

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 780

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 1-13-82
DATE FOR REVIEW 1-22-82
DATE DUE 1-27-82

Adopted w/a hearing _____
Adopted w/o hearing ✓
Temporary rule _____

Approved 1-26-82 Disapproved _____ Returned to Agency 1-26-82

Resubmitted _____ Due _____
Approved _____ Disapproved _____ Returned to Agency _____

Date filed w/Secretary of State 1-26-82 Revisor approved 1/15/82 disapproved _____

✓ Rule as Adopted

_____ Rule as Proposed

✓ Order Adopting 1.6.82 Date

✓ Notice of Intent to Solicit Outside Opinion 6.15.81

✓ Order for rulemaking
N/A ~~date of Hearing~~

N/A Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
? Sufficiency See my note

✓ Affidavit of Mailing Notice or rulemaking
✓ 10.28.81 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
10.12.81 At least 30/~~20~~ days prior to ~~hearing~~/adoption

N/A Hearing Examiner's Report

_____ Chief Hearing Examiner's Report(s)
_____ Approving H.E.'s Report
_____ Approving agency action

N/A Agency's Findings of Fact No changes from R/Proposed

N/A LCRAR Report or agency Affidavit

_____ Certificate of Board's Resolution Adopting Rules

_____ Order Approving Incorporation by Reference

✓ Statement of Need and Reasonableness

N/A Petition for Adoption of a Rule

✓ Record (includes transcript or tape, exhibits, comments received by agency, requests for a hearing, and other relevant materials)

✓ Certificate of Compliance w/Rulemaking Procedures

N/A Affidavit of Mailing Notice of Submission to Attorney General

✓ Notice of Submission to the Attorney General

no requests rec'd.

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : MICHAEL D. MARKMAN
Commissioner of Insurance

DATE: January 26, 1982

ATTN: Robert J. Clayton, Spec. Ass't. Atty. Gen.

FROM : Jerry S. Anderson
Special Assistant Attorney General

PHONE: 296-4692

SUBJECT: In the Matter of the Adoption of Rules of the State Insurance Division Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

Enclosed herewith are the rules you have submitted for approval. These rules have been approved by this office and filed with the Secretary of State. Please note that they have not been filed with the State Register. This must be done promptly by your agency.

Upon receipt and before transmittal to your agency, however, it is important that you recheck these rules as to:

1. Affixation of stamps of the Attorney General and Secretary of State to the last page of the rules;

2. Coverage by these stamps of all rules submitted; and

3. Inclusion of all pages to the rules in the approved set.

If you have any questions in this regard, please contact me.

Encs.

cc: Ms. Kathy Burek
Mr. Duane Harves

JSA:drw

ADMIN 1000 (Rev. 1/78)

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : JERRY ANDERSON
Special Assistant Attorney General
Department of Administration

DATE: Jan. 13, 1982

FROM : ROBERT J. CLAYTON RJC
Special Assistant Attorney General

PHONE:

SUBJECT: In the Matter of the Adoption of Rules of the State Insurance Division Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

Enclosed is the file for the above-referenced rules which is submitted for your review. Pursuant to the Attorney General rules, I have enclosed three (3) additional copies of the Order Adopting Rules and of the Rules as adopted.

If you have any questions, please feel free to contact me.

aso
Enc.

cc: Thomas L. O'Malley

Department of Commerce

Insurance Division

Adopted Rules Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

Rules as Adopted

4 MCAR S 1.9350 Definition. "Commercial policies" means all policy forms regulated by Minn. Stat. S 70A.06 which by general practice are used for business entities. The term does not include policy forms providing private passenger vehicle insurance or homeowners' insurance, personal liability coverage, personal property or personal article floater coverage, credit property coverage, crop hail insurance, title insurance, or professional liability insurance covering individuals. The term does not include policy forms insuring individually owned motorcycles, motorized bicycles, recreational equipment, mobile homes, house trailers, snowmobiles, watercraft, aircraft not used in air commerce, or owner occupied residential dwellings containing fewer than five family dwelling units.

4 MCAR S 1.9351 Exemption from certain filing requirements.

A. Commercial policy forms. If the commercial policy forms of an insurer comply with the requirements set forth in Minnesota Statutes, the insurer shall be exempt from the filing and approval requirements set forth in Minn. Stat. S 70A.06, subd. 2 for those policies.

B. Commercial policy rates. If the rates of an insurer for commercial policy forms comply with the requirements set forth in Minnesota Statutes, the insurer shall be exempt from the filing requirements set forth in Minn. Stat. S 70A.06, subd. 1 for those rates. This paragraph does not apply to guide "a" rates or excess rates, also known as "consent to rate."

C. Other rates. Insurers shall be exempt from the filing requirements set forth in Minn. Stat. S 70A.06 for guide "a" rates and excess rates used for commercial policies of insurance

if the rates comply with the requirements set forth in Minnesota Statutes and the insurer maintains a file containing the information required by Minn. Stat. S 70A.06, subd. 1 for the policy for at least one year after the policy has terminated.

4 MCAR S 1.9352 Filing of exempt information. An insurer shall within 30 days of request provide the Commissioner of Insurance with any of the information for which 4 MCAR S 1.9351 provides exemption from filing.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
1982
Secretary of State

APPROVED AS TO LEGALITY

1/26 19 82

WARREN SPANNAUS, ATTORNEY GENERAL

BY Jerry Anderson

SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JAN 26 1982
Joan Anderson Growe
Secretary of State

10:10 Am

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Adoption of Rules of the State Insurance Division Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

ORDER ADOPTING RULES

Notice of the Commissioner's intent to adopt the above entitled rules without a public hearing was published in the State Register on October 12, 1981 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes section 15.0412, subdivision 4 on October 28, 1981. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than seven written requests for a public hearing within the 30-day comment period, reviewing and considering the comments, and determining the need for and reasonableness of the above captioned rules,

NOW, THEREFORE, IT IS ORDERED that these rules identified as Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance are adopted this 6th day of January, 1982 pursuant to authority vested in me by Minnesota Statutes section 70A.02, subd. 3(2) (1980).

