1. Minnesota Statutes 2004, section 59A.12,  
21 subdivision 2, is amended to read:  
22 Subd. 2. In the event that a premium is subject to an  
23 audit to determine the final premium amount, the gross unearned  
24 premium will be calculated based upon the deposit audited  
25 premium and the insurer shall return whatever gross unearned  
26 premiums are due ~~based upon the deposit rather than the actual~~  
27 ~~unearned premium~~ under the contract to the finance company for  
28 the account of the insured or insureds within 60 days after  
29 receipt of the notice of cancellation.

30 Sec. 2. Minnesota Statutes 2004, section 60A.14,  
31 subdivision 1, is amended to read:  
32 Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In

1 addition to the fees and charges provided for examinations, the  
2 following fees must be paid to the commissioner for deposit in  
3 the general fund:

4 (a) by township mutual fire insurance companies;

5 (1) for filing certificate of incorporation \$25 and  
6 amendments thereto, \$10;

7 (2) for filing annual statements, \$15;

8 (3) for each annual certificate of authority, \$15;

9 (4) for filing bylaws \$25 and amendments thereto, \$10;

10 (b) by other domestic and foreign companies including  
11 fraternal and reciprocal exchanges;

12 (1) for filing certified copy of certificate of articles of  
13 incorporation, \$100;

14 (2) for filing annual statement, \$225;

15 (3) for filing certified copy of amendment to certificate  
16 or articles of incorporation, \$100;

17 (4) for filing bylaws, \$75 or amendments thereto, \$75;

18 (5) for each company's certificate of authority, \$575,  
19 annually;

20 (c) the following general fees apply:

21 (1) for each certificate, including certified copy of  
22 certificate of authority, renewal, valuation of life policies,  
23 corporate condition or qualification, \$25;

24 (2) for each copy of paper on file in the commissioner's  
25 office 50 cents per page, and \$2.50 for certifying the same;

26 (3) for license to procure insurance in unadmitted foreign  
27 companies, \$575;

28 (4) for valuing the policies of life insurance companies,  
29 one cent per \$1,000 of insurance so valued, provided that the  
30 fee shall not exceed \$13,000 per year for any company. The  
31 commissioner may, in lieu of a valuation of the policies of any  
32 foreign life insurance company admitted, or applying for  
33 admission, to do business in this state, accept a certificate of  
34 valuation from the company's own actuary or from the  
35 commissioner of insurance of the state or territory in which the  
36 company is domiciled;

1 (5) for receiving and filing certificates of policies by  
2 the company's actuary, or by the commissioner of insurance of  
3 any other state or territory, \$50;

4 (6) for each appointment of an agent filed with the  
5 commissioner, \$10;

6 (7) for filing forms and rates, \$75 \$90 per filing,  
7 which or \$75 per filing when submitted via electronic filing  
8 system. Filing fees may be paid on a quarterly basis in  
9 response to an invoice. Billing and payment may be made  
10 electronically;

11 (8) for annual renewal of surplus lines insurer license,  
12 \$300;

13 ~~(9)-\$250-filing-fee-for-a-large-risk-alternative-rating~~  
14 ~~option-plan-that-meets-the-\$250,000-threshold-requirement.~~

15 The commissioner shall adopt rules to define filings that  
16 are subject to a fee.

17 Sec. 3. Minnesota Statutes 2004, section 60A.171,  
18 subdivision 11, is amended to read:

19 Subd. 11. Upon termination of an agency, a company is  
20 prohibited from soliciting business in the notice of nonrenewal  
21 required by section 60A.37. If termination of an agency  
22 contract is the ground for nonrenewal of a policy of homeowner's  
23 insurance, as defined in section 65A.27, subdivision 4, the  
24 company must provide notice to the policyholder that the policy  
25 is not being renewed due to the termination of the company's  
26 contract with the agency. If the agency is unable to replace  
27 the homeowner's insurance policy with a suitable policy from  
28 another insurer, the agent must notify the policyholder of the  
29 policyholder's right to renew with the company terminating the  
30 agency contract. The company must renew the policy if the  
31 insured or the insured's agent makes a written request for the  
32 renewal before the renewal date.

33 Sec. 4. Minnesota Statutes 2004, section 60A.23,  
34 subdivision 8, is amended to read:

35 Subd. 8. [SELF-INSURANCE OR INSURANCE PLAN ADMINISTRATORS  
36 WHO ARE VENDORS OF RISK MANAGEMENT SERVICES.] (1) [SCOPE.] This

1 subdivision applies to any vendor of risk management services  
2 and to any entity which administers, for compensation, a  
3 self-insurance or insurance plan. This subdivision does not  
4 apply (a) to an insurance company authorized to transact  
5 insurance in this state, as defined by section 60A.06,  
6 subdivision 1, clauses (4) and (5); (b) to a service plan  
7 corporation, as defined by section 62C.02, subdivision 6; (c) to  
8 a health maintenance organization, as defined by section 62D.02,  
9 subdivision 4; (d) to an employer directly operating a  
10 self-insurance plan for its employees' benefits; (e) to an  
11 entity which administers a program of health benefits  
12 established pursuant to a collective bargaining agreement  
13 between an employer, or group or association of employers, and a  
14 union or unions; or (f) to an entity which administers a  
15 self-insurance or insurance plan if a licensed Minnesota insurer  
16 is providing insurance to the plan and if the licensed insurer  
17 has appointed the entity administering the plan as one of its  
18 licensed agents within this state.

19 (2) [DEFINITIONS.] For purposes of this subdivision the  
20 following terms have the meanings given them.

21 (a) "Administering a self-insurance or insurance plan"  
22 means (i) processing, reviewing or paying claims, (ii)  
23 establishing or operating funds and accounts, or (iii) otherwise  
24 providing necessary administrative services in connection with  
25 the operation of a self-insurance or insurance plan.

26 (b) "Employer" means an employer, as defined by section  
27 62E.02, subdivision 2.

28 (c) "Entity" means any association, corporation,  
29 partnership, sole proprietorship, trust, or other business  
30 entity engaged in or transacting business in this state.

31 (d) "Self-insurance or insurance plan" means a plan  
32 providing life, medical or hospital care, accident, sickness or  
33 disability insurance for the benefit of employees or members of  
34 an association, or a plan providing liability coverage for any  
35 other risk or hazard, which is or is not directly insured or  
36 provided by a licensed insurer, service plan corporation, or

1 health maintenance organization.

2 (e) "Vendor of risk management services" means an entity  
3 providing for compensation actuarial, financial management,  
4 accounting, legal or other services for the purpose of designing  
5 and establishing a self-insurance or insurance plan for an  
6 employer.

7 (3) [LICENSE.] No vendor of risk management services or  
8 entity administering a self-insurance or insurance plan may  
9 transact this business in this state unless it is licensed to do  
10 so by the commissioner. An applicant for a license shall state  
11 in writing the type of activities it seeks authorization to  
12 engage in and the type of services it seeks authorization to  
13 provide. The license may be granted only when the commissioner  
14 is satisfied that the entity possesses the necessary  
15 organization, background, expertise, and financial integrity to  
16 supply the services sought to be offered. The commissioner may  
17 issue a license subject to restrictions or limitations upon the  
18 authorization, including the type of services which may be  
19 supplied or the activities which may be engaged in. The license  
20 fee is ~~\$1,700~~ \$1,500 for the initial application and  
21 ~~\$1,700~~ \$1,500 for each two-year ~~three-year~~ renewal. All  
22 licenses are for a period of two ~~three~~ years.

23 (4) [REGULATORY RESTRICTIONS; POWERS OF THE COMMISSIONER.]  
24 To assure that self-insurance or insurance plans are financially  
25 solvent, are administered in a fair and equitable fashion, and  
26 are processing claims and paying benefits in a prompt, fair, and  
27 honest manner, vendors of risk management services and entities  
28 administering insurance or self-insurance plans are subject to  
29 the supervision and examination by the commissioner. Vendors of  
30 risk management services, entities administering insurance or  
31 self-insurance plans, and insurance or self-insurance plans  
32 established or operated by them are subject to the trade  
33 practice requirements of sections 72A.19 to 72A.30. In lieu of  
34 an unlimited guarantee from a parent corporation for a vendor of  
35 risk management services or an entity administering insurance or  
36 self-insurance plans, the commissioner may accept a surety bond

1 in a form satisfactory to the commissioner in an amount equal to  
2 120 percent of the total amount of claims handled by the  
3 applicant in the prior year. If at any time the total amount of  
4 claims handled during a year exceeds the amount upon which the  
5 bond was calculated, the administrator shall immediately notify  
6 the commissioner. The commissioner may require that the bond be  
7 increased accordingly.

8 No contract entered into after July 1, 2001, between a  
9 licensed vendor of risk management services and a group  
10 authorized to self-insure for workers' compensation liabilities  
11 under section 79A.03, subdivision 6, may take effect until it  
12 has been filed with the commissioner, and either (1) the  
13 commissioner has approved it or (2) 60 days have elapsed and the  
14 commissioner has not disapproved it as misleading or violative  
15 of public policy.

16 (5) [RULEMAKING AUTHORITY.] To carry out the purposes of  
17 this subdivision, the commissioner may adopt rules pursuant to  
18 sections 14.001 to 14.69. These rules may:

19 (a) establish reporting requirements for administrators of  
20 insurance or self-insurance plans;

21 (b) establish standards and guidelines to assure the  
22 adequacy of financing, reinsuring, and administration of  
23 insurance or self-insurance plans;

24 (c) establish bonding requirements or other provisions  
25 assuring the financial integrity of entities administering  
26 insurance or self-insurance plans; or

27 (d) establish other reasonable requirements to further the  
28 purposes of this subdivision.

29 Sec. 5. Minnesota Statutes 2004, section 60A.966, is  
30 amended to read:

31 60A.966 [APPROVAL OF VIATICAL SETTLEMENTS CONTRACT FORMS.]

32 A viatical settlement provider or broker may not use a  
33 viatical settlement contract form in this state unless it has  
34 been filed with and approved by the commissioner. A viatical  
35 settlement contract form filed with the commissioner is  
36 considered to have been approved if it has not been disapproved

1 within 60 days of the filing. The commissioner shall disapprove  
2 a viatical settlement contract form if, in the commissioner's  
3 opinion, the contract or contract provisions are unreasonable,  
4 contrary to the interests of the public, or otherwise misleading  
5 or unfair to the policy owner.

6 Sec. 6. Minnesota Statutes 2004, section 60A.969, is  
7 amended to read:

8 60A.969 [DISCLOSURE.]

9 A viatical settlement provider or a broker shall disclose  
10 the following information to the viator no later than the  
11 ~~date the viatical settlement contract is signed by all~~  
12 parties an application is given to the viator:

13 (1) possible alternatives to viatical settlement contracts  
14 for persons with catastrophic or life threatening illnesses,  
15 including accelerated benefits offered by the issuer of the life  
16 insurance policy;

17 (2) the fact that some or all of the proceeds of the  
18 viatical settlement may be taxable and that assistance should be  
19 sought from a personal tax advisor;

20 (3) the fact that the viatical settlement may be subject to  
21 the claims of creditors;

22 (4) the fact that receipt of a viatical settlement may  
23 adversely affect the recipients' eligibility for Medicaid or  
24 other government benefits or entitlements and that advice should  
25 be obtained from the appropriate agencies;

26 (5) the policy owner's right to rescind a viatical  
27 settlement contract within 30 days of the date it is executed by  
28 all parties or 15 days of the receipt of the viatical settlement  
29 proceeds by the viator, whichever is less, as provided in  
30 section 60A.970, subdivision 3; and

31 (6) the date by which the funds will be available to the  
32 viator and the source of the funds.

33 Sec. 7. [60A.98] [DEFINITIONS.]

34 Subdivision 1. [SCOPE.] For purposes of sections 60A.98  
35 and 60A.981, the terms defined in this section have the meanings  
36 given them.

1        Subd. 2. [CUSTOMER.] "Customer" means a consumer who has a  
2 continuing relationship with a licensee under which the licensee  
3 provides one or more insurance products or services to the  
4 consumer that are to be used primarily for personal, family, or  
5 household purposes.

6        Subd. 3. [CUSTOMER INFORMATION.] "Customer information"  
7 means nonpublic personal information about a customer, whether  
8 in paper, electronic, or other form, that is maintained by or on  
9 behalf of the licensee.

10       Subd. 4. [CUSTOMER INFORMATION SYSTEMS.] "Customer  
11 information systems" means the electronic or physical methods  
12 used to access, collect, store, use, transmit, protect, or  
13 dispose of customer information.

14       Subd. 5. [LICENSEE.] "Licensee" means all licensed  
15 insurers, producers, and other persons licensed or required to  
16 be licensed, authorized or required to be authorized, or  
17 registered or required to be registered pursuant to the  
18 insurance laws of this state, except that "licensee" does not  
19 include a purchasing group or an ineligible insurer in regard to  
20 the surplus line insurance conducted pursuant to sections  
21 60A.195 to 60A.209.

