

STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Repeal  
of Rules Relating to Contested Case  
Procedures (Chapter 2610) and Rules  
Relating to Advertisement of Sickness  
and Accident Insurance

STATEMENT OF  
NEED AND  
REASONABLENESS

The statutory authority of the Contested Case Procedures Rules (Chapter 2610 of Minnesota Rules) was Minnesota Statute 45.032. At the time the Department of Commerce was reorganized in 1983 by Chapter 289 of the 1983 Session Laws, Minnesota Statute Section 45.032 was repealed. In addition the Commerce Commission, which previously consisted of the commissioners of insurance, banking and securities and real estate, was abrogated. A single Commissioner of Commerce replaced the Commerce Commission and the three cited commissioners. Accordingly since the authority for the rules contained in Chapter 2610 no longer exists the rules must be repealed. Because of this the small business consideration and other considerations required by the rulemaking process would not be applicable to this situation since there is no authority to proceed in any other manner then to repeal the rules.

Rules Pertaining to Advertisement of Sickness and Accident  
Insurance

In July of 1984 Insurance Marketing Standard Rules (Chapter 2790), Agent Conduct Rules (Chapter 2795) and the Fair Claims Settlement Act were adopted. The net effect of the adoption of these two sets of rules and the statutory changes was to adopt a code of conduct for insurance agents of all types. Included were broad standards pertaining to the advertisement of all types of insurance. These rules were also applicable to the advertisement of sickness and accident insurance. Accordingly there presently exist two sets of rules pertaining to exactly the same thing. Rather than subjecting the advertisement of accident and sickness insurance to two sets of rules it is more appropriate that the rules which pertain only to accident and sickness insurance be repealed and the general set of rules remain. This is what was contemplated at the time of the promulgation of the cited rules and statute but it was not deemed appropriate to begin the repeal process for the accident and sickness rules until such time as the other rules were in place.

It is the department's belief that there will be no effect on anyone as a result of the repeal of these rules since the previously cited rules apply to exactly the same areas as those repealed.

## Small business consideration

As the repeal of these rules will, as noted above, only result in the repeal of duplicative rules the department sees no impact whatsoever on any small business or any other type of business, except possibly a positive effect in not their needing to determine which set of rules would apply.