STATE OF MINNESOTA

Commissioner of Insurance

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules of the State Insurance Division Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance	ORDER FOR NOTICE OF INTENT TO ADOPT RULES WITHOUT PUBLIC HEARING

IT IS ORDERED this 28th day of September, 1981 that a Notice of Intent to Adopt Rules Without Public Hearing in the above entitled matter be given to all persons who have registered their names with the State Insurance Division for that purpose and be published in the State Register.

STATE OF MINNESOTA

Commissioner of Insurance

OFFICIAL NOTICES

Pursuant to the provisions of Minn. Stat. § 15.0412, subd. 6, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the *State Register* and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.

The *State Register* also publishes other official notices of state agencies, notices of meetings, and matters of public interest.

Department of Commerce Insurance Division

Notice of Intent to Solicit Outside Opinion Regarding Proposed Rules Governing Medical Fee Review for Workers' Compensation

Notice is hereby given that the Insurance Division is seeking information or opinion from sources outside the agency in preparing to promulgate new rules governing medical fee review for workers' compensation. The promulgation of these rules is authorized by Laws of Minnesota 1981, Chapter 346, § 87. This section requires this agency to establish by rule procedures to "limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing."

The Insurance Division requests information and comments concerning the subject matter of these rules. Interested or affected persons or groups may submit statement of information or comment orally or in writing. Written statements should be addressed to:

William R. Howard
Assistant Commissioner of Insurance
500 Metro Square Building
St. Paul, MN 55101

Oral statements will be received during regular business hours over the telephone at 297-2852 and in person at the above address.

All statements of information and comment shall be accepted until July 15, 1981. Any written material received by the Insurance Division shall become part of the record in the event that the rules are promulgated.

June 5, 1981

William R. Howard
Assistant Commissioner of Insurance

Department of Commerce Insurance Division

Notice of Intent to Solicit Outside Opinion Regarding Proposed Rules Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

Notice is hereby given that the Insurance Division is seeking information or opinion from sources outside the agency in preparing to promulgate new rules exempting insurers and rate service organizations from certain filing requirements for commercial lines of insurance. The promulgation of these rules is authorized by Minn. Stat. § 70A.02, subd. 3. This subdivision permits the Commissioner of Insurance to exempt specific kinds of insurance from any of the provisions of Chapter 70A if he finds the application of those provisions unnecessary to achieve the purposes of that chapter.

The Insurance Division requests information and comments concerning the subject matter of these rules. Interested or affected persons or groups may submit statements of information or comment orally or in writing. Written statements should be addressed to:

Matthew Glover
Insurance Division
500 Metro Square Building
St. Paul, MN 55101

Oral statements will be received during regular business hours over the telephone at 297-2854 and in person at the above address.

Any written material received by the Insurance Division shall become part of the record in the event that the rules are promulgated.

June 8, 1981

William R. Howard
Assistant Commissioner of Insurance

Energy Agency
Alternative Energy Development Division

Notice of Intent to Solicit Outside Opinion Concerning Rules Relating to the District Heating Bonding Act

Notice is hereby given that the Minnesota Energy Agency (hereinafter "agency") is soliciting information and opinions from sources outside the agency for the purpose of making rules authorized under the District Heating Bonding Act, Chapter 334, Laws of Minnesota 1981 (hereinafter "act").

The agency is considering promulgating rules covering three related but separate areas of district heating financing: 1) design loans; 2) planning grants; 3) design and construction loans. The first mentioned area will be subject to temporary rules until permanent rules can be prepared and adopted. The latter two areas will be subject only to permanent rules. Data and opinions in all areas are invited.

Temporary rules will be promulgated for the purpose of allowing those projects that have already completed comprehensive engineering, economic and design studies to quickly make proper application for, and in due course receive design loans. The temporary rules may differ substantially from the permanent rules. Information the agency is considering to require in the rule includes but is not limited to, the following:

A. The method and procedure by which a municipality makes application for financial aid under the act. Applicants may be required to provide, for example, a comprehensive business plan that contains no less than:

1. A preliminary engineering design of the heat source, distribution and transmission system, and customer conversions of selected major loads;

2. A market study that includes detailed information of fuel consumption and building heating system for 90% of the proposed thermal load;

3. A preliminary plan that shows how the system might be expanded to serve other parts of the community;

4. An economic analysis that includes: cash flow, income and balance sheet for a 20-year planning period;

5. Letters of intent from major customers (representing 50% of thermal load), to the owner of the heat source or the proposed system owner/operator;

6. An opinion by a registered professional engineer that the system described by the preliminary designs is technically feasible and that the preliminary engineering design and cost estimate is within standard engineering practice;

7. An opinion by a Certified Management Consultant that based on the assumptions in the preliminary economic analysis proceeding with the final planning phase of the projects is justified;

8. A resolution in support of the project from the governing body of the municipality;

9. A Negative Declaration from an Environmental Assessment Worksheet.

B. The criteria by which an application for financial aid under this act is reviewed. Priority may be given, for example, to those applications that:

1. Utilize coal or presently wasted heat,

2. Use hot water as a transfer medium.

All persons desiring to submit information or views on these or related subjects may do so either orally or in writing. Written or oral comment should be addressed to:

In the Matter of the
Proposed Adoption of
Rules of the State
Insurance Division Exempting
Insurers from Certain Filing
Requirements for Commercial
Lines of Insurance

AFFIDAVIT OF MAILING

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

Susan M Porter, being first duly sworn deposes and says:

That on the 28th day of October, 1981, she served the attached Notice of Intent to Adopt Rules Without Public Hearing by depositing in the United States Mail at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the State Insurance Division for the purpose of receiving notice of the proposed adoption of rules by this agency.

Susan M Porter

Subscribed and sworn
to before me this 6th
day of JANUARY, 1982.