22       Subd. 6. [NONPUBLIC FINANCIAL INFORMATION.] "Nonpublic  
23 financial information" means:

24       (1) personally identifiable financial information; and  
25       (2) any list, description, or other grouping of consumers,  
26 and publicly available information pertaining to them, that is  
27 derived using any personally identifiable financial information  
28 that is not publicly available.

29       Subd. 7. [NONPUBLIC PERSONAL HEALTH  
30 INFORMATION.] "Nonpublic personal health information" means  
31 health information:

32       (1) that identifies an individual who is the subject of the  
33 information; or

34       (2) with respect to which there is a reasonable basis to  
35 believe that the information could be used to identify an  
36 individual.

1        Subd. 8. [NONPUBLIC PERSONAL INFORMATION.] "Nonpublic  
2 personal information" means nonpublic financial information and  
3 nonpublic personal health information.

4        Subd. 9. [PERSONALLY IDENTIFIABLE FINANCIAL  
5 INFORMATION.] "Personally identifiable financial information"  
6 means any information:

7            (1) a consumer provides to a licensee to obtain an  
8 insurance product or service from the licensee;

9            (2) about a consumer resulting from a transaction involving  
10 an insurance product or service between a licensee and a  
11 consumer; or

12            (3) the licensee otherwise obtains about a consumer in  
13 connection with providing an insurance product or service to  
14 that consumer.

15        Subd. 10. [SERVICE PROVIDER.] "Service provider" means a  
16 person that maintains, processes, or otherwise is permitted  
17 access to customer information through its provision of services  
18 directly to the licensee.

19        Sec. 8. [60A.981] [INFORMATION SECURITY PROGRAM.]

20        Subdivision 1. [GENERAL REQUIREMENTS.] Each licensee shall  
21 implement a comprehensive written information security program  
22 that includes administrative, technical, and physical safeguards  
23 for the protection of customer information. The administrative,  
24 technical, and physical safeguards included in the information  
25 security program must be appropriate to the size and complexity  
26 of the licensee and the nature and scope of its activities.

27        Subd. 2. [OBJECTIVES.] A licensee's information security  
28 program must be designed to:

29            (1) ensure the security and confidentiality of customer  
30 information;

31            (2) protect against any anticipated threats or hazards to  
32 the security or integrity of the information; and

33            (3) protect against unauthorized access to or use of the  
34 information that could result in substantial harm or  
35 inconvenience to any customer.

36        Subd. 3. [EXAMPLES OF METHODS OF DEVELOPMENT AND

1 IMPLEMENTATION.] The following actions and procedures are  
2 examples of methods of implementation of the requirements of  
3 subdivisions 1 and 2. These examples are nonexclusive  
4 illustrations of actions and procedures that licensees may  
5 follow to implement subdivisions 1 and 2:

6 (1) the licensee:

7 (i) identifies reasonably foreseeable internal or external  
8 threats that could result in unauthorized disclosure, misuse,  
9 alteration, or destruction of customer information or customer  
10 information systems;

11 (ii) assesses the likelihood and potential damage of these  
12 threats, taking into consideration the sensitivity of customer  
13 information; and

14 (iii) assesses the sufficiency of policies, procedures,  
15 customer information systems, and other safeguards in place to  
16 control risks;

17 (2) the licensee:

18 (i) designs its information security program to control the  
19 identified risks, commensurate with the sensitivity of the  
20 information, as well as the complexity and scope of the  
21 licensee's activities;

22 (ii) trains staff, as appropriate, to implement the  
23 licensee's information security program; and

24 (iii) regularly tests or otherwise regularly monitors the  
25 key controls, systems, and procedures of the information  
26 security program. The frequency and nature of these tests or  
27 other monitoring practices are determined by the licensee's risk  
28 assessment;

29 (3) the licensee:

30 (i) exercises appropriate due diligence in selecting its  
31 service providers; and

32 (ii) requires its service providers to implement  
33 appropriate measures designed to meet the objectives of this  
34 regulation, and, where indicated by the licensee's risk  
35 assessment, takes appropriate steps to confirm that its service  
36 providers have satisfied these obligations; and

1       (4) the licensee monitors, evaluates, and adjusts, as  
2 appropriate, the information security program in light of any  
3 relevant changes in technology, the sensitivity of its customer  
4 information, internal or external threats to information, and  
5 the licensee's own changing business arrangements, such as  
6 mergers and acquisitions, alliances and joint ventures,  
7 outsourcing arrangements, and changes to customer information  
8 systems.

9       Sec. 9. [60A.982] [UNFAIR TRADE PRACTICES.]

10       A violation of sections 60A.98 and 60A.981 is considered to  
11 be a violation of sections 72A.17 to 72A.32.

12       Sec. 10. Minnesota Statutes 2004, section 62A.136, is  
13 amended to read:

14       62A.136 [DENTAL AND VISION PLAN COVERAGE.]

15       The following provisions do not apply to health plans as  
16 defined in section 62A.011, subdivision 3, clause (6), providing  
17 dental or vision coverage only: sections 62A.041; 62A.0411;  
18 62A.047; 62A.149; 62A.151; 62A.152; 62A.154; 62A.155; 62A.17,  
19 subdivision 6; 62A.21, subdivision 2b; 62A.26; 62A.28; 62A.285;  
20 62A.30; 62A.304; 62A.3093; and 62E.16.

21       Sec. 11. Minnesota Statutes 2004, section 62A.31,  
22 subdivision 1h, is amended to read:

23       Subd. 1h. [LIMITATIONS ON DENIALS, CONDITIONS, AND PRICING  
24 OF COVERAGE.] No health carrier issuing Medicare-related  
25 coverage in this state may impose preexisting condition  
26 limitations or otherwise deny or condition the issuance or  
27 effectiveness of any such coverage available for sale in this  
28 state, nor may it discriminate in the pricing of such coverage,  
29 because of the health status, claims experience, receipt of  
30 health care, medical condition, or age of an applicant where an  
31 application for such coverage is submitted prior to or during  
32 the six-month period beginning with the first day of the month  
33 in which an individual first enrolled for benefits under  
34 Medicare Part B. This subdivision applies to each  
35 Medicare-related coverage offered by a health carrier regardless  
36 of whether the individual has attained the age of 65 years. If

1 an individual who is enrolled in Medicare Part B due to  
2 disability status is involuntarily disenrolled due to loss of  
3 disability status, the individual is eligible for another  
4 six-month enrollment period provided under this subdivision  
5 beginning the first day of the month in which the individual  
6 later becomes eligible for and enrolls again in Medicare Part  
7 B. An individual who is or was previously enrolled in Medicare  
8 Part B due to disability status is eligible for another  
9 six-month enrollment period under this subdivision beginning the  
10 first day of the month in which the individual has attained the  
11 age of 65 years and either maintains enrollment in, or enrolls  
12 again in, Medicare Part B. If an individual enrolled in  
13 Medicare Part B voluntarily disenrolls from Medicare Part B  
14 because the individual becomes reemployed-and-is enrolled under  
15 an employee welfare benefit plan, the individual is eligible for  
16 another six-month enrollment period, as provided in this  
17 subdivision, beginning the first day of the month in which the  
18 individual later becomes eligible for and enrolls again in  
19 Medicare Part B.

20 Sec. 12. Minnesota Statutes 2004, section 62A.315, is  
21 amended to read:

22 62A.315 [EXTENDED BASIC MEDICARE SUPPLEMENT PLAN;  
23 COVERAGE.]

24 The extended basic Medicare supplement plan must have a  
25 level of coverage so that it will be certified as a qualified  
26 plan pursuant to section 62E.07, and will provide:

27 (1) coverage for all of the Medicare Part A inpatient  
28 hospital deductible and coinsurance amounts, and 100 percent of  
29 all Medicare Part A eligible expenses for hospitalization not  
30 covered by Medicare;

31 (2) coverage for the daily co-payment amount of Medicare  
32 Part A eligible expenses for the calendar year incurred for  
33 skilled nursing facility care;

34 (3) coverage for the coinsurance amount or in the case of  
35 hospital outpatient department services paid under a prospective  
36 payment system, the co-payment amount, of Medicare eligible

1 expenses under Medicare Part B regardless of hospital  
2 confinement, and the Medicare Part B deductible amount;

3 (4) 80 percent of the usual and customary hospital and  
4 medical expenses and supplies described in section 62E.06,  
5 subdivision 1, not to exceed any charge limitation established  
6 by the Medicare program or state law, the usual and customary  
7 hospital and medical expenses and supplies, described in section  
8 62E.06, subdivision 1, while in a foreign country, and  
9 prescription drug expenses, not covered by Medicare;

10 (5) coverage for the reasonable cost of the first three  
11 pints of blood, or equivalent quantities of packed red blood  
12 cells as defined under federal regulations under Medicare parts  
13 A and B, unless replaced in accordance with federal regulations;

14 (6) 100 percent of the cost of immunizations and routine  
15 screening procedures for cancer, including mammograms and pap  
16 smears;

17 (7) preventive medical care benefit: coverage for the  
18 following preventive health services not covered by Medicare:

19 (i) an annual clinical preventive medical history and  
20 physical examination that may include tests and services from  
21 clause (ii) and patient education to address preventive health  
22 care measures;

23 (ii) ~~any-one-or-a-combination-of-the-following~~ preventive  
24 screening tests or preventive services, the selection and  
25 frequency of which is considered determined to be medically  
26 appropriate: by the attending physician.

27 ~~(A)-fecal-occult-blood-test-and/or-digital-rectal~~  
28 ~~examination;~~

29 ~~(B)-dipstick-urinalysis-for-hematuria,-bacteriuria,-and~~  
30 ~~proteinuria;~~

31 ~~(C)-pure-tone-(air-only)-hearing-screening-test~~  
32 ~~administered-or-ordered-by-a-physician;~~

33 ~~(D)-serum-cholesterol-screening-every-five-years;~~

34 ~~(E)-thyroid-function-test;~~

35 ~~(F)-diabetes-screening;~~

36 ~~(iii)-any-other-tests-or-preventive-measures-determined~~

1 ~~appropriate-by-the-attending-physician-~~

2 Reimbursement shall be for the actual charges up to 100  
3 percent of the Medicare-approved amount for each service as if  
4 Medicare were to cover the service as identified in American  
5 Medical Association current procedural terminology (AMA CPT)  
6 codes to a maximum of \$120 annually under this benefit. This  
7 benefit shall not include payment for any procedure covered by  
8 Medicare;

9 (8) at-home recovery benefit: coverage for services to  
10 provide short-term at-home assistance with activities of daily  
11 living for those recovering from an illness, injury, or surgery:

12 (i) for purposes of this benefit, the following definitions  
13 shall apply:

14 (A) "activities of daily living" include, but are not  
15 limited to, bathing, dressing, personal hygiene, transferring,  
16 eating, ambulating, assistance with drugs that are normally  
17 self-administered, and changing bandages or other dressings;

18 (B) "care provider" means a duly qualified or licensed home  
19 health aide/homemaker, personal care aide, or nurse provided  
20 through a licensed home health care agency or referred by a  
21 licensed referral agency or licensed nurses registry;

22 (C) "home" means a place used by the insured as a place of  
23 residence, provided that the place would qualify as a residence  
24 for home health care services covered by Medicare. A hospital  
25 or skilled nursing facility shall not be considered the  
26 insured's place of residence;

27 (D) "at-home recovery visit" means the period of a visit  
28 required to provide at-home recovery care, without limit on the  
29 duration of the visit, except each consecutive four hours in a  
30 24-hour period of services provided by a care provider is one  
31 visit;

32 (ii) coverage requirements and limitations:

33 (A) at-home recovery services provided must be primarily  
34 services that assist in activities of daily living;

35 (B) the insured's attending physician must certify that the  
36 specific type and frequency of at-home recovery services are

1 necessary because of a condition for which a home care plan of  
2 treatment was approved by Medicare;

3 (C) coverage is limited to:

4 (I) no more than the number and type of at-home recovery  
5 visits certified as medically necessary by the insured's  
6 attending physician. The total number of at-home recovery  
7 visits shall not exceed the number of Medicare-approved home  
8 health care visits under a Medicare-approved home care plan of  
9 treatment;

10 (II) the actual charges for each visit up to a maximum  
11 reimbursement of \$100 per visit;

12 (III) \$4,000 per calendar year;

13 (IV) seven visits in any one week;

14 (V) care furnished on a visiting basis in the insured's  
15 home;

16 (VI) services provided by a care provider as defined in  
17 this section;

18 (VII) at-home recovery visits while the insured is covered  
19 under the policy or certificate and not otherwise excluded;

20 (VIII) at-home recovery visits received during the period  
21 the insured is receiving Medicare-approved home care services or  
22 no more than eight weeks after the service date of the last  
23 Medicare-approved home health care visit;

24 (iii) coverage is excluded for:

25 (A) home care visits paid for by Medicare or other  
26 government programs; and

27 (B) care provided by unpaid volunteers or providers who are  
28 not care providers.

29 Sec. 13. Minnesota Statutes 2004, section 62A.316, is  
30 amended to read:

31 62A.316 [BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.]