VIRGIL V. PETERSON
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
My Comm. Expires Sept. 12, 1983

INSURANCE LIST TO RECEIVE NOTICES OF RULEMAKING HEARINGS

James C. Shipman
Exec. Director
Assn. of Minn. Counties
2305 Ford Parkway
St. Paul, MN 55116

Bruce A. Poulsen, Counsel
8th Fl., Prudential Insurance Co. of America
P.O. Box 1143
Minneapolis, MN 55440

James N. Denn
Minn. Motor Transport Assn.
1821 Univ. Ave., Rm 134N
St. Paul, MN 55104

Harold I. Phillian
Ohio State Life Insurance Co.
471 E. Broad St.
Columbus, OH 43215

Martin V. Timmins
Vice President & Gen. Counsel
The Wisconsin Life Insurance Co.
709 North Segoe Road
Madison, WI 53705

National Assoc. of Independent Insurers
2600 River Road
Des Plaines, IL 60018

Compliance Services
Metropolitan Property and Liability
Insurance Co.
700 Quaker Lane, P.O. Box 350
Warwick, RI 02887

Nicholas T. Kakos
Comp., Insurance & Benefit Fund
Federal Cartridge Corp. / Admin.
Twin Cities Army Ammunition Plant
New Brighton, MN 55112

Jerrold T. Miller
J. T. Miller Co.
1000 Currie Avenue
Minneapolis, MN 55403

Colonial Penn Group, Inc.
Government Affairs Dept.
5 Penn Center Plaza
Philadelphia, PA 19103

Security Insurance Co.
1000 Asylum Avenue
Hartford, CT 06105

Murray M. McColloch
Senior Vice President, Secretary & Counsel
J. C. Penney Life Ins. Co.
2020 Live Oak
Dallas, TX 75221

The Connecticut Indemnity Co.
1000 Asylum Avenue
Hartford, CT 06105

The Fire & Casualty Ins. Co. of Connecticut
1000 Asylum Avenue
Hartford, CT 06105

James Shamberger
Vice President-Government Relations
Reinsurance Assoc. of America
1025 Connecticut Avenue, Suite 512
Washington, DC 20036

Abe Rosenthal
Executive Vice President
Minnesota Transport Services Assn.
1821 University Avenue
St. Paul, MN 55104

Alliance of American Insurers
Attn: Fred W. Beck
20 North Wacker Drive, Suite 2140
Chicago, IL 60606

Richard D. Kothe
Manager
League Service Corporation
575 University Avenue
St. Paul, MN 55103

Workers Compensation Reinsurance Assoc.
750 Northern Federal Building
386 North Wabasha
St. Paul, MN 55102

Union Fidelity Life Insurance Company
Union Fidelity Office Park
Trevose, PA 19049
Attention: Lewis Taylor, Assoc. Counsel

Trauner, King & Cohen
Attn: Kevin King
38 Old Ivy Road NE
Atlanta, GA 30342

Robert E. Swift, Vice President
Title Insurance Co. of Minnesota
400 Second Avenue South
Minneapolis, MN 55401

John B. LaMacchia & Associates
Actuaries Management Consultants
12 North Central Avenue
St. Louis, MO 63105

J. Robert Hunter, FCAS
President
The National Ins. Consumer Organization
344 Commerce Street
Alexandria, VA 22314

Stan Bass
Snyder, Larsen & Peters
2636 Portland Avenue
Minneapolis, MN 55407

William R. Anderson, Counsel
The National Association of Life Underwriters
1922 F Street, NW
Washington, DC 20006

Johanna E. Sterbin
Attorney at Law
115 East 90th Street
New York, NY 10028

Don Montgomery
Associated Builders and Contractors
6300 Walker Street, Rm 109
Minneapolis, MN 55416

Mr. Ronald R. Radtke, Manager
Compliance Services
Metropolitan Property & Liability Ins. Co.
700 Quaker Lane
Warwick, RI 02887

NIARS Corporation
Three Eighteen West Franklin
Minneapolis, MN 55404

Richard Bouhan, Government Relations Director
National Assoc. of Prof. Surplus Lines Offices
P.O. Box 1507
Roswell, GA 30077

Wisconsin Employers Ins. Co.
Contracts Department
P.O. Box 1100
DePere, WI 54115

Kernel Armbruster
St. Paul Companies
Insurance Law
385 Washington Street
St. Paul, MN 55102

Nita Louis
St. Paul Companies
Insurance Law
385 Washington Street
St. Paul, MN 55102

Charles Monson
Insurance Service Office
12 South 6th Street
Minneapolis, MN 55402

Timothy P. Campbell
Aetna Life and Casualty Co.
Assistant Vice President
151 Farmington Avenue
Hartford, CT 06156

M. J. Dempsey
General Mills, Inc.
P.O. Box 1113
Minneapolis, MN 55440

Earl J. Howard
Holmbeck and Assoc.
701 Southgate Office Plaza
5001 West 80th Street
Minneapolis, MN 55437

William E. Gierke
P.O. Box 539
Appleton, WI 54912

Bob Johnson
Insurance Federation of Minnesota
424 Endicott
St. Paul, MN 55101

In the matter of the
Proposed Adoption of
Rules of the State
Insurance Division Exempting
Insurers from Certain Filing
Requirements for Commercial
Lines of Insurance

CERTIFICATE

I hereby certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minn. Stat. § 15.0412, subd. 4, that their names be placed on file with and maintained by the State Insurance Division for the purpose of receiving notice of the proposed adoption of rules by this agency is accurate and complete as of 4:30 p.m. this 27th day of October, 1981.

Susan M Porter

Subscribed and sworn
to before me this 6th
day of JANUARY, 1982.

VIRGIL V. PETERSON
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
My Comm. Expires Sept. 12, 1983

Department of Commerce
Insurance Division

Proposed Rules Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

Notice of Intent to Adopt Rules without a Hearing

Notice is hereby given that the Insurance Division proposes to adopt the above entitled rules, without a public hearing according to Minn. Stat. § 15.0412, subd. 4h.

The proposed rules are intended to exempt insurers from the filing and approval requirements of Minn. Stat. ch. 70A for policy forms issued solely to commercial insureds and rates which apply to these policies. These rules do not apply to rate service organizations. They are issued under authority of Minn. Stat. § 70A.02, subd. 3; § 70A.06, subd. 4; and Laws of 1981, ch. 307.

A statement of need and reasonableness describing the division's reasons for each provision of the proposed rules and identifying the data and information relied upon to support the proposed rules is available from:

Matthew F. Glover
Insurance Division
Department of Commerce
500 Metro Square Building
St. Paul, Minnesota 55101
Telephone (612) 296-2283

Interested persons have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the data and views submitted to the agency warrant modification and the modification does not result in a substantial change in the proposed language.

No public hearing will be held unless seven or more persons submit written requests for hearing within the 30 day comment period. If a person desires a public hearing, their written request should identify the particular provisions objected to, the suggested modifications to the proposed language, and the reasons and data relied on to support the suggested modifications.

Persons who wish to submit comments or a written request for a public hearing should submit their comments or request to Mr. Glover at the address above.

Upon adoption of the final rules, without a public hearing, the proposed rules, this notice, the statement of need and reasonableness, all written comments received, and the final rules as adopted will be sent to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as adopted, should submit a written request to Mr. Glover.

October 31, 1981

Michael D. Markman
Commissioner of Insurance

Rules as Proposed (all new material)

4 MCAR § 1.9350 Definition. "Commercial policies" means all policy forms regulated by Minn. Stat. § 70A.06 which by general practice are used for business entities. The term does not include policy forms providing private passenger vehicle insurance or homeowners' insurance, personal liability coverage, personal property or personal article floater coverage, credit property coverage, crop hail insurance, title insurance, or professional liability insurance covering individuals. The term does not include policy forms insuring individually owned motorcycles, motorized bicycles, recreational equipment, mobile homes, house trailers, snowmobiles, watercraft, aircraft not used in air commerce, or owner occupied residential dwellings containing fewer than five family dwelling units.

4 MCAR § 1.9351 Exemption from certain filing requirements.

A. Commercial policy forms. If the commercial policy forms of an insurer comply with the requirements set forth in Minnesota Statutes, the insurer shall be exempt from the filing and approval requirements set forth in Minn. Stat. § 70A.06, subd. 2 for those policies.

B. Commercial policy rates. If the rates of an insurer for commercial policy forms comply with the requirements set forth in Minnesota Statutes, the insurer shall be exempt from the filing requirements set forth in Minn. Stat. § 70A.06, subd. 1 for those rates. This paragraph does not apply to guide "a" rates or excess rates, also known as "consent to rate."

C. Other rates. Insurers shall be exempt from the filing requirements set forth in Minn. Stat. § 70A.06 for guide "a" rates and excess rates used for commercial policies of insurance if the rates comply with the requirements set forth in Minnesota Statutes and the insurer maintains a file containing the information required by Minn. Stat. § 70A.06, subd. 1 for the policy for at least one year after the policy has terminated.

4 MCAR § 1.9352 Filing of exempt information. An insurer shall within 30 days of request provide the Commissioner of Insurance with any of the information for which 4 MCAR § 1.9351 provides exemption from filing.

Department of Economic Security

Proposed Changes in Rules Governing the Minnesota Youth Employment Act

Notice of Intent to Adopt Rules without a Public Hearing

The Minnesota Department of Economic Security hereby gives notice that it intends to adopt certain changes in the rule governing procedures under the Minnesota Youth Employment Act, Minnesota Statutes, §§ 268.34-268.36. The department has determined that these changes will be noncontroversial and has chosen to proceed without a public hearing pursuant to the provisions of Minn. Stat. § 15.0412, subd. 4 th). However, should seven or more persons submit a written request for a public hearing in the manner set forth below, the department will hold a public hearing on its proposed changes. Additionally, the public is invited to comment on the proposed rule, and the rule may be modified if modifications are supported by the data and views submitted. Persons wishing to be notified when the proposed rule is submitted to the Attorney General's office may request such notification by submitting their request to the individual listed below. Additionally, persons desiring a copy of the statement of need and reasonableness may also receive said copy by making their request to the person listed below. Written requests for a public hearing, comment, notification of submission to the Attorney General's office, and/or requests for a copy of the statement of need and reasonableness must be submitted to Lawrence W. Cheetham, State Youth Services Supervisor, Minnesota Department of Economic Security, Room 528, 390 North Robert Street, Saint Paul, Minnesota 55101.

The proposed changes to the rules involve redefining the criteria for economically disadvantaged in E.1. Regular Program and E.2. Post-secondary Program. The new definition of the criteria for economically disadvantaged is more precise and definitive than the current definition and further places the definition of criteria for economically disadvantaged in line with the Federal Comprehensive Employment and Training Act. This will result in a more efficient administration of the Act by program operators.

The second proposed change in the rule is a change in the language to determine certification for the post-secondary part of the program (E.2.). The current rule specifies certification for the post-secondary portion of the program as individuals who are at least 18 years of age and who are certified by the department as intending to enroll or are enrolled in a post-secondary institution. The proposed change would add to that definition 18 years of age or a high school graduate. This change would allow high school graduates under 18 years of age who are intending to enroll in a post-secondary educational institution to participate in the post-secondary program.

The third proposed change is an addition to G. (reallocation procedures). The addition would be known as G.3. This addition would allow the department to shift funds from one CETA prime sponsor to another during the course of the program with the mutual consent of both CETA prime sponsors. The proposed addition would allow a more efficient use of the funds appropriated under the Act and would result in an increased number of youth obtaining employment.

Rule as Proposed

8 MCAR § 4.0010 Summer youth employment.

A. Purpose. This rule adopted pursuant to ~~Laws 1977, ch. 254, § 3,~~ Minn. Stat. § 268.33 is designed to establish a procedure for the allocation of funds under the Youth Employment Act of 1977, ~~Laws 1977, ch. 254~~ Minn. Stat. §§ 268.31-268.36, and to establish contracting, operating, and invoicing procedures to be utilized in the expenditure of ~~said~~ the funds.