32 (a) The basic Medicare supplement plan must have a level of  
33 coverage that will provide:

34 (1) coverage for all of the Medicare part A inpatient  
35 hospital coinsurance amounts, and 100 percent of all Medicare  
36 part A eligible expenses for hospitalization not covered by

1 Medicare, after satisfying the Medicare part A deductible;

2 (2) coverage for the daily co-payment amount of Medicare  
3 part A eligible expenses for the calendar year incurred for  
4 skilled nursing facility care;

5 (3) coverage for the coinsurance amount, or in the case of  
6 outpatient department services paid under a prospective payment  
7 system, the co-payment amount, of Medicare eligible expenses  
8 under Medicare part B regardless of hospital confinement,  
9 subject to the Medicare part B deductible amount;

10 (4) 80 percent of the hospital and medical expenses and  
11 supplies incurred during travel outside the United States as a  
12 result of a medical emergency;

13 (5) coverage for the reasonable cost of the first three  
14 pints of blood, or equivalent quantities of packed red blood  
15 cells as defined under federal regulations under Medicare parts  
16 A and B, unless replaced in accordance with federal regulations;

17 (6) 100 percent of the cost of immunizations and routine  
18 screening procedures for cancer screening including mammograms  
19 and pap smears; and

20 (7) 80 percent of coverage for all physician prescribed  
21 medically appropriate and necessary equipment and supplies used  
22 in the management and treatment of diabetes. Coverage must  
23 include persons with gestational, type I, or type II diabetes.

24 (b) Only the following optional benefit riders may be added  
25 to this plan:

26 (1) coverage for all of the Medicare part A inpatient  
27 hospital deductible amount;

28 (2) a minimum of 80 percent of eligible medical expenses  
29 and supplies not covered by Medicare part B, not to exceed any  
30 charge limitation established by the Medicare program or state  
31 law;

32 (3) coverage for all of the Medicare part B annual  
33 deductible;

34 (4) coverage for at least 50 percent, or the equivalent of  
35 50 percent, of usual and customary prescription drug expenses;

36 (5) ~~coverage-for-the-following~~ preventive health-services

1 medical care benefit coverage for the following preventative  
 2 health services not covered by Medicare:

3 (i) an annual clinical preventive medical history and  
 4 physical examination that may include tests and services from  
 5 clause (ii) and patient education to address preventive health  
 6 care measures;

7 (ii) ~~any-one-or-a-combination-of-the-following~~ preventive  
 8 screening tests or preventive services, the selection and  
 9 frequency of which is considered determined to be medically  
 10 appropriate; by the attending physician.

11 ~~(A)-fecal-occult-blood-test-and/or-digital-rectal~~  
 12 ~~examination;~~

13 ~~(B)-dipstick-urinalysis-for-hematuria,-bacteriuria,-and~~  
 14 ~~proteinuria;~~

15 ~~(C)-pure-tone-(air-only)-hearing-screening-test,~~  
 16 ~~administered-or-ordered-by-a-physician;~~

17 ~~(D)-serum-cholesterol-screening-every-five-years;~~

18 ~~(E)-thyroid-function-test;~~

19 ~~(F)-diabetes-screening;~~

20 ~~(iii)-any-other-tests-or-preventive-measures-determined~~  
 21 ~~appropriate-by-the-attending-physician.~~

22 Reimbursement shall be for the actual charges up to 100  
 23 percent of the Medicare-approved amount for each service, as if  
 24 Medicare were to cover the service as identified in American  
 25 Medical Association current procedural terminology (AMA CPT)  
 26 codes, to a maximum of \$120 annually under this benefit. This  
 27 benefit shall not include payment for a procedure covered by  
 28 Medicare;

29 (6) coverage for services to provide short-term at-home  
 30 assistance with activities of daily living for those recovering  
 31 from an illness, injury, or surgery:

32 (i) For purposes of this benefit, the following definitions  
 33 apply:

34 (A) "activities of daily living" include, but are not  
 35 limited to, bathing, dressing, personal hygiene, transferring,  
 36 eating, ambulating, assistance with drugs that are normally

1 self-administered, and changing bandages or other dressings;

2 (B) "care provider" means a duly qualified or licensed home  
3 health aide/homemaker, personal care aid, or nurse provided  
4 through a licensed home health care agency or referred by a  
5 licensed referral agency or licensed nurses registry;

6 (C) "home" means a place used by the insured as a place of  
7 residence, provided that the place would qualify as a residence  
8 for home health care services covered by Medicare. A hospital  
9 or skilled nursing facility shall not be considered the  
10 insured's place of residence;

11 (D) "at-home recovery visit" means the period of a visit  
12 required to provide at-home recovery care, without limit on the  
13 duration of the visit, except each consecutive four hours in a  
14 24-hour period of services provided by a care provider is one  
15 visit;

16 (ii) Coverage requirements and limitations:

17 (A) at-home recovery services provided must be primarily  
18 services that assist in activities of daily living;

19 (B) the insured's attending physician must certify that the  
20 specific type and frequency of at-home recovery services are  
21 necessary because of a condition for which a home care plan of  
22 treatment was approved by Medicare;

23 (C) coverage is limited to:

24 (I) no more than the number and type of at-home recovery  
25 visits certified as necessary by the insured's attending  
26 physician. The total number of at-home recovery visits shall  
27 not exceed the number of Medicare-approved home care visits  
28 under a Medicare-approved home care plan of treatment;

29 (II) the actual charges for each visit up to a maximum  
30 reimbursement of \$40 per visit;

31 (III) \$1,600 per calendar year;

32 (IV) seven visits in any one week;

33 (V) care furnished on a visiting basis in the insured's  
34 home;

35 (VI) services provided by a care provider as defined in  
36 this section;

1 (VII) at-home recovery visits while the insured is covered  
2 under the policy or certificate and not otherwise excluded;

3 (VIII) at-home recovery visits received during the period  
4 the insured is receiving Medicare-approved home care services or  
5 no more than eight weeks after the service date of the last  
6 Medicare-approved home health care visit;

7 (iii) Coverage is excluded for:

8 (A) home care visits paid for by Medicare or other  
9 government programs; and

10 (B) care provided by family members, unpaid volunteers, or  
11 providers who are not care providers;

12 (7) coverage for at least 50 percent, or the equivalent of  
13 50 percent, of usual and customary prescription drug expenses to  
14 a maximum of \$1,200 paid by the issuer annually under this  
15 benefit. An issuer of Medicare supplement insurance policies  
16 that elects to offer this benefit rider shall also make  
17 available coverage that contains the rider specified in clause  
18 (4).

19 Sec. 14. Minnesota Statutes 2004, section 62E.13,  
20 subdivision 2, is amended to read:

21 Subd. 2. [SELECTION OF WRITING CARRIER.] The association  
22 may select policies and contracts, or parts thereof, submitted  
23 by a member or members of the association, or by the association  
24 or others, to develop specifications for bids from any entity  
25 which wishes to be selected as a writing carrier to administer  
26 the state plan. The selection of the writing carrier shall be  
27 based upon criteria established by the board of directors of the  
28 association and approved by the commissioner. The criteria  
29 shall outline specific qualifications that an entity must  
30 satisfy in order to be selected and, at a minimum, shall include  
31 the entity's proven ability to handle large group accident and  
32 health insurance cases, efficient claim paying capacity, and the  
33 estimate of total charges for administering the plan. The  
34 association may select separate writing carriers for the two  
35 types of qualified plans and the \$2,000, \$5,000, and \$10,000  
36 deductible plans, the qualified Medicare supplement plan plans,

1 and the health maintenance organization contract.

2 Sec. 15. Minnesota Statutes 2004, section 62L.03,  
3 subdivision 3, is amended to read:

4 Subd. 3. [MINIMUM PARTICIPATION AND CONTRIBUTION.] (a) A  
5 small employer that has at least 75 percent of its eligible  
6 employees who have not waived coverage participating in a health  
7 benefit plan and that contributes at least 50 percent toward the  
8 cost of coverage of each eligible employee must be guaranteed  
9 coverage on a guaranteed issue basis from any health carrier  
10 participating in the small employer market. The participation  
11 level of eligible employees must be determined at the initial  
12 offering of coverage and at the renewal date of coverage. A  
13 health carrier must not increase the participation requirements  
14 applicable to a small employer at any time after the small  
15 employer has been accepted for coverage. For the purposes of  
16 this subdivision, waiver of coverage includes only waivers due  
17 to: (1) coverage under another group health plan; (2) coverage  
18 under Medicare Parts A and B; (3) coverage under MCHA permitted  
19 under section 62E.141; or (4) coverage under medical assistance  
20 under chapter 256B or general assistance medical care under  
21 chapter 256D or MinnesotaCare under chapter 256L.

22 (b) If a small employer does not satisfy the contribution  
23 or participation requirements under this subdivision, a health  
24 carrier may voluntarily issue or renew individual health plans,  
25 or a health benefit plan which must fully comply with this  
26 chapter. A health carrier that provides a health benefit plan  
27 to a small employer that does not meet the contribution or  
28 participation requirements of this subdivision must maintain  
29 this information in its files for audit by the commissioner. A  
30 health carrier may not offer an individual health plan,  
31 purchased through an arrangement between the employer and the  
32 health carrier, to any employee unless the health carrier also  
33 offers the individual health plan, on a guaranteed issue basis,  
34 to all other employees of the same employer.

35 (c) Nothing in this section obligates a health carrier to  
36 issue coverage to a small employer that currently offers

1 coverage through a health benefit plan from another health  
2 carrier, unless the new coverage will replace the existing  
3 coverage and not serve as one of two or more health benefit  
4 plans offered by the employer. This paragraph does not apply if  
5 the small employer will meet the required participation level  
6 with respect to the new coverage.

7 Sec. 16. Minnesota Statutes 2004, section 62Q.471, is  
8 amended to read:

9 62Q.471 [EXCLUSION FOR SUICIDE ATTEMPTS PROHIBITED.]

10 (a) No health plan may exclude or reduce coverage for  
11 health care for an enrollee who is otherwise covered under the  
12 health plan on the basis that the need for the health care arose  
13 out of a suicide or suicide attempt by the enrollee.

14 (b) For purposes of this section, "health plan" has the  
15 meaning given in section 62Q.01, subdivision 3, but includes the  
16 coverages described in section 62A.011, clauses (4), (6),  
17 and (7) and through (10).

18 Sec. 17. Minnesota Statutes 2004, section 65A.29,  
19 subdivision 11, is amended to read:

20 Subd. 11. [NONRENEWAL.] Every insurer shall establish a  
21 plan that sets out the minimum number and amount of claims  
22 during an experience period that may result in a  
23 nonrenewal. For purposes of the plan, the insurer may not  
24 consider as a claim the insured's inquiry about a hypothetical  
25 claim, or the insured's inquiry to the insured's agent regarding  
26 a potential claim.

27 No homeowner's insurance policy may be nonrenewed based on  
28 the insured's loss experience unless the insurer has sent a  
29 written notice that any future losses may result in nonrenewal  
30 due to loss experience.

31 Any nonrenewal of a homeowner's insurance policy must, at a  
32 minimum, comply with the requirements of subdivision 8 and the  
33 rules adopted by the commissioner.

34 Sec. 18. Minnesota Statutes 2004, section 65B.48,  
35 subdivision 3, is amended to read:

36 Subd. 3. Self-insurance, subject to approval of the

1 commissioner, is effected by filing with the commissioner in  
2 satisfactory form:

3 (1) a continuing undertaking by the owner or other  
4 appropriate person to pay tort liabilities or basic economic  
5 loss benefits, or both, and to perform all other obligations  
6 imposed by sections 65B.41 to 65B.71;

7 (2) evidence that appropriate provision exists for prompt  
8 administration of all claims, benefits, and obligations provided  
9 by sections 65B.41 to 65B.71;

10 (3) evidence that reliable financial arrangements,  
11 deposits, or commitments exist providing assurance,  
12 substantially equivalent to that afforded by a policy of  
13 insurance complying with sections 65B.41 to 65B.71, for payment  
14 of tort liabilities, basic economic loss benefits, and all other  
15 obligations imposed by sections 65B.41 to 65B.71; and

16 (4) a nonrefundable initial application fee  
17 of ~~\$1,500~~ \$2,500 and an-annual a renewal fee of ~~\$400~~ \$1,200  
18 for political subdivisions and ~~\$500~~ \$1,500 for nonpolitical  
19 entities every three years.

20 Sec. 19. Minnesota Statutes 2004, section 72A.20,  
21 subdivision 13, is amended to read:

22 Subd. 13. [REFUSAL TO RENEW.] Refusing to renew, declining  
23 to offer or write, or charging differential rates for an  
24 equivalent amount of homeowner's insurance coverage, as defined  
25 by section 65A.27, for property located in a town or statutory  
26 or home rule charter city, in which the insurer offers to sell  
27 or writes homeowner's insurance, solely because:

28 (a) of the geographic area in which the property is  
29 located;

30 (b) of the age of the primary structure sought to be  
31 insured;

32 (c) the insured or prospective insured was denied coverage  
33 of the property by another insurer, whether by cancellation,  
34 nonrenewal or declination to offer coverage, for a reason other  
35 than those specified in section 65A.01, subdivision 3a, clauses  
36 (a) to (e); or

1 (d) the property of the insured or prospective insured has  
2 been insured under the Minnesota FAIR Plan Act, shall constitute  
3 an unfair method of competition and an unfair and deceptive act  
4 or practice; or

5 (e) the insured has inquired about coverage for a  
6 hypothetical claim or has made an inquiry to the insured's agent  
7 regarding a potential claim.