B. Definition of terms. The following terms used in this rule shall have the ~~meaning~~ meanings given them.

1. "Act" means the Youth Employment Act of 1977, ~~Laws of 1977, ch. 254~~ Minn. Stat. §§ 268.31-268.36.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the matter of the proposed rules relating to exemption of insurers from certain filing requirements from commercial lines of insurance

STATEMENT OF NEED AND REASONABLENESS OF PROPOSED RULES

STATEMENT OF NEED AND AUTHORITY

Chapter 70A of the Minnesota Statutes provides statutory authority for regulatory requirements concerning filing of policy forms and rate schedules for most lines of property and casualty insurance. Minn. Stat. § 70A.02, subd. 3. permits the Commissioner of Insurance to:

> exempt from any or all of the provisions of this chapter, if and to the extent that he finds their application unnecessary to achieve the purposes of this chapter;
>
> (1) Any specified person by order, or class of persons by rule; and
>
> (2) any specified risk by order, or any line or kind of insurance or subdivision thereof or class of risks or combination of classes by rule.

These rules are promulgated to exempt policy forms and schedules of rates used solely for business insureds from the filing and approval requirements of Ch. 70A.

Minn. Stat. § 70A.06, subd. 2. requires insurers to file policy forms with the Commissioner for approval. Subdivision 1 of that section requires rates to be filed, although the Commissioner's approval is not required. These requirements carry out the purposes of Minn. Stat. Chapter 70A as described in § 70A.01, subd. 2:

> (a) To protect policyholders and the public against adverse effects of excessive, inadequate or unfairly discriminatory rates;
> (b) To encourage, as the most effective way to produce rates that conform to the standards of par. (a), independent action by and reasonable price competition among insurers;
> (c) To provide formal regulatory controls for use if independent action and price competition fail.

In addition, policy form filing and approval is necessary in order to be certain that policy forms comply with the requirements of other Minnesota Statutes.

The limited insurance knowledge of consumers demands a formal review and approval process for non-commercial insurance policies. On the other hand, problems arising from misleading commercial policy provisions are unlikely due to the sophistication of business insureds. There are, moreover, comparatively few statutory requirements which relate to provisions of commercial line policy forms. For these reasons, there is little need for formal review of commercial line policies.

Formal review of rates is necessary for personal lines of insurance because of a potential for excessive or unfairly discriminatory rates. Greater competition for commercial lines business precludes the need for this review for commercial lines insurance rates. This competition is evidenced by flexibility built into many commercial rate schedules to allow subjective variation of rates by means of various credits or, in some cases, rates which are individually set for each risk.

Competition for business in commercial lines of insurance is also indicated by the Minnesota Market Share Data By Line table in Appendix A. This table of the market share which has been captured in the past four years by the 4, 8, and 20 insurers with the greatest premium in a given line of insurance. These measures, called concentration ratios can be seen as an index of the potential for a small group of insurers to control prices for insurance. As the concentration ratio decreases, the control of prices by the larger insurers also decreases. The data shows that the seven lines which could be considered strictly commercial lines: fire, allied lines, commercial multiperil, inland marine, workers' compensation, other liability and commercial auto ranked in the seven or eight least concentrated lines for each of the ratios in 1980. This indicates that there is less need for close scrutiny of commercial line rates.

As shown above, the filing and approval requirements of Minn. Stat. § 70A.06, subds. 1 and 2. are not necessary to assure that commercial line customers do buy policies which are not misleading or do not comply with statutory provisions. These requirements are also not necessary to prevent excesive or discriminatory rates. Thus, it can be seen that the statute requires adherence to requirements which result in unnecessary effort and expense for insurers and the Insurance Division. These rules remove as much of that burden as possible while maintaining the regulatory surveillance and controls which the Legislature intended and is required by Minn. Stat. § 70A.01, subd. 2.

FACTS ESTABLISHING REASONABLENESS

These rules provide exemptions from filing and approval requirements for commercial policies of insurance as defined

by 4 MCAR § 1.9350. This exemption, however, does not extend to rate service organizations which publish standard policy forms and rates. The Insurance Division will effectively carry out the surveillance function implied in Minn. Stat. § 70A.01 subd. 2 ,(c) by reviewing the comparatively few forms and rate schedules published by rate service organizations and used by insurers as the basis of the majority of forms and rate schedules issued by insurers. Furthermore, by maintaining the authority to approve these forms, the Division will sustain leverage to enforce its legal interpretation of general statutory provisions for most policies.

4 MCAR § 1.9350 defines "commercial policies" of insurance. This term is used as a shorthand reference for the policy forms affected by these rules. This term does not include crop hail or medical malpractice insurance because these coverages, although used by businesses, are purchased in a manner similar to the purchase of homeowner's or individual liability insurance. Liability insurance for individual professionals is also excluded because individual professionals are not always as careful in business insurance purchases as are businesses which employ professionals. For example, a physician or accountant is likely to pay less attention to liability purchases than a clinic or accounting firm.

4 MCAR § 1.9351 exempts insurers from the filing and review requirements of Minn. Stat. § 70A.06 for commercial lines of insurance. The exemptions are contingent upon the continued compliance of forms or rates with the provisions of the Minnesota Statutes. It is the intent of the Commissioner to presume that all exempt forms and rates comply with statutory requirements unless it is discovered via investigation of a consumer complaint or staff research that the presumption is not correct. When a form does not comply, the insurer will no longer be exempt from the filing and approval requirements. When the Commissioner finds that continued filing and approval is no longer necessary to assure continued compliance with the law, an order will be issued under Minn. Stat. § 70A.02, subd. 3. to provide an exemption for the insurer. The ability to remove the exemption in this manner will assure the successful operation of these rules and will fulfill the legislative intent expressed in Minn. Stat. § 70A.01, subd.2, (c): To provide formal regulatory controls for use if independent action and price competition fail.

The exemption of insurers from filing and approval requirements for commercial lines of insurance is stated differently for policy forms, rate schedules, and for guide "a" and excess rates. This is necessary to reflect the differing exemptions and conditions for exemption for these three areas. 4 MCAR § 1.9351 exempts insurers from filing and approval requirements for commercial policy forms.

4 MCAR § 1.9351 provides exemption from filing requirements for commercial rates. Rates for lines governed by Chapter 70A are not subject to approval.

4 MCAR § 1.9351 exempts insurers from filing requirements for two specialized sets of rates - guide "a" and excess rates - which are set individually for individual insureds. This exemption is contingent upon the insurer's maintenance of a file containing the information normally required to be filed with the Commissioner. This exemption states the longstanding policy of the Insurance Division. It provides the same exemption as that in 4 MCAR § 1.9351 under the same conditions for all lines of insurance because it is unnecessary to require a complete filing for rates which apply to only one insured.