8 This subdivision prohibits an insurer from filing or  
9 charging different rates for different zip code areas within the  
10 same town or statutory or home rule charter city.

11 This subdivision shall not prohibit the insurer from  
12 applying underwriting or rating standards which the insurer  
13 applies generally in all other locations in the state and which  
14 are not specifically prohibited by clauses (a) to ~~(d)~~ (e). Such  
15 underwriting or rating standards shall specifically include but  
16 not be limited to standards based upon the proximity of the  
17 insured property to an extraordinary hazard or based upon the  
18 quality or availability of fire protection services or based  
19 upon the density or concentration of the insurer's risks.  
20 Clause (b) shall not prohibit the use of rating standards based  
21 upon the age of the insured structure's plumbing, electrical,  
22 heating or cooling system or other part of the structure, the  
23 age of which affects the risk of loss. Any insurer's failure to  
24 comply with section 65A.29, subdivisions 2 to 4, either (1) by  
25 failing to give an insured or applicant the required notice or  
26 statement or (2) by failing to state specifically a bona fide  
27 underwriting or other reason for the refusal to write shall  
28 create a presumption that the insurer has violated this  
29 subdivision.

30 Sec. 20. Minnesota Statutes 2004, section 72A.20,  
31 subdivision 36, is amended to read:

32 Subd. 36. [LIMITATIONS ON THE USE OF CREDIT INFORMATION.]  
33 (a) No insurer or group of affiliated insurers may reject,  
34 cancel, or nonrenew a policy of private passenger motor vehicle  
35 insurance as defined under section 65B.01 or a policy of  
36 homeowner's insurance as defined under section 65A.27, for any

1 person in whole or in part on the basis of credit information,  
2 including a credit reporting product known as a "credit score"  
3 or "insurance score," without consideration and inclusion of any  
4 other applicable underwriting factor.

5 (b) If credit information, credit scoring, or insurance  
6 scoring is to be used in underwriting, the insurer must disclose  
7 to the consumer that credit information will be obtained and  
8 used as part of the insurance underwriting process.

9 (c) Insurance inquiries and non-consumer-initiated  
10 inquiries must not be used as part of the credit scoring or  
11 insurance scoring process.

12 (d) If a credit score, insurance score, or other credit  
13 information relating to a consumer, with respect to the types of  
14 insurance referred to in paragraph (a), is adversely impacted or  
15 cannot be generated because of the absence of a credit history,  
16 the insurer must exclude the use of credit as a factor in the  
17 decision to reject, cancel, or nonrenew.

18 (e) Insurers must upon the request of a policyholder  
19 reevaluate the policyholder's score. Any change in premium  
20 resulting from the reevaluation must be effective upon the  
21 renewal of the policy. An insurer is not required to reevaluate  
22 a policyholder's score pursuant to this paragraph more than  
23 twice in any given calendar year.

24 (f) Insurers must upon request of the applicant or  
25 policyholder provide reasonable underwriting exceptions based  
26 upon prior credit histories for persons whose credit information  
27 is unduly influenced by expenses related to a catastrophic  
28 injury or illness, temporary loss of employment, or the death of  
29 an immediate family member. The insurer may require reasonable  
30 documentation of these events prior to granting an exception.

31 (g) A credit scoring or insurance scoring methodology  
32 must not be used by an insurer if the credit scoring or  
33 insurance scoring methodology incorporates the gender, race,  
34 nationality, or religion of an insured or applicant.

35 (h) Insurers that employ a credit scoring or insurance  
36 scoring system in underwriting of coverage described in

1 paragraph (a) must have on file with the commissioner:

2 (1) the insurer's credit scoring or insurance scoring  
3 methodology; and

4 (2) information that supports the insurer's use of a credit  
5 score or insurance score as an underwriting criterion.

6 ~~(h)~~ (i) Insurers described in paragraph (g) shall file the  
7 required information with the commissioner within 120 days of  
8 August 1, 2002, or prior to implementation of a credit scoring  
9 or insurance scoring system by the insurer, if that date is  
10 later.

11 ~~(i)~~ (j) Information provided by, or on behalf of, an  
12 insurer to the commissioner under this subdivision is trade  
13 secret information under section 13.37.

14 Sec. 21. Minnesota Statutes 2004, section 72A.201,  
15 subdivision 3, is amended to read:

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

18 (1) [ACCIDENT AND SICKNESS INSURANCE.] "Accident and  
19 sickness insurance" means any policy covering the kind of  
20 insurance described in section 60A.06, subdivision 1, clause  
21 (5)(a).

22 (2) [ADJUSTER OR ADJUSTERS.] "Adjuster" or "adjusters" is  
23 as defined in section 72B.02.

24 ~~(2)~~ (3) [AGENT.] "Agent" means insurance agents or  
25 insurance agencies licensed pursuant to sections 60K.30 to  
26 60K.56, and representatives of these agents or agencies.

27 ~~(3)~~ (4) [CLAIM.] "Claim" means a request or demand made  
28 with an insurer for the payment of funds or the provision of  
29 services under the terms of any policy, certificate, contract of  
30 insurance, binder, or other contracts of temporary insurance.  
31 The term does not include a claim under a health insurance  
32 policy made by a participating provider with an insurer in  
33 accordance with the participating provider's service agreement  
34 with the insurer which has been filed with the commissioner of  
35 commerce prior to its use.

36 ~~(4)~~ (5) [CLAIM SETTLEMENT.] "Claim settlement" means all

1 activities of an insurer related directly or indirectly to the  
2 determination of the extent of liabilities due or potentially  
3 due under coverages afforded by the policy, and which result in  
4 claim payment, claim acceptance, compromise, or other  
5 disposition.

6 ~~(5)~~ (6) [CLAIMANT.] "Claimant" means any individual,  
7 corporation, association, partnership, or other legal entity  
8 asserting a claim against any individual, corporation,  
9 association, partnership, or other legal entity which is insured  
10 under an insurance policy or insurance contract of an insurer.

11 ~~(6)~~ (7) [COMPLAINT.] "Complaint" means a communication  
12 primarily expressing a grievance.

13 ~~(7)~~ (8) [INSURANCE POLICY.] "Insurance policy" means any  
14 evidence of coverage issued by an insurer including all  
15 policies, contracts, certificates, riders, binders, and  
16 endorsements which provide or describe coverage. The term  
17 includes any contract issuing coverage under a self-insurance  
18 plan, group self-insurance plan, or joint self-insurance  
19 employee health plans.

20 ~~(8)~~ (9) [INSURED.] "Insured" means an individual,  
21 corporation, association, partnership, or other legal entity  
22 asserting a right to payment under their insurance policy or  
23 insurance contract arising out of the occurrence of the  
24 contingency or loss covered by the policy or contract. The term  
25 does not apply to a person who acquires rights under a mortgage.

26 ~~(9)~~ (10) [INSURER.] "Insurer" includes any individual,  
27 corporation, association, partnership, reciprocal exchange,  
28 Lloyds, fraternal benefits society, self-insurer, surplus line  
29 insurer, self-insurance administrator, and nonprofit service  
30 plans under the jurisdiction of the Department of Commerce.

31 ~~(10)~~ (11) [INVESTIGATION.] "Investigation" means a  
32 reasonable procedure adopted by an insurer to determine whether  
33 to accept or reject a claim.

34 ~~(11)~~ (12) [NOTIFICATION OF CLAIM.] "Notification of claim"  
35 means any communication to an insurer by a claimant or an  
36 insured which reasonably apprises the insurer of a claim brought

1 under an insurance contract or policy issued by the insurer.  
2 Notification of claim to an agent of the insurer is notice to  
3 the insurer.

4 ~~(12)~~ (13) [PROOF OF LOSS.] "Proof of loss" means the  
5 necessary documentation required from the insured to establish  
6 entitlement to payment under a policy.

7 ~~(13)~~ (14) [SELF-INSURANCE ADMINISTRATOR.] "Self-insurance  
8 administrator" means any vendor of risk management services or  
9 entities administering self-insurance plans, licensed pursuant  
10 to section 60A.23, subdivision 8.

11 ~~(14)~~ (15) [SELF-INSURED OR SELF-INSURER.] "Self-insured" or  
12 "self-insurer" means any entity authorized pursuant to section  
13 65B.48, subdivision 3; chapter 62H; section 176.181, subdivision  
14 2; Laws of Minnesota 1983, chapter 290, section 171; section  
15 471.617; or section 471.981 and includes any entity which, for a  
16 fee, employs the services of vendors of risk management services  
17 in the administration of a self-insurance plan as defined by  
18 section 60A.23, subdivision 8, clause (2), subclauses (a) and  
19 (d).

20 Sec. 22. Minnesota Statutes 2004, section 72A.201,  
21 subdivision 4, is amended to read:

22 Subd. 4. [STANDARDS FOR CLAIM FILING AND HANDLING.] The  
23 following acts by an insurer, an adjuster, a self-insured, or a  
24 self-insurance administrator constitute unfair settlement  
25 practices:

26 (1) except for claims made under a health-insurance policy  
27 of accident and sickness insurance, after receiving notification  
28 of claim from an insured or a claimant, failing to acknowledge  
29 receipt of the notification of the claim within ten business  
30 days, and failing to promptly provide all necessary claim forms  
31 and instructions to process the claim, unless the claim is  
32 settled within ten business days. The acknowledgment must  
33 include the telephone number of the company representative who  
34 can assist the insured or the claimant in providing information  
35 and assistance that is reasonable so that the insured or  
36 claimant can comply with the policy conditions and the insurer's

1 reasonable requirements. If an acknowledgment is made by means  
2 other than writing, an appropriate notation of the  
3 acknowledgment must be made in the claim file of the insurer and  
4 dated. An appropriate notation must include at least the  
5 following information where the acknowledgment is by telephone  
6 or oral contact:

7 (i) the telephone number called, if any;

8 (ii) the name of the person making the telephone call or  
9 oral contact;

10 (iii) the name of the person who actually received the  
11 telephone call or oral contact;

12 (iv) the time of the telephone call or oral contact; and

13 (v) the date of the telephone call or oral contact;

14 (2) failing to reply, within ten business days of receipt,  
15 to all other communications about a claim from an insured or a  
16 claimant that reasonably indicate a response is requested or  
17 needed;

18 (3) unless provided otherwise by law or in the policy,  
19 failing to complete its investigation and inform the insured or  
20 claimant of acceptance or denial of a claim within 30 business  
21 days after receipt of notification of claim unless the  
22 investigation cannot be reasonably completed within that time.  
23 In the event that the investigation cannot reasonably be  
24 completed within that time, the insurer shall notify the insured  
25 or claimant within the time period of the reasons why the  
26 investigation is not complete and the expected date the  
27 investigation will be complete. For claims made under a health  
28 policy of accident and sickness insurance the notification of  
29 claim must be in writing;

30 (4) where evidence of suspected fraud is present, the  
31 requirement to disclose their reasons for failure to complete  
32 the investigation within the time period set forth in clause (3)  
33 need not be specific. The insurer must make this evidence  
34 available to the Department of Commerce if requested;

35 (5) failing to notify an insured who has made a  
36 notification of claim of all available benefits or coverages

1 which the insured may be eligible to receive under the terms of  
2 a policy and of the documentation which the insured must supply  
3 in order to ascertain eligibility;

4 (6) unless otherwise provided by law or in the policy,  
5 requiring an insured to give written notice of loss or proof of  
6 loss within a specified time, and thereafter seeking to relieve  
7 the insurer of its obligations if the time limit is not complied  
8 with, unless the failure to comply with the time limit  
9 prejudices the insurer's rights and then only if the insurer  
10 gave prior notice to the insured of the potential prejudice;

11 (7) advising an insured or a claimant not to obtain the  
12 services of an attorney or an adjuster, or representing that  
13 payment will be delayed if an attorney or an adjuster is  
14 retained by the insured or the claimant;

15 (8) failing to advise in writing an insured or claimant who  
16 has filed a notification of claim known to be unresolved, and  
17 who has not retained an attorney, of the expiration of a statute  
18 of limitations at least 60 days prior to that expiration. For  
19 the purposes of this clause, any claim on which the insurer has  
20 received no communication from the insured or claimant for a  
21 period of two years preceding the expiration of the applicable  
22 statute of limitations shall not be considered to be known to be  
23 unresolved and notice need not be sent pursuant to this clause;

24 (9) demanding information which would not affect the  
25 settlement of the claim;

26 (10) unless expressly permitted by law or the policy,  
27 refusing to settle a claim of an insured on the basis that the  
28 responsibility should be assumed by others;

29 (11) failing, within 60 business days after receipt of a  
30 properly executed proof of loss, to advise the insured of the  
31 acceptance or denial of the claim by the insurer. No insurer  
32 shall deny a claim on the grounds of a specific policy  
33 provision, condition, or exclusion unless reference to the  
34 provision, condition, or exclusion is included in the denial.  
35 The denial must be given to the insured in writing with a copy  
36 filed in the claim file;

1 (12) denying or reducing a claim on the basis of an  
2 application which was altered or falsified by the agent or  
3 insurer without the knowledge of the insured;

4 (13) failing to notify the insured of the existence of the  
5 additional living expense coverage when an insured under a  
6 homeowners policy sustains a loss by reason of a covered  
7 occurrence and the damage to the dwelling is such that it is not  
8 habitable;

9 (14) failing to inform an insured or a claimant that the  
10 insurer will pay for an estimate of repair if the insurer  
11 requested the estimate and the insured or claimant had  
12 previously submitted two estimates of repair.

13 Sec. 23. Minnesota Statutes 2004, section 79.40, is  
14 amended to read:

15 79.40 [PREMIUM INCLUSION IN RATEMAKING.]

16 Premiums charged members by the reinsurance association  
17 shall be recognized in the ratemaking procedures for insurance  
18 rates ~~in-the-same-manner-as-assessments-for-the-special~~  
19 ~~compensation-fund.~~

20 Sec. 24. Minnesota Statutes 2004, section 79.56,  
21 subdivision 1, is amended to read:

22 Subdivision 1. [PREFILING OF RATES.] (a) Each insurer  
23 shall file with the commissioner a complete copy of its rates  
24 and rating plan, and all changes and amendments thereto, and  
25 such supporting data and information that the commissioner may  
26 by rule require, at least 60 days prior to its effective date.  
27 The commissioner shall advise an insurer within 30 days of the  
28 filing if its submission is not accompanied with such supporting  
29 data and information that the commissioner by rule may require.  
30 The commissioner may extend the filing review period and  
31 effective date for an additional 30 days if an insurer, after  
32 having been advised of what supporting data and information is  
33 necessary to complete its filing, does not provide such  
34 information within 15 days of having been so notified. If any  
35 rate or rating plan filing or amendment thereto is not  
36 disapproved by the commissioner within the filing review period,

1 the insurer may implement it. For the period August 1, 1995, to  
2 December 31, 1995, the filing shall be made at least 90 days  
3 prior to the effective date and the department shall advise an  
4 insurer within 60 days of such filing if the filing is  
5 insufficient under this section.

6 (b) A rating plan or rates are not subject to the  
7 requirements of paragraph (a), where the insurer files a  
8 certification verifying that it will use the mutually agreed  
9 upon rating plan or rates only to write a specific employer that  
10 generates \$250,000 in annual written workers' compensation  
11 premiums before the application of any large deductible rating  
12 plan. The certification must be refiled upon each renewal of  
13 the employer's policy. The \$250,000 threshold includes premiums  
14 generated in any state. The designation and certification must  
15 be submitted in substantially the following form:

16 Name and address of insurer:.....

17 Name and address of insured employer:.....

18 Policy period:.....

19 I certify that the employer named above generates \$250,000 or  
20 more in annual countrywide written workers' compensation  
21 premiums, and that the calculation of this threshold is based on  
22 the rates and rating plans that have been approved by the  
23 appropriate state regulatory authority. The filing of this  
24 certification authorizes the use of this rate or rating plan  
25 only for the named employer.

26 Name of responsible officer:.....

27 Title:.....

28 Signature:.....

29 Sec. 25. Minnesota Statutes 2004, section 79.56,  
30 subdivision 3, is amended to read:

31 Subd. 3. [PENALTIES.] ~~(a)~~ Any insurer using a rate or a  
32 rating plan which has not been filed or certified under  
33 subdivision 1 shall be subject to a fine of up to \$100 for each  
34 day the failure to file continues. The commissioner may, after  
35 a hearing on the record, find that the failure is willful. A  
36 willful failure to meet filing requirements shall be punishable

1 by a fine of up to \$500 for each day during which a willful  
 2 failure continues. These penalties shall be in addition to any  
 3 other penalties provided by law.

4 ~~(b)-Notwithstanding this subdivision, an employer that~~  
 5 ~~generates \$250,000 in annual written workers' compensation~~  
 6 ~~premium under the rates and rating plan of an insurer before the~~  
 7 ~~application of any large deductible rating plans, may be written~~  
 8 ~~by that insurer using rates or rating plans that are not subject~~  
 9 ~~to disapproval but which have been filed. For the purposes of~~  
 10 ~~this paragraph, written workers' compensation premiums generated~~  
 11 ~~from states other than Minnesota are included in calculating the~~  
 12 ~~\$250,000 threshold for large risk alternative rating option~~  
 13 ~~plans.~~

14 Sec. 26. Minnesota Statutes 2004, section 79.62,  
 15 subdivision 3, is amended to read:

16 Subd. 3. [ISSUANCE.] The commissioner, upon finding that  
 17 the applicant organization is qualified to provide the services  
 18 required and proposed, or has contracted with a licensed data  
 19 service organization to purchase these services which are  
 20 required by this chapter but are not provided directly by the  
 21 applicant, and that all requirements of law are met, shall issue  
 22 a license. Each license is subject to annual renewal effective  
 23 June 30. Each new or renewal license application must be  
 24 accompanied by a fee of \$50 \$1,000.

25 Sec. 27. Minnesota Statutes 2004, section 79A.04,  
 26 subdivision 10, is amended to read:

27 Subd. 10. [NOTICE; OBLIGATION OF FUND.] In the event of  
 28 bankruptcy, insolvency, or certificate of default, the  
 29 commissioner shall immediately notify by certified mail the  
 30 commissioner of finance, the surety, the issuer of an  
 31 irrevocable letter of credit, and any custodian of the security  
 32 required in this chapter. At the time of notification, the  
 33 commissioner shall also call the security and transfer and  
 34 assign it to the self-insurers' security fund. The commissioner  
 35 shall also immediately notify by certified mail the  
 36 self-insurers' security fund, and order the security fund to

1 assume the insolvent self-insurers' obligations for which it is  
2 liable under chapter 176. The security fund shall commence  
3 payment of these obligations within 14 days of receipt of this  
4 notification and order. Payments shall be made to claimants  
5 whose entitlement to benefits can be ascertained by the security  
6 fund, with or without proceedings before the Department of Labor  
7 and Industry, the Office of Administrative Hearings, the  
8 Workers' Compensation Court of Appeals, or the Minnesota Supreme  
9 Court. Upon the assumption of obligations by the security fund  
10 pursuant to the commissioner's notification and order, the  
11 security fund has the right to immediate possession of any  
12 posted or deposited security and the custodian, surety, or  
13 issuer of any irrevocable letter of credit or the commissioner,  
14 if in possession of it, shall turn over the security, proceeds  
15 of the surety bond, or letter of credit to the security fund  
16 together with the interest that has accrued since the date of  
17 the self-insured employer's insolvency. The security fund has  
18 the right to the immediate possession of all relevant worker's  
19 compensation claim files and data of the self-insurer, and the  
20 possessor of the files and data must turn the files and data, or  
21 complete copies of them, over to the security fund within five  
22 days of the notification provided under this subdivision. If  
23 the possessor of the files and data fails to timely turn over  
24 the files and data to the security fund, it is liable to the  
25 security fund for a penalty of \$500 per day for each day after  
26 the five-day period has expired. The security fund is entitled  
27 to recover its reasonable attorney fees and costs in any action  
28 brought to obtain possession of the worker's compensation claim  
29 files and data of the self-insurer, and for any action to  
30 recover the penalties provided by this subdivision. The  
31 self-insurers' security fund may administer payment of benefits  
32 or it may retain a third-party administrator to do so.

33 Sec. 28. Minnesota Statutes 2004, section 79A.06,  
34 subdivision 5, is amended to read:

35 Subd. 5. [PRIVATE EMPLOYERS WHO HAVE CEASED TO BE  
36 SELF-INSURED.] (a) Private employers who have ceased to be

1 private self-insurers shall discharge their continuing  
2 obligations to secure the payment of compensation which is  
3 accrued during the period of self-insurance, for purposes of  
4 Laws 1988, chapter 674, sections 1 to 21, by compliance with all  
5 of the following obligations of current certificate holders:

6 (1) Filing reports with the commissioner to carry out the  
7 requirements of this chapter;

8 (2) Depositing and maintaining a security deposit for  
9 accrued liability for the payment of any compensation which may  
10 become due, pursuant to chapter 176. However, if a private  
11 employer who has ceased to be a private self-insurer purchases  
12 an insurance policy from an insurer authorized to transact  
13 workers' compensation insurance in this state which provides  
14 coverage of all claims for compensation arising out of injuries  
15 occurring during the entire period the employer was  
16 self-insured, whether or not reported during that period, the  
17 policy will:

18 (i) discharge the obligation of the employer to maintain a  
19 security deposit for the payment of the claims covered under the  
20 policy;

21 (ii) discharge any obligation which the self-insurers'  
22 security fund has or may have for payment of all claims for  
23 compensation arising out of injuries occurring during the period  
24 the employer was self-insured, whether or not reported during  
25 that period; and

26 (iii) discharge the obligations of the employer to pay any  
27 future assessments to the self-insurers' security fund.

28 A private employer who has ceased to be a private  
29 self-insurer may instead buy an insurance policy described  
30 above, except that it covers only a portion of the period of  
31 time during which the private employer was self-insured;  
32 purchase of such a policy discharges any obligation that the  
33 self-insurers' security fund has or may have for payment of all  
34 claims for compensation arising out of injuries occurring during  
35 the period for which the policy provides coverage, whether or  
36 not reported during that period.

1 A policy described in this clause may not be issued by an  
2 insurer unless it has previously been approved as to form and  
3 substance by the commissioner; and

4 (3) Paying within 30 days all assessments of which notice  
5 is sent by the security fund, for a period of seven years from  
6 the last day its certificate of self-insurance was in effect.  
7 Thereafter, the private employer who has ceased to be a private  
8 self-insurer may either: (i) continue to pay within 30 days all  
9 assessments of which notice is sent by the security fund until  
10 it has no incurred liabilities for the payment of compensation  
11 arising out of injuries during the period of self-insurance; or  
12 (ii) pay the security fund a cash payment equal to four percent  
13 of the net present value of all remaining incurred liabilities  
14 for the payment of compensation under sections 176.101 and  
15 176.111 as certified by a member of the casualty actuarial  
16 society. Assessments shall be based on the benefits paid by the  
17 employer during the calendar year immediately preceding the  
18 calendar year in which the employer's right to self-insure is  
19 terminated or withdrawn.

20 (b) With respect to a self-insurer who terminates its  
21 self-insurance authority after April 1, 1998, that member shall  
22 obtain and file with the commissioner an actuarial opinion of  
23 its outstanding liabilities as determined by an associate or  
24 fellow of the Casualty Actuarial Society within 120 days of the  
25 date of its termination. If the actuarial opinion is not timely  
26 filed, the self-insurers' security fund may, at its discretion,  
27 engage the services of an actuary for this purpose. The expense  
28 of this actuarial opinion must be assessed against and be the  
29 obligation of the self-insurer. The commissioner may issue a  
30 certificate of default against the self-insurer for failure to  
31 pay this assessment to the self-insurers' security fund as  
32 provided by section 79A.04, subdivision 9. The opinion must  
33 separate liability for indemnity benefits from liability from  
34 medical benefits, and must discount each up to four percent per  
35 annum to net present value. Within 30 days after notification  
36 of approval of the actuarial opinion by the commissioner, the

1 member shall pay to the security fund an amount equal to 120  
2 percent of that discounted outstanding indemnity liability,  
3 multiplied by the greater of the average annualized assessment  
4 rate since inception of the security fund or the annual rate at  
5 the time of the most recent assessment before termination. If  
6 the payment is not made within 30 days of the notification,  
7 interest on it at the rate prescribed by section 549.09 must be  
8 paid by the former member to the security fund until the  
9 principal amount is paid in full.

10 (c) A former member who terminated its self-insurance  
11 authority before April 1, 1998, who has paid assessments to the  
12 self-insurers' security fund for seven years, and whose  
13 annualized assessment is \$500 or less, may buy out of its  
14 outstanding liabilities to the self-insurers' security fund by  
15 an amount calculated as follows: 1.35 multiplied by the  
16 indemnity case reserves at the time of the calculation,  
17 multiplied by the then current self-insurers' security fund  
18 annualized assessment rate.

19 (d) A former member who terminated its self-insurance  
20 authority before April 1, 1998, and who is paying assessments  
21 within the first seven years after ceasing to be self-insured  
22 under paragraph (a), clause (3), may elect to buy out its  
23 outstanding liabilities to the self-insurers' security fund by  
24 obtaining and filing with the commissioner an actuarial opinion  
25 of its outstanding liabilities as determined by an associate or  
26 fellow of the Casualty Actuarial Society. The opinion must  
27 separate liability for indemnity benefits from liability for  
28 medical benefits, and must discount each up to four percent per  
29 annum to net present value. Within 30 days after notification  
30 of approval of the actuarial opinion by the commissioner, the  
31 member shall pay to the security fund an amount equal to 120  
32 percent of that discounted outstanding indemnity liability,  
33 multiplied by the greater of the average annualized assessment  
34 rate since inception of the security fund or the annual rate at  
35 the time of the most recent assessment.