4 MCAR § 1.9352 requires an insurer to provide the Commissioner with any of the information which the previous rule exempts them from filing. This requirement allows the staff to investigate consumer complaints or to examine policies and rates when there is reason to question compliance with the requirements of the statutes. While the Commissioner can certainly require such information under the provisions of Minn. Stat. § 60A.17, subd. 9a, or 70A.06, subd. 4, this rule is proposed to make the possibility of this request and the expected time period for response clear to those insurers who will be affected.

Dated Oct 25, 1981

Michael D. Markman
Commissioner of Insurance

APPENDIX A

MINNESOTA MARKET SHARE DATA BY LINE

Line of Business	% of Market Covered by 4 Largest Insurers				% of Market Covered by 8 Largest Insurers				% of Market Covered by 20 Largest Insurers			
	1980	1979	1978	1977	1980	1979	1978	1977	1980	1979	1978	1977
Fire	23.31	22.95	21.81	22.84	35.79	33.84	34.46	34.37	56.62	56.03	54.51	54.52
Allied Lines	29.75	28.55	27.80	27.40	46.91	44.50	43.53	43.53	72.64	72.75	70.22	69.81
Farmowners' M.P.	49.95	54.01	55.40	54.20	78.00	79.20	79.69	78.08	98.34	98.40	99.08	98.70
Homeowners M.P.	36.67	35.17	32.29	29.33	48.19	47.05	44.45	41.32	67.50	67.07	65.02	62.65
Commercial Multi-Peril	26.60	27.36	29.28	27.37	40.46	41.84	43.65	41.87	61.73	65.03	65.47	66.12
Ocean Marine	69.97	67.60	67.92	60.25	81.91	81.53	81.51	75.43	95.51	95.08	96.08	94.28
Inland Marine	21.76	24.23	26.31	22.21	32.21	35.30	37.54	32.45	51.43	54.60	56.12	53.21
Medical Malpractice	93.53	93.15	93.64	91.71	96.82	96.48	97.55	96.05	99.28	99.25	100.00	99.51
Earthquake	94.51	90.00	92.59	100.00	97.80	95.71	100.00	100.00*	100.00*	100.00*	100.00*	100.00*
Group A & H	51.99	53.47	56.55	53.86	73.58	74.50	74.42	72.45	96.19	96.52	97.07	96.75
Credit A & H	100.00	100.00	100.00	98.74	100.00*	100.00*	100.00*	100.00*	100.00*	100.00*	100.00*	100.00*
Coll. Renew A & H	98.26	98.21	96.62	97.00	100.00	100.00*	100.00	100.00	100.00*	100.00*	100.00*	100.00*
Noncan. A & H	90.74	85.51	84.17	79.01	100.00	100.00	100.00	100.00	100.00*	100.00*	100.00*	100.00*
Guaranteed Ren. A & H	69.29	71.54	74.04	70.65	94.10	93.55	92.19	88.78	99.82	99.71	99.60	99.60
Nonrenew Stated Reasons A & H	99.66	99.59	99.69	99.55	100.00	99.99	100.00	99.99	100.00*	100.00*	100.00*	100.00*
Other Accident Only	84.95	89.54	92.00	96.22	94.88	95.50	95.90	97.82	99.03	99.10	99.11	99.47
Other A & H	93.25	91.70	90.55	88.99	97.30	96.89	96.71	95.10	99.72	99.52	99.72	99.35
Workers Compensation	21.61	21.86	23.07	23.72	34.75	35.39	36.20	36.28	58.44	58.29	58.71	56.86
Other Liability	19.05	18.71	18.58	18.98	30.07	30.79	28.76	30.78	51.51	53.62	51.00	54.12
Private Passenger Auto	48.78	46.11	44.78	43.13	58.67	56.07	54.99	53.47	72.85	70.79	69.12	68.39
Commercial Auto	17.62	20.95	18.84	18.64	31.33	33.37	30.83	30.52	54.07	55.76	54.63	54.68
Aircraft	43.74	35.00	40.98	24.52	62.78	55.19	66.03	45.16	91.15	88.08	95.38	86.20
Fidelity	56.01	53.38	53.34	50.89	69.54	69.81	70.90	70.13	90.66	91.36	91.07	89.34
Surety	31.57	34.58	36.45	32.51	50.13	52.32	52.49	52.46	79.02	81.61	81.72	81.21
Glass	51.80	44.92	44.93	39.24	68.70	57.22	54.24	50.00	94.74	77.18	74.12	72.15
Burglary and Theft	43.01	35.82	40.32	36.58	55.12	52.61	55.64	56.44	77.60	76.63	77.36	78.02
Boiler and Machinery	58.52	66.35	63.87	64.28	76.74	82.95	82.34	85.77	93.76	96.64	97.47	98.11
Credit	60.42	67.23	71.85	74.23	82.88	87.88	94.79	91.58	96.72	100.00	100.00	100.00*
P & C Statement Totals	18.97	17.62	17.22	17.50	28.87	27.38	26.99	27.21	47.70	46.76	45.93	45.36
Group A & H Insurance	29.38	32.76	34.43		47.62	50.39	49.97		73.80	75.91	76.28	
All Credit A & H	45.08	45.81	47.99		64.65	64.98	67.81		92.04	90.69	91.53	
All Collectively Renew A & H	92.40	81.31	77.24		96.36	95.36	94.47		99.04	98.92	98.88	
All Other Individual A & H	25.83	26.99	29.26		39.13	39.31	41.45		60.57	61.15	62.35	
TOTAL A & H	22.25	24.61	24.42		36.20	38.18	37.28		59.01	60.36	61.00	

*There are fewer than that number of insurers writing that line of business in Minnesota.

Integrity Mutual Insurance Company

Integrity Life Insurance, Inc.