36 (e) A former member who has paid the security fund

1 according to paragraphs (b) to (d) and subsequently receives  
2 authority from the commissioner to again self-insure shall be  
3 assessed under section 79A.12, subdivision 2, only on indemnity  
4 benefits paid on injuries that occurred after the former member  
5 received authority to self-insure again; provided that the  
6 member furnishes verified data regarding those benefits to the  
7 security fund.

8 (f) In addition to proceedings to establish liabilities and  
9 penalties otherwise provided, a failure to comply may be the  
10 subject of a proceeding before the commissioner. An appeal from  
11 the commissioner's determination may be taken pursuant to the  
12 contested case procedures of chapter 14 within 30 days of the  
13 commissioner's written determination.

14 Any current or past member of the self-insurers' security  
15 fund is subject to service of process on any claim arising out  
16 of chapter 176 or this chapter in the manner provided by section  
17 5.25, or as otherwise provided by law. The issuance of a  
18 certificate to self-insure to the private self-insured employer  
19 shall be deemed to be the agreement that any process which is  
20 served in accordance with this section shall be of the same  
21 legal force and effect as if served personally within this state.

22 Sec. 29. Minnesota Statutes 2004, section 79A.12,  
23 subdivision 2, is amended to read:

24 Subd. 2. [ASSESSMENT.] The security fund may assess each  
25 of its members a pro rata share of the funding necessary to  
26 carry out its obligation and the purposes of this chapter.  
27 Total annual assessments in any calendar year shall not exceed  
28 ten percent of ~~the-workers'-compensation-benefits-paid-under~~  
29 ~~sections-176.101-and-176.111-during-the-previous~~ paid indemnity  
30 losses, as defined in section 176.129, made by the self-insured  
31 employer during the preceding calendar year. The annual  
32 assessment calculation shall not include supplementary benefits  
33 paid which will be reimbursed by the special compensation fund.  
34 Funds obtained by assessments pursuant to this subdivision may  
35 only be used for the purposes of this chapter. The trustees  
36 shall certify to the commissioner the collection and receipt of

1 all money from assessments, noting any delinquencies. The  
 2 trustees shall take any action deemed appropriate to collect any  
 3 delinquent assessments.

4 Sec. 30. Minnesota Statutes 2004, section 79A.22,  
 5 subdivision 11, is amended to read:

6 Subd. 11. [DISBURSEMENT OF FUND SURPLUS.] (a) One  
 7 hundred Except as otherwise provided in paragraphs (b) and (c),  
 8 100 percent of any surplus money for a fund year in excess of  
 9 125 percent of the amount necessary to fulfill all obligations  
 10 under the Workers' Compensation Act, chapter 176, for that fund  
 11 year may be declared refundable to a-member eligible members at  
 12 any time. The-date-shall-be-no-earlier-than-18-months-following  
 13 the-end-of-such-fund-year.--The-first-disbursement-of-fund  
 14 surplus-may-not-be-made-prior-to-the-written-approval-of-the  
 15 commissioner.--There-can-be-no-more-than-one-refund-made-in-any  
 16 12-month-period.

17 (b) Except as otherwise provided in paragraph (c), for  
 18 groups that have been in existence for five years or more, 100  
 19 percent of any surplus money for a fund year in excess of 110  
 20 percent of the amount necessary to fulfill all obligations under  
 21 the Workers' Compensation Act, chapter 176, for that fund year  
 22 may be declared refundable to eligible members at any time.

23 (c) Excess surplus distributions under paragraphs (a) and  
 24 (b) may not be greater than the combined surplus of the group at  
 25 the time of the distribution.

26 (d) When all the claims of any one fund year have been  
 27 fully paid, as certified by an actuary, all surplus money from  
 28 that fund year may be declared refundable.

29 ~~(b)~~ (e) The commercial self-insurance group shall give ten  
 30 days' prior notice to the commissioner of any refund. Said The  
 31 notice shall must be accompanied by a statement from the  
 32 commercial self-insurer group's certified public accountant  
 33 certifying that the proposed refund is in compliance  
 34 with paragraph-(a) this subdivision.

35 Sec. 31. Minnesota Statutes 2004, section 79A.22, is  
 36 amended by adding a subdivision to read:

1        Subd. 14. [ALL STATES COVERAGE.] Policies issued by  
2 commercial self-insurance groups pursuant to this chapter may  
3 also provide workers' compensation coverage required under the  
4 laws of states other than Minnesota, commonly known as "all  
5 states coverage." The coverage must be provided to members of  
6 the group which are temporarily performing work in another state.

7        Sec. 32. Minnesota Statutes 2004, section 176.191,  
8 subdivision 3, is amended to read:

9        Subd. 3. [INSURER PAYMENT.] If a dispute exists as to  
10 whether an employee's injury is compensable under this chapter  
11 and the employee is otherwise covered by an insurer or entity  
12 pursuant to chapters 62A, 62C and, 62D, 62E, 62R, and 62T, that  
13 insurer or entity shall pay any medical costs incurred by the  
14 employee for the injury up to the limits of the applicable  
15 coverage and shall make any disability payments otherwise  
16 payable by that insurer or entity in the absence of or in  
17 addition to workers' compensation liability. If the injury is  
18 subsequently determined to be compensable pursuant to this  
19 chapter, the workers' compensation insurer shall be ordered to  
20 reimburse the insurer or entity that made the payments for all  
21 payments made under this subdivision by the insurer or entity,  
22 including interest at a rate of 12 percent a year. If a payment  
23 pursuant to this subdivision exceeds the reasonable value as  
24 permitted by sections 176.135 and 176.136, the provider shall  
25 reimburse the workers' compensation insurer for all the excess  
26 as provided by rules promulgated by the commissioner.

27        Sec. 33. [REPEALER.]

28        Minnesota Statutes 2004, sections 61A.072, subdivision 2;  
29 and 62E.03 are repealed.

30        Sec. 34. [EFFECTIVE DATES.]

31        Sections 10, 14, 15, 17, 19, 20, 23, and 27 to 32 are  
32 effective the day following final enactment. Sections 2, 4, 18,  
33 and 24 to 26 are effective July 1, 2005. The remaining sections  
34 are effective August 1, 2005.

APPENDIX  
Repealed Minnesota Statutes for 05-0149

**61A.072 POLICIES WITH ACCELERATED BENEFITS.**

Subd. 2. **Advertisements.** Any advertisement related to a contract or supplemental contract providing for the payment of accelerated benefits must be approved by the commissioner prior to its use. The commissioner shall not approve the advertisement if it is likely to lead a prospective purchaser to believe that it is a long-term care policy.

**62E.03 DUTIES OF THE EMPLOYER.**

Subdivision 1. **Availability of qualified plans.** Each employer who provides or makes available to employees a plan of health coverage shall make available to employees employed in this state a plan or combination of plans which have been certified by the commissioner as a number two qualified plan. If the plan of health coverage does not meet the requirements of section 62E.06 for a number two qualified plan, the employer shall make available a supplemental plan of health benefits which, when combined with the existing plan of health benefits, constitutes a number two coverage plan. The plan or combinations of plans may be financed from funds contributed solely by the employer or solely by the employees or any combination thereof. The plans may consist of self insurance, health maintenance contracts, group policies or individual policies or any combination thereof.

Adopted .

4-4-05

1 Senator *Scheid* moves to amend S.F. No. 1783 as follows:

2 Page 11, after line 11, insert:

3 "Sec. 10. [60D.30] [ELIGIBILITY DETERMINATION.]

4 Section 302A.521, subdivision 3, applies to a corporation  
5 that is a member of an insurance holding company system, except  
6 if a determination for advancement is not made under section  
7 302A.521, subdivision 6, clauses (1) to (4), the corporation  
8 that is a member of an insurance holding company system may make  
9 the determination that a person is entitled to payment or  
10 reimbursement of expenses in advance of the final disposition of  
11 a proceeding upon receipt of a written affirmation as provided  
12 in section 302A.521, subdivision 3."

13 Renumber the sections in sequence and correct the internal  
14 references

15 Amend the title accordingly

Adopted

4-4-05

1 Senator *Scheidt* moves to amend S.F. No. 1783 as follows:

2 Page 32, after line 24, insert:

3 "Sec. 27. Minnesota Statutes 2004, section 79A.03,  
4 subdivision 9, is amended to read:

5 Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and  
6 unpaid, specifying indemnity and medical losses by  
7 classification, payroll by classification, and current estimated  
8 outstanding liability for workers' compensation shall be  
9 reported to the commissioner by each self-insurer on a calendar  
10 year basis, in a manner and on forms available from the  
11 commissioner. Payroll information must be filed by April 1 of  
12 the following year.

13 (b) Each self-insurer shall, under oath, attest to the  
14 accuracy of each report submitted pursuant to paragraph (a).  
15 Upon sufficient cause, the commissioner shall require the  
16 self-insurer to submit a certified audit of payroll and claim  
17 records conducted by an independent auditor approved by the  
18 commissioner, based on generally accepted accounting principles  
19 and generally accepted auditing standards, and supported by an  
20 actuarial review and opinion of the future contingent  
21 liabilities. The basis for sufficient cause shall include the  
22 following factors: where the losses reported appear  
23 significantly different from similar types of businesses; where  
24 major changes in the reports exist from year to year, which are  
25 not solely attributable to economic factors; or where the  
26 commissioner has reason to believe that the losses and payroll  
27 in the report do not accurately reflect the losses and payroll  
28 of that employer. If any discrepancy is found, the commissioner  
29 shall require changes in the self-insurer's or workers'  
30 compensation service company record-keeping practices.

31 (c) An annual status report due August 1 by each  
32 self-insurer shall be filed in a manner and on forms prescribed  
33 by the commissioner.

34 (d) Each individual self-insurer shall, within four months  
35 after the end of its fiscal year, annually file with the  
36 commissioner its latest 10K report required by the Securities

1 and Exchange Commission. If an individual self-insurer does not  
2 prepare a 10K report, it shall file an annual certified  
3 financial statement, together with such other financial  
4 information as the commissioner may require to substantiate data  
5 in the financial statement.

6 (e) Each member of the group shall, within ~~seven~~ six months  
7 after the end of each fiscal year for that group, ~~file~~ submit to  
8 a certified public accountant designated by the group, the most  
9 recent annual financial statement, reviewed by a certified  
10 public accountant in accordance with the Statements on Standards  
11 for Accounting and Review Services, Volume 2, the American  
12 Institute of Certified Public Accountants Professional  
13 Standards, or audited in accordance with generally accepted  
14 auditing standards, together with such other financial  
15 information the commissioner may require. In addition, the  
16 group shall file with the commissioner, within seven months  
17 after the end of each fiscal year for that group, combining  
18 financial statements of the group members, compiled by a  
19 certified public accountant in accordance with the Statements on  
20 Standards for Accounting and Review Services, Volume 2, the  
21 American Institute of Certified Public Accountants Professional  
22 Standards. The combining financial statements shall include,  
23 but not be limited to, a balance sheet, income statement,  
24 statement of changes in net worth, and statement of cash flow.  
25 Each combining financial statement shall include a column for  
26 each individual group member along with a total column. Each  
27 combined statement shall have a statement from the certified  
28 public accountant confirming that each member has submitted the  
29 required financial statement as defined in this section. The  
30 certified public accountant shall notify the commissioner if any  
31 statement is qualified or otherwise conditional. The  
32 commissioner may require additional financial information from  
33 any group member.

34 Where a group has 50 or more members, the group shall file,  
35 in lieu of the combining financial statements, a combined  
36 financial statement showing only the total column for the entire

1 group's balance sheet, income statement, statement of changes in  
2 net worth, and statement of cash flow. Additionally, the group  
3 shall disclose, for each member, the total assets, net worth,  
4 revenue, and income for the most recent fiscal year. The  
5 combining and combined financial statements may omit all  
6 footnote disclosures.

7 (f) In addition to the financial statements required by  
8 paragraphs (d) and (e), interim financial statements or 10Q  
9 reports required by the Securities and Exchange Commission may  
10 be required by the commissioner upon an indication that there  
11 has been deterioration in the self-insurer's financial  
12 condition, including a worsening of current ratio, lessening of  
13 net worth, net loss of income, the downgrading of the company's  
14 bond rating, or any other significant change that may adversely  
15 affect the self-insurer's ability to pay expected losses. Any  
16 self-insurer that files an 8K report with the Securities and  
17 Exchange Commission shall also file a copy of the report with  
18 the commissioner within 30 days of the filing with the  
19 Securities and Exchange Commission.

20 Sec. 28. Minnesota Statutes 2004, section 79A.04,  
21 subdivision 2, is amended to read:

22 Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110  
23 percent of the private self-insurer's estimated future  
24 liability. The deposit may be used to secure payment of all  
25 administrative and legal costs, and unpaid assessments required  
26 by section 79A.12, subdivision 2, relating to or arising from  
27 its or other employers' self-insuring. As used in this section,  
28 "private self-insurer" includes both current and former members  
29 of the self-insurers' security fund; and "private self-insurers'  
30 estimated future liability" means the private self-insurers'  
31 total of estimated future liability as determined by an  
32 Associate or Fellow of the Casualty Actuarial Society every year  
33 for group member private self-insurers and, for a nongroup  
34 member private self-insurer's authority to self-insure, every  
35 year for the first five years. After the first five years, the  
36 nongroup member's total shall be as determined by an Associate

1 or Fellow of the Casualty Actuarial Society at least every two  
2 years, and each such actuarial study shall include a projection  
3 of future losses during the period until the next scheduled  
4 actuarial study, less payments anticipated to be made during  
5 that time.