Integrity Agency Services, Inc.

the integrity group

P.O. BOX 539, APPLETON, WISCONSIN 54912 PHONE 414-734-4511

STATE OF MINNESOTA

JUN 29 1981

DEPARTMENT OF COMMERCE

June 25, 1981

Mr. Matthew Glover
Insurance Division
500 Metro Square Building
St. Paul, Minnesota 55101

RE: EXEMPTION OF CERTAIN FILING REQUIREMENTS FOR COMMERCIAL LINES OF INSURANCE

Dear Mr. Glover:

We would like to suggest that the Commercial Umbrella Liability forms and rates be exempt from filing requirements.

Thank you for your consideration.

Yours very truly,

William E. Gierke

William E. Gierke
Vice President

kb

Ætna
LIFE & CASUALTY

151 Farmington Avenue
Hartford, Connecticut 06156

Timothy R. Campbell
Assistant Vice President
Government Relations

July 23, 1981

JUL 27 1981
DEPARTMENT OF COMMERCE

Mr. Matthew Glover
Insurance Division
500 Metro Square Building
St. Paul, Minnesota 55101

Dear Mr. Glover:

In response to the Insurance Division's request for outside opinion regarding proposed rules exempting insurers from certain filing requirements for commercial lines of insurance, Ætna Life & Casualty supports the position that commercial lines of insurance should be exempted from filing requirements, particularly policy and forms filings.

We believe that competitive pricing and elimination of filing requirements can bring about operating economies for companies and regulators. The system of reviewing a multitude of filings can be burdensome and unnecessarily expensive to the Insurance Division. Eliminating commercial lines filings will permit the Division to devote time and resources to more important responsibilities.

Of course the burden is shifted to the marketplace to be the regulator and to ensure that rates are not excessive and that appropriate products and markets are available to the insurance buying public. The exemption from filing requirements does not exempt a company from regulation by the Insurance Commissioner. In this situation the obligation is totally on individual insurance companies to ensure that they are acting within Minnesota Insurance Statutes and that individual company's rates are not excessive, inadequate or unfairly discriminatory.

If you would like further comments, please contact me. Thank you for the opportunity to comment.

Sincerely,

TRC;ab

Timothy R. Campbell
Assistant Vice President

General Mills, Inc.
General Offices

Post Office Box 1113
Minneapolis, Minnesota 55440

Corporate Risk Management Department

July 24, 1981

STATE OF MINNESOTA
JUL 27 1981
DEPARTMENT OF COMMERCE

Mr. Mathew Glover
State of Minnesota
Department of Commerce
Insurance Division
500 Metro Square Bldg.
St. Paul, MN 55101

Re: Filing Requirements/Commercial Lines

Dear Mr. Glover:

I have reviewed the draft entitled "Rules Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance" and find it to be clear and straightforward.

I certainly would anticipate no unfavorable reaction from insurers of commercial policies to the promulgation of the proposed rules.

Sincerely,

M. J. Dempsey
Director
Corporate Risk Management

MJD:lr

Holmbeck & Associates, Inc.
Complete Insurance Services

July 29, 1981

STATE OF MINNESOTA
JUL 30 1981
DEPARTMENT OF COMMERCE

Matthew Glover
State of Minnesota
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101

Dear Sir:

I have reviewed the draft concerning the rules exempting insurers from certain filing requirements for commerical lines of insurance.

In view of the fact that the insurer is required to maintain a file and that the commissioner will be reviewing the forms currently in use, I feel that this is an excellent draft. I have no questions or comments concerning this draft at this time.

Thank you.

Sincerely,

HOLMBECK & ASSOCIATES, INC.

Earl J Howard

Earl Howard
C.P.C.U. - A.R.M.

EH/dj

701 Southgate Office Plaza 5001 West 80th Street Minneapolis, Minn. 55437 Telephone (612) 835-5365

St. Paul Fire and Marine Insurance Company
385 Washington Street, St. Paul, Minnesota 55102
Telephone (612) 221 7911

The St Paul
Property & Liability Insurance

August 25, 1981

STATE OF MINNESOTA
AUG 26 1981
DEPARTMENT OF COMMERCE

Mr. Matthew Glover
Minnesota Insurance Department
500 Metro Square Building
St. Paul, Minnesota 55101

Re: Proposed Rules Regarding
Commercial Lines of Insurance

Dear Mr. Glover:

We are very pleased with the Department's effort to exempt certain commercial lines of insurance from filing requirments. This is a progressive step which should be beneficial to all concerned, and we believe that it is workable. As you know, the state of California for many years has not required, with few exceptions, the filing of either policy forms or rates, and recently Colorado has exempted forms except for workers' compensation.

Our only reservation about the proposed rule is with the requirement to file, on a yearly basis, a list of forms in use by the company as of each June 1. We don't believe that this would have any real utility, and it would be obsolete in a very short time. The Department could obtain any particular form used by a company upon short notice if needed.

Alternatively to the yearly forms list, we would prefer to continue providing the Department with a copy of the policy forms, which would be only for information purposes. While this would involve more storage space than the forms lists we think it would serve a more valid purpose. We are not, however, advocating that the rule require either the actual forms or lists.

The provision requiring a list of forms is very broad and it would apparently require that all policies be listed. This would seem to be the case even for policies which must still be filed, and also those which we are not currently required to file because of the specific exemptions for such as ocean marine, uncontrolled inland marine, reinsurance and other lines stated in the statutes. The rule would also seem to require that bureau forms used by a bureau member would have to be listed even though the bureau itself had filed the specific forms on behalf of its members.

If these results were not intended we would suggest adding language after the first sentence of paragraph A of section 1.9354 "the list need not include policy forms which are filed by or on behalf of a company with the commissioner, nor those for lines or types of insurance which are otherwise exempt from filing".

We would also suggest that the Department consider expanding the definition of "commercial policies" to provide for the exemption of bonds. While guardianship bonds and a few others might be considered borderline as to their personal nature, we believe it would be desirable that all bonds should be considered as "commercial". If you agree, this could be done by adding after "firms" in the third line of 1.9351 the words "and bonds".

We appreciate the opportunity to comment upon the Department's proposed rule, and we would be pleased to provide any assistance possible in advancing this effort.