6 All data and information furnished by a private  
7 self-insurer to an Associate or Fellow of the Casualty Actuarial  
8 Society for purposes of determining private self-insurers'  
9 estimated future liability must be certified by an officer of  
10 the private self-insurer to be true and correct with respect to  
11 payroll and paid losses, and must be certified, upon information  
12 and belief, to be true and correct with respect to reserves.  
13 The certification must be made by sworn affidavit. In addition  
14 to any other remedies provided by law, the certification of  
15 false data or information pursuant to this subdivision may  
16 result in a fine imposed by the commissioner of commerce on the  
17 private self-insurer up to the amount of \$5,000, and termination  
18 of the private self-insurers' authority to self-insure. The  
19 determination of private self-insurers' estimated future  
20 liability by an Associate or Fellow of the Casualty Actuarial  
21 Society shall be conducted in accordance with standards and  
22 principles for establishing loss and loss adjustment expense  
23 reserves by the Actuarial Standards Board, an affiliate of the  
24 American Academy of Actuaries. The commissioner may reject an  
25 actuarial report that does not meet the standards and principles  
26 of the Actuarial Standards Board, and may further disqualify the  
27 actuary who prepared the report from submitting any future  
28 actuarial reports pursuant to this chapter. Within 30 days  
29 after the actuary has been served by the commissioner with a  
30 notice of disqualification, an actuary who is aggrieved by the  
31 disqualification may request a hearing to be conducted in  
32 accordance with chapter 14. Based on a review of the actuarial  
33 report, the commissioner of commerce may require an increase in  
34 the minimum security deposit in an amount the commissioner  
35 considers sufficient.

36 Estimated future liability is determined by first taking

1 the total amount of the self-insured's future liability of  
2 workers' compensation claims and then deducting the total amount  
3 which is estimated to be returned to the self-insurer from any  
4 specific excess insurance coverage, aggregate excess insurance  
5 coverage, and any supplementary benefits or second injury  
6 benefits which are estimated to be reimbursed by the special  
7 compensation fund. However, in the determination of estimated  
8 future liability, the actuary for the self-insurer shall not  
9 take a credit for any excess insurance or reinsurance which is  
10 provided by a captive insurance company which is wholly owned by  
11 the self-insurer. Supplementary benefits or second injury  
12 benefits will not be reimbursed by the special compensation fund  
13 unless the special compensation fund assessment pursuant to  
14 section 176.129 is paid and the reports required thereunder are  
15 filed with the special compensation fund. In the case of surety  
16 bonds, bonds shall secure administrative and legal costs in  
17 addition to the liability for payment of compensation reflected  
18 on the face of the bond. In no event shall the security be less  
19 than the last retention limit selected by the self-insurer with  
20 the Workers' Compensation Reinsurance Association, provided that  
21 the commissioner may allow former members to post less than the  
22 Workers' Compensation Reinsurance Association retention level if  
23 that amount is adequate to secure payment of the self-insurers'  
24 estimated future liability, as defined in this subdivision,  
25 including payment of claims, administrative and legal costs, and  
26 unpaid assessments required by section 79A.12, subdivision 2.  
27 The posting or depositing of security pursuant to this section  
28 shall release all previously posted or deposited security from  
29 any obligations under the posting or depositing and any surety  
30 bond so released shall be returned to the surety. Any other  
31 security shall be returned to the depositor or the person  
32 posting the bond.

33 As a condition for the granting or renewing of a  
34 certificate to self-insure, the commissioner may require a  
35 private self-insurer to furnish any additional security the  
36 commissioner considers sufficient to insure payment of all

1 claims under chapter 176."

2       Renumber the sections in sequence and correct the internal

3 references

4       Amend the title accordingly

Adopted

4-4-05

- 1 Senator *Scheid* ..... moves to amend S.F. No. 1783 as follows:
- 2 Page 13, line 14, after "immunizations" insert "not
- 3 otherwise covered under Part D of the Medicare program"
- 4 Page 16, line 17, after "immunizations" insert "not
- 5 otherwise covered under Part D of the Medicare program"
- 6 Page 16, line 22, after "diabetes" insert "not otherwise
- 7 covered under Part D of the Medicare program"

1 Senator <sup>Scheid</sup>..... moves to amend S.F. No. 1783 as follows:

2 Page 30, after line 12, insert:

3 "Sec. 23. Minnesota Statutes 2004, section 79.211, is  
4 amended by adding a subdivision to read:

5 Subd. 4. [EXPERIENCE MODIFICATION FACTOR REVISION FOR  
6 CERTAIN CLOSED CLAIMS.] An insurer or an employer insured under  
7 a workers' compensation policy subject to an experience rating  
8 plan may request in writing of the data service organization  
9 computing the policy's experience modification factor that the  
10 most recent factor be revised if each of the following criteria  
11 is met:

12 (1) a workers' compensation claim under that policy is  
13 closed between the normal valuation date for that claim and the  
14 next time that valuation is used in experience modification  
15 factor on the policy;

16 (2) the data service organization receives a revised unit  
17 statistical report containing data on the closed claim in a form  
18 consistent with its filed unit statistical plan; and

19 (3) inclusion of the closed claim in the experience  
20 modification factor calculation would impact that factor by five  
21 percentage points or more."

22 Renumber the sections in sequence and correct the internal  
23 references

24 Amend the title accordingly

1 Senator Scheid from the Committee on Commerce, to which was  
2 referred

3 S.F. No. 1783: A bill for an act relating to insurance;  
4 regulating agency terminations, coverages, fees, forms,  
5 disclosures, reports, information security, and premiums;  
6 amending Minnesota Statutes 2004, sections 59A.12, subdivision  
7 2; 60A.14, subdivision 1; 60A.171, subdivision 11; 60A.23,  
8 subdivision 8; 60A.966; 60A.969; 62A.136; 62A.31, subdivision  
9 1h; 62A.315; 62A.316; 62E.13, subdivision 2; 62L.03, subdivision  
10 3; 62Q.471; 65A.29, subdivision 11; 65B.48, subdivision 3;  
11 72A.20, subdivisions 13, 36; 72A.201, subdivisions 3, 4; 79.40;  
12 79.56, subdivisions 1, 3; 79.62, subdivision 3; 79A.04,  
13 subdivision 10; 79A.06, subdivision 5; 79A.12, subdivision 2;  
14 79A.22, subdivision 11, by adding a subdivision; 176.191,  
15 subdivision 3; proposing coding for new law in Minnesota  
16 Statutes, chapter 60A; repealing Minnesota Statutes 2004,  
17 sections 61A.072, subdivision 2; 62E.03.

18 Reports the same back with the recommendation that the bill  
19 be amended as follows:

20 Page 11, after line 11, insert:

21 "Sec. 10. [60D.30] [ELIGIBILITY DETERMINATION.]

22 Section 302A.521, subdivision 3, applies to a corporation  
23 that is a member of an insurance holding company system, except  
24 if a determination for advancement is not made under section  
25 302A.521, subdivision 6, clauses (1) to (4), the corporation  
26 that is a member of an insurance holding company system may make  
27 the determination that a person is entitled to payment or  
28 reimbursement of expenses in advance of the final disposition of  
29 a proceeding upon receipt of a written affirmation as provided  
30 in section 302A.521, subdivision 3."

31 Page 13, line 14, after "immunizations" insert "not  
32 otherwise covered under Part D of the Medicare program"

33 Page 16, line 17, after "immunizations" insert "not  
34 otherwise covered under Part D of the Medicare program"

35 Page 16, line 22, after "diabetes" insert "not otherwise  
36 covered under Part D of the Medicare program"

37 Pages 20 and 21, delete section 15

38 Pages 25 to 30, delete sections 21 and 22 and insert:

39 "Sec. 21. Minnesota Statutes 2004, section 79.211, is  
40 amended by adding a subdivision to read:

41 Subd. 4. [EXPERIENCE MODIFICATION FACTOR REVISION FOR  
42 CERTAIN CLOSED CLAIMS.] An insurer or an employer insured under  
43 a workers' compensation policy subject to an experience rating  
44 plan may request in writing of the data service organization

1 computing the policy's experience modification factor that the  
2 most recent factor be revised if each of the following criteria  
3 is met:

4 (1) a workers' compensation claim under that policy is  
5 closed between the normal valuation date for that claim and the  
6 next time that valuation is used in experience modification  
7 factor on the policy;

8 (2) the data service organization receives a revised unit  
9 statistical report containing data on the closed claim in a form  
10 consistent with its filed unit statistical plan; and

11 (3) inclusion of the closed claim in the experience  
12 modification factor calculation would impact that factor by five  
13 percentage points or more."

14 Page 32, after line 24, insert:

15 "Sec. 26. Minnesota Statutes 2004, section 79A.03,  
16 subdivision 9, is amended to read:

17 Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and  
18 unpaid, specifying indemnity and medical losses by  
19 classification, payroll by classification, and current estimated  
20 outstanding liability for workers' compensation shall be  
21 reported to the commissioner by each self-insurer on a calendar  
22 year basis, in a manner and on forms available from the  
23 commissioner. Payroll information must be filed by April 1 of  
24 the following year.

25 (b) Each self-insurer shall, under oath, attest to the  
26 accuracy of each report submitted pursuant to paragraph (a).  
27 Upon sufficient cause, the commissioner shall require the  
28 self-insurer to submit a certified audit of payroll and claim  
29 records conducted by an independent auditor approved by the  
30 commissioner, based on generally accepted accounting principles  
31 and generally accepted auditing standards, and supported by an  
32 actuarial review and opinion of the future contingent  
33 liabilities. The basis for sufficient cause shall include the  
34 following factors: where the losses reported appear  
35 significantly different from similar types of businesses; where  
36 major changes in the reports exist from year to year, which are

1 not solely attributable to economic factors; or where the  
2 commissioner has reason to believe that the losses and payroll  
3 in the report do not accurately reflect the losses and payroll  
4 of that employer. If any discrepancy is found, the commissioner  
5 shall require changes in the self-insurer's or workers'  
6 compensation service company record-keeping practices.

7 (c) An annual status report due August 1 by each  
8 self-insurer shall be filed in a manner and on forms prescribed  
9 by the commissioner.

10 (d) Each individual self-insurer shall, within four months  
11 after the end of its fiscal year, annually file with the  
12 commissioner its latest 10K report required by the Securities  
13 and Exchange Commission. If an individual self-insurer does not  
14 prepare a 10K report, it shall file an annual certified  
15 financial statement, together with such other financial  
16 information as the commissioner may require to substantiate data  
17 in the financial statement.

18 (e) Each member of the group shall, within ~~seven~~ six months  
19 after the end of each fiscal year for that group, ~~file~~ submit to  
20 a certified public accountant designated by the group, the most  
21 recent annual financial statement, reviewed by a certified  
22 public accountant in accordance with the Statements on Standards  
23 for Accounting and Review Services, Volume 2, the American  
24 Institute of Certified Public Accountants Professional  
25 Standards, or audited in accordance with generally accepted  
26 auditing standards, together with such other financial  
27 information the commissioner may require. In addition, the  
28 group shall file with the commissioner, within seven months  
29 after the end of each fiscal year for that group, combining  
30 financial statements of the group members, compiled by a  
31 certified public accountant in accordance with the Statements on  
32 Standards for Accounting and Review Services, Volume 2, the  
33 American Institute of Certified Public Accountants Professional  
34 Standards. The combining financial statements shall include,  
35 but not be limited to, a balance sheet, income statement,  
36 statement of changes in net worth, and statement of cash flow.

1 Each combining financial statement shall include a column for  
2 each individual group member along with a total column. Each  
3 combined statement shall have a statement from the certified  
4 public accountant confirming that each member has submitted the  
5 required financial statement as defined in this section. The  
6 certified public accountant shall notify the commissioner if any  
7 statement is qualified or otherwise conditional. The  
8 commissioner may require additional financial information from  
9 any group member.

10 Where a group has 50 or more members, the group shall file,  
11 in lieu of the combining financial statements, a combined  
12 financial statement showing only the total column for the entire  
13 group's balance sheet, income statement, statement of changes in  
14 net worth, and statement of cash flow. Additionally, the group  
15 shall disclose, for each member, the total assets, net worth,  
16 revenue, and income for the most recent fiscal year. The  
17 combining and combined financial statements may omit all  
18 footnote disclosures.

19 (f) In addition to the financial statements required by  
20 paragraphs (d) and (e), interim financial statements or 10Q  
21 reports required by the Securities and Exchange Commission may  
22 be required by the commissioner upon an indication that there  
23 has been deterioration in the self-insurer's financial  
24 condition, including a worsening of current ratio, lessening of  
25 net worth, net loss of income, the downgrading of the company's  
26 bond rating, or any other significant change that may adversely  
27 affect the self-insurer's ability to pay expected losses. Any  
28 self-insurer that files an 8K report with the Securities and  
29 Exchange Commission shall also file a copy of the report with  
30 the commissioner within 30 days of the filing with the  
31 Securities and Exchange Commission.