Sincerely yours,

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

Kernel L. Armbruster
General Counsel

KLA/kas

St. Paul Fire and Marine Insurance Company
385 Washington Street, St. Paul, Minnesota 55102
Telephone (612) 221 7911

Property & Liability
Insurance

November 10, 1981

Mr. Matthew F. Glover
Insurance Division
Department of Commerce
500 Metro Square Building
St. Paul, Minnesota 55101

Re: Proposed Rules Exempting Insurers From Certain Filing Requirements For Commercial Lines of Insurance

Dear Mr. Glover:

We support your efforts to exempt commercial policies from rates and forms filing requirements. The proposed rules, as published in the State Register on Monday, October 12, 1981, are a definite improvement over the draft of the rules circulated earlier.

Of course, we would like to see the definition of "commercial policies" broadened to exempt more policies from filing requirements. For example, under the proposed rules "commercial policies" does not include "professional liability insurance covering individuals." From the Statement of Need and Authority (page 3) and my conversation with you, it appears that a professional liability policy issued to a business would be exempt, but one issued to an individual would not be exempt. In practice, we do not make a distinction between the professional liability policies which we sell to individuals or to businesses. We make independent filings of at least 22 professional liability policies, all of which will still be subject to filing requirements since they are sold to individuals as well as businesses. The distinction between an individual and business buyer seems artifical since it only takes one individual to incorporate as a professional association. It is ironic that even errors and omissions policies for insurance agents will still have to be filed when it is their business to evaluate insurance policies. Other professionals, such as adjusters, lawyers, directors and officers, and real estate agents, should also be knowledgeable about insurance. We urge that all professional liability insurance policies be considered commercial policies exempt from filing, unless filing is specifically requested by the Commissioner of Insurance under 4 MCAR §1.9352.

Proposed MCAR §1.9350 excludes from the definition of "commercial policies" any policy form providing certain coverages no matter how small the amount of that coverage might be in relation to the total policy. For example, farm package policies would still have to be filed because they might include a private passenger vehicle or homeowners' insurance, even though the vast bulk of the policy covers the commercial enterprise. It is not practical to split out the non-exempt coverages simply to avoid filing requirements. We request that policies form where non-exempt coverages play a minor role also be exempted from the filing requirements.

We appreciate this opportunity to comment on the proposed rules. If these additional changes are implemented, we think the rules can save both you and the companies time and money which can better be expended elsewhere, such as in better service and reduced rates to insureds. Please call me if you would like to discuss the proposed rules further.

Sincerely yours,

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

Juanita B. Luis

Juanita B. Luis
Associate Counsel
221-7835

JBL/kas

Allstate®

Allstate Plaza
Northbrook, Illinois 60062

Michael J. Velotta
Associate Counsel
312 291-7110

December 4, 1981

Mr. Mathew F. Glover
Insurance Division
Department of Commerce
500 Metro Square Building
St. Paul, Minnesota 55101

State of Minnesota
DEC 7 1981
Department of Commerce

Re: Proposed Rules Exempting Insurers From Certain Filing Requirements For Commercial Lines Of Insurance

Dear Mr. Glover:

Allstate Insurance Company and its affiliated companies would like to offer comments on the proposed rules published in 6 S.R. 620 (October 12, 1981). These comments are offered for the record only, and we are not requesting a public hearing on the rules. Those proposed rules would exempt commercial policies, as defined, from certain filing and approval requirements as to forms and rates.

Allstate wholeheartedly supports in principle the Rules as proposed by the Department. The elimination of filing and approval as to forms will relieve insurers and regulators from numerous technical filings and modifications of commercial policy forms.

Moreover, the proposed rule reflects what Allstate believes to be the most efficient regulator of the business of insurance -- competition of the marketplace. The proposed rules place primary reliance on the forces of competition to dictate the insurance products sold and the rates charged, rather than relying upon the prior approval of a state agency. Allstate believes, and many governmental studies have shown, that competition improves the availability of desired insurance products in a more timely fashion and allows insurance product pricing to accurately reflect the factors of cost and competition.

As previously indicated, Allstate agrees with the theory underlying the proposed rules. However, we would like to offer some technical comments on the proposals. As currently drafted, the exemption from application of prior approval required in Section 70 A.06, Minn. Stat., is conditioned upon compliance "with requirements set forth in Minnesota Statutes." However, an insurer's compliance with some statutory provisions, such as the rate standards of Section 70 A.04 or classification standards of "any reasonable method" of Section 70 A.05(2), are determinable only in light of public policy or in an adversarial setting involving factual disputes. In such situations where reasonable minds could differ as to whether or not the statutory standard has been met, such as to whether a rate is "excessive" which in turn depends upon whether there is a "competitive market" or a "non-competitive market," the conditional exemption could lead to great difficulties. This ex post facto determination of compliance would thus occur at some time after policies are sold and issued, and complicated legal problems would inevitably arise.

Allstate suggests that the exemptions provided in the proposed rules should be unconditional. Section 70 A.21, Minn. Stat., currently provides a remedy for the willful violation of any of the statutory standards, as well as violations which are not willful. Disapproval of rates is already provided in Section 70 A.11, and the loss of exemption on form filings for a specified time for a willful violator would also be an appropriate remedy to discourage abuse.

While Allstate certainly believes that 4 MCAR Section 1.9351(c) is a desirable provision, we are somewhat concerned about the validity of an administrative rule which has no statutory authorization. There appears no specific statutory authority for consent to rate filings. Additionally, the conditional exemption raises the same issues discussed above.

I hope that the above comments may be of value to the Department. I would also indicate that I wish to receive a copy of the final rules as adopted.

Very truly yours,

Michael J. Velotta
Associate Counsel

MJV:gm

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

In the Matter of the Adoption of Rules of the State Insurance Division Exempting Insurers from Certain Filing Requirements for Commercial Lines of Insurance

STATEMENT OF COMPLIANCE WITH RULEMAKING PROCEDURES

I, Special Assistant Attorney General Robert J. Clayton, do hereby declare that I have examined the proposed rules and all related documents and that, based on my examination and my personal familiarity with the applicable procedures, the Administrative Procedure Act and the rules of the Attorney General have been followed. Any exceptions are noted below.

Dated: January 12, 1982

Robert J. Clayton
Special Assistant
Attorney General