32 Sec. 27. Minnesota Statutes 2004, section 79A.04,  
33 subdivision 2, is amended to read:

34 Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110  
35 percent of the private self-insurer's estimated future  
36 liability. The deposit may be used to secure payment of all

1 administrative and legal costs, and unpaid assessments required  
2 by section 79A.12, subdivision 2, relating to or arising from  
3 its or other employers' self-insuring. As used in this section,  
4 "private self-insurer" includes both current and former members  
5 of the self-insurers' security fund; and "private self-insurers'  
6 estimated future liability" means the private self-insurers'  
7 total of estimated future liability as determined by an  
8 Associate or Fellow of the Casualty Actuarial Society every year  
9 for group member private self-insurers and, for a nongroup  
10 member private self-insurer's authority to self-insure, every  
11 year for the first five years. After the first five years, the  
12 nongroup member's total shall be as determined by an Associate  
13 or Fellow of the Casualty Actuarial Society at least every two  
14 years, and each such actuarial study shall include a projection  
15 of future losses during the period until the next scheduled  
16 actuarial study, less payments anticipated to be made during  
17 that time.

18 All data and information furnished by a private  
19 self-insurer to an Associate or Fellow of the Casualty Actuarial  
20 Society for purposes of determining private self-insurers'  
21 estimated future liability must be certified by an officer of  
22 the private self-insurer to be true and correct with respect to  
23 payroll and paid losses, and must be certified, upon information  
24 and belief, to be true and correct with respect to reserves.  
25 The certification must be made by sworn affidavit. In addition  
26 to any other remedies provided by law, the certification of  
27 false data or information pursuant to this subdivision may  
28 result in a fine imposed by the commissioner of commerce on the  
29 private self-insurer up to the amount of \$5,000, and termination  
30 of the private self-insurers' authority to self-insure. The  
31 determination of private self-insurers' estimated future  
32 liability by an Associate or Fellow of the Casualty Actuarial  
33 Society shall be conducted in accordance with standards and  
34 principles for establishing loss and loss adjustment expense  
35 reserves by the Actuarial Standards Board, an affiliate of the  
36 American Academy of Actuaries. The commissioner may reject an

1 actuarial report that does not meet the standards and principles  
2 of the Actuarial Standards Board, and may further disqualify the  
3 actuary who prepared the report from submitting any future  
4 actuarial reports pursuant to this chapter. Within 30 days  
5 after the actuary has been served by the commissioner with a  
6 notice of disqualification, an actuary who is aggrieved by the  
7 disqualification may request a hearing to be conducted in  
8 accordance with chapter 14. Based on a review of the actuarial  
9 report, the commissioner of commerce may require an increase in  
10 the minimum security deposit in an amount the commissioner  
11 considers sufficient.

12 Estimated future liability is determined by first taking  
13 the total amount of the self-insured's future liability of  
14 workers' compensation claims and then deducting the total amount  
15 which is estimated to be returned to the self-insurer from any  
16 specific excess insurance coverage, aggregate excess insurance  
17 coverage, and any supplementary benefits or second injury  
18 benefits which are estimated to be reimbursed by the special  
19 compensation fund. However, in the determination of estimated  
20 future liability, the actuary for the self-insurer shall not  
21 take a credit for any excess insurance or reinsurance which is  
22 provided by a captive insurance company which is wholly owned by  
23 the self-insurer. Supplementary benefits or second injury  
24 benefits will not be reimbursed by the special compensation fund  
25 unless the special compensation fund assessment pursuant to  
26 section 176.129 is paid and the reports required thereunder are  
27 filed with the special compensation fund. In the case of surety  
28 bonds, bonds shall secure administrative and legal costs in  
29 addition to the liability for payment of compensation reflected  
30 on the face of the bond. In no event shall the security be less  
31 than the last retention limit selected by the self-insurer with  
32 the Workers' Compensation Reinsurance Association, provided that  
33 the commissioner may allow former members to post less than the  
34 Workers' Compensation Reinsurance Association retention level if  
35 that amount is adequate to secure payment of the self-insurers'  
36 estimated future liability, as defined in this subdivision,

1 including payment of claims, administrative and legal costs, and  
2 unpaid assessments required by section 79A.12, subdivision 2.  
3 The posting or depositing of security pursuant to this section  
4 shall release all previously posted or deposited security from  
5 any obligations under the posting or depositing and any surety  
6 bond so released shall be returned to the surety. Any other  
7 security shall be returned to the depositor or the person  
8 posting the bond.

9 As a condition for the granting or renewing of a  
10 certificate to self-insure, the commissioner may require a  
11 private self-insurer to furnish any additional security the  
12 commissioner considers sufficient to insure payment of all  
13 claims under chapter 176."

14 Page 39, delete line 31 and insert:

15 "Sections 11, 15, 17, 19, 20, 22, and 28 to 33 are"

16 Page 39, line 33, delete "24 to 26" and insert "23 to 25"

17 Renumber the sections in sequence

18 Amend the title as follows:

19 Page 1, line 9, delete "62L.03, subdivision 3;"

20 Page 1, line 11, delete "72A.201, subdivisions 3, 4" and  
21 insert "79.211, by adding a subdivision"

22 Page 1, line 12, after the second semicolon, insert  
23 "79A.03,subdivision 9;"

24 Page 1, line 13, delete "subdivision 10" and insert  
25 "subdivisions 2, 10"

26 Page 1, line 16, delete "chapter 60A" and insert "chapters  
27 60A; 60D"

28 And when so amended the bill do pass and be re-referred to  
29 the Committee on Judiciary. Amendments adopted. Report adopted.

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35

*Linda Scheid*  
.....  
(Committee Chair)

April 4, 2005.....  
(Date of Committee recommendation)

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# Senate

State of Minnesota

## **S.F. No. 1810 - Commissioner to Request Federal Law Changes**

**Author:** Senator Sheila M. Kiscaden

**Prepared by:** Christopher B. Stang, Senate Counsel (651/296-0539)

**Date:** March 28, 2005

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This bill requires the Commissioner of Commerce to communicate with federal authorities regarding the state's desire for changes in federal law to permit states to reward purchase of long-term care insurance by reducing the amount of Medicaid estate recovery carried out against those insurance purchasers. Requires the Commissioner of Commerce to work with the Commissioner of Human Services to obtain a waiver of estate recovery requirements if the federal government amends its law to permit that.

**Section 2** provides for an immediate effective date.

CBS:cs

Senators Kiscaden, Reiter, Scheid, Lourey and LeClair introduced--  
S.F. No. 1810: Referred to the Committee on Commerce.

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A bill for an act

relating to insurance; directing the commissioner of  
commerce to communicate to federal authorities this  
state's desire for federal law changes to facilitate  
the use of long-term care insurance in conjunction  
with a long-term care partnership program.

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

Section 1. [COMMISSIONER TO REQUEST FEDERAL LAW CHANGES.]

(a) The commissioner of commerce shall communicate with the  
appropriate federal authorities regarding this state's desire  
for changes in section 1917(b) of the federal Omnibus Budget  
Reconciliation Act of 1993 to permit states to reward purchase  
of long-term care insurance by reducing the amount of Medicaid  
estate recovery carried out against those insurance purchasers.

(b) If the federal government amends the law referenced in  
paragraph (a) so as to permit states to seek waivers of the  
estate recovery requirement in connection with persons covered  
by long-term care insurance, the commissioner of commerce shall  
work with the commissioner of human services to obtain an  
appropriate waiver for this state.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

1 Senator *Kiscaden* ..... moves to amend S.F. No. 1810 as follows:

2 Page 1, after line 7, insert:

3 "Section 1. Minnesota Statutes 2004, section 123A.21,  
4 subdivision 7, is amended to read:

5 Subd. 7. [EDUCATIONAL PROGRAMS AND SERVICES.] The board of  
6 directors of each SC shall submit annually a plan to the  
7 members. The plan shall identify the programs and services  
8 which are suggested for implementation by the SC during the  
9 following year and shall contain components of long-range  
10 planning determined by the SC. These programs and services may  
11 include, but are not limited to, the following areas:

- 12 (1) administrative services;
- 13 (2) curriculum development;
- 14 (3) data processing;
- 15 (4) distance learning and other telecommunication services;
- 16 (5) evaluation and research;
- 17 (6) staff development;
- 18 (7) media and technology centers;
- 19 (8) publication and dissemination of materials;
- 20 (9) pupil personnel services;
- 21 (10) planning;
- 22 (11) secondary, postsecondary, community, adult, and adult  
23 vocational education;
- 24 (12) teaching and learning services, including services for  
25 students with special talents and special needs;
- 26 (13) employee personnel services;
- 27 (14) vocational rehabilitation;
- 28 (15) health, diagnostic, and child development services and  
29 centers;
- 30 (16) leadership or direction in early childhood and family  
31 education;
- 32 (17) community services;
- 33 (18) shared time programs;
- 34 (19) fiscal services and risk management programs;
- 35 (20) technology planning, training, and support services;
- 36 (21) health and safety services;

1 (22) student academic challenges; and

2 (23) cooperative purchasing services, including purchase of  
3 long-term care insurance for employees and dependents of SC  
4 members.

5 Sec. 2. Minnesota Statutes 2004, section 471.61, is  
6 amended by adding a subdivision to read:

7 Subd. 5. [PROVISION OF LONG-TERM CARE INSURANCE.] Any  
8 political subdivision, or any two or more political subdivisions  
9 acting jointly, may contract with an insurance company licensed  
10 to do business in this state for the voluntary purchase of  
11 long-term care insurance by the employees and their dependents  
12 of the political subdivision or subdivisions. The coverage may  
13 be through a group policy or through individual coverage."

14 Renumber the sections in sequence and correct the internal  
15 references

16 Amend the title accordingly

1 Senator Scheid from the Committee on Commerce, to which was  
2 referred

3 S.F. No. 1810: A bill for an act relating to insurance;  
4 directing the commissioner of commerce to communicate to federal  
5 authorities this state's desire for federal law changes to  
6 facilitate the use of long-term care insurance in conjunction  
7 with a long-term care partnership program.

8 Reports the same back with the recommendation that the bill  
9 be amended as follows:

10 Page 1, after line 7, insert:

11 "Section 1. Minnesota Statutes 2004, section 123A.21,  
12 subdivision 7, is amended to read:

13 Subd. 7. [EDUCATIONAL PROGRAMS AND SERVICES.] The board of  
14 directors of each SC shall submit annually a plan to the  
15 members. The plan shall identify the programs and services  
16 which are suggested for implementation by the SC during the  
17 following year and shall contain components of long-range  
18 planning determined by the SC. These programs and services may  
19 include, but are not limited to, the following areas:

- 20 (1) administrative services;
- 21 (2) curriculum development;
- 22 (3) data processing;
- 23 (4) distance learning and other telecommunication services;
- 24 (5) evaluation and research;
- 25 (6) staff development;
- 26 (7) media and technology centers;
- 27 (8) publication and dissemination of materials;
- 28 (9) pupil personnel services;
- 29 (10) planning;
- 30 (11) secondary, postsecondary, community, adult, and adult  
31 vocational education;
- 32 (12) teaching and learning services, including services for  
33 students with special talents and special needs;
- 34 (13) employee personnel services;
- 35 (14) vocational rehabilitation;
- 36 (15) health, diagnostic, and child development services and  
37 centers;
- 38 (16) leadership or direction in early childhood and family  
39 education;

- 1 (17) community services;
- 2 (18) shared time programs;
- 3 (19) fiscal services and risk management programs;
- 4 (20) technology planning, training, and support services;
- 5 (21) health and safety services;
- 6 (22) student academic challenges; and
- 7 (23) cooperative purchasing services, including purchase of
- 8 long-term care insurance for employees and dependents of SC
- 9 members.

10 Sec. 2. Minnesota Statutes 2004, section 471.61, is  
 11 amended by adding a subdivision to read:

12 Subd. 5. [PROVISION OF LONG-TERM CARE INSURANCE.] Any  
 13 political subdivision, or any two or more political subdivisions  
 14 acting jointly, may contract with an insurance company licensed  
 15 to do business in this state for the voluntary purchase of  
 16 long-term care insurance by the employees and their dependents  
 17 of the political subdivision or subdivisions. The coverage may  
 18 be through a group policy or through individual coverage."

19 Page 1, line 22, delete "Section 1 is" and insert "Sections  
 20 1 to 3 are"

21 Renumber the sections in sequence

22 Amend the title as follows:

23 Page 1, line 6, before the period, insert "; permitting  
 24 arrangements in which political subdivisions may jointly arrange  
 25 for the voluntary purchase of long-term care insurance by their  
 26 employees; amending Minnesota Statutes 2004, sections 123A.21,  
 27 subdivision 7; 471.61, by adding a subdivision"

28 And when so amended the bill do pass. Amendments adopted.  
 29 Report adopted.

30 *Linda Scheid*  
 31 .....  
 32 (Committee Chair)

33 April 4, 2005.....  
 34 (Date of Committee recommendation)