

Minnesota Attorney General: Administrative Rules Proceedings

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.

Version 3
August 20, 2018

Our File No. 526

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 10-15-82
DATE FOR REVIEW 10-25-82
DATE DUE 10-29-82

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

Approved 10/28/82 Disapproved ____ Returned to Agency 10/29/82

Resubmitted ____ Due ____
Approved ____ Disapproved ____ Returned to Agency ____

Date filed w/Secretary of State 10/28/82 Revisor approved 10/15/82 disapproved ____

✓ Rule as Adopted

✓ Rule as Proposed

✓ Order Adopting 10.12.82 Date

✓ Notice of Intent to Solicit Outside Opinion SR 4.26.82

✓ Order for rulemaking
N/A date of Hearing

N/A Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
✓ Sufficiency

✓ Affidavit of Mailing Notice or rulemaking ? See my comment.
8.13.82 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
8.16.82 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

✓ Agency's Findings of Fact

N/A LCRAR Report or agency Affidavit

N/A Certificate of Board's Resolution Adopting Rules

N/A 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

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO Thomas L. O'Malley
Temporary Commissioner of Insurance

DATE: October 28, 1982

Attn: Robert J. Clayton
Special Ass't Atty Gen

FROM : Ted A. Martinez
Special Assistant
Attorney General

PHONE: 296-4692

SUBJECT: In the Matter of the Proposed Adoption of Rules Governing Private Passenger Automobile Surcharge Disclosure

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;

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.

las
Encs.

cc: Ms. Kathy Burek
Mr. Duane Harves

STATE OF MINNESOTA
OFFICE OF THE ATTORNEY GENERAL
ST. PAUL 55155

WARREN SPANNAUS
ATTORNEY GENERAL

ADDRESS REPLY TO:
1100 BREMER TOWER
SEVENTH PL. AND MINNESOTA ST.
ST. PAUL, MN 55101
TELEPHONE: (612) 296-9412

October 13, 1982

Ms. Judith Wehrwein
Attorney General Administration
204 Administration Building
50 Sherburne Avenue
St. Paul, Minnesota 55155

Dear Ms. Wehrwein:

Re: Auto Insurance Surcharge Disclosure Rules

Enclosed is the agency file in the adoption of the above-referenced rules. The rules are submitted for review by the Office of the Attorney General. If you have any questions, please feel free to contact me.

Very truly yours,

Robert J Clayton

ROBERT J. CLAYTON
Special Assistant
Attorney General

aso
Enc.

Department of Commerce

Insurance Division

Adopted Rules Governing Private Passenger Automobile Surcharge Disclosure

Rules as Adopted

4 MCAR S 1.9081 Authority. Rules 4 MCAR SS 1.9081-1.9088 apply to all companies writing policies of private passenger automobile insurance. They are adopted pursuant to the authority of Minnesota Statutes, section 65B.133, subdivision 7.

4 MCAR S 1.9082 Purpose. Rules 4 MCAR SS 1.9081-1.9088 are designed to assure that surcharge disclosure statements contain minimum basic information which allows insureds to make sound decisions when comparison shopping for automobile insurance.

4 MCAR S 1.9083 Definitions.

A. Applicability. For the purposes of 4 MCAR SS 1.9081-1.9088, the terms defined in this rule have the meanings given them.

B. Auto Plan. "Auto plan" means the Minnesota Automobile Insurance Plan.

C. Chargeable accident. "Chargeable accident" is as defined in Minnesota Statutes, section 65B.133, subdivision 1, clause (b).

D. Chargeable traffic violation. "Chargeable traffic violation" is as defined in Minnesota Statutes, section 65B.133, subdivision 1, clause (c).

E. Major chargeable traffic violation. "Major chargeable traffic violation" means only those chargeable traffic violations listed below:

1. driving while in an intoxicated condition or under the influence of drugs, and also includes a driver's license record entry of "Implied Consent;"

2. failure to stop and report when involved in an accident;

3. a felony involving the use of a motor vehicle;

4. driving a motor vehicle in a reckless manner which results in an injury to a person; and

5. driving a motor vehicle during the period of time the driver's license is suspended or revoked.

F. Statement. "Statement" means the surcharge disclosure statement as defined in Minnesota Statutes, section 65B.133, subdivision 1, clause (f).

G. Surcharge. "Surcharge" is as defined in Minnesota Statutes, section 65B.133, subdivision 1, clause (e).

H. Surcharge ~~plans~~ plan. "Surcharge ~~plans~~ plan" is as defined in Minnesota Statutes, section 65B.133, subdivision 1, clause (g).

4 MCAR S 1.9084 Readability. All statements must meet the following standards of readability and legibility:

1. statements must be written in simple, commonly used language so as to be easily readable and understandable by a person of average intelligence, experience and education.

2. statements must be arranged in a logical and clear order.

3. statements must be printed in type face at least as large as ten point modern type, one point leaded.

4 MCAR S 1.9085 Highlighted provisions. All surcharge plans containing one or more of the following provisions, must have the provisions highlighted in bold print or contrasting color print on the surcharge disclosure statement:

1. surcharges which are based on estimated damage instead of the ~~actual amount paid~~ payment made by the insurer after physical damage deductibles are applied;

2. surcharges which are applied to a vehicle other than the one involved in an accident;

3. surcharges which apply to chargeable traffic violations other than major chargeable traffic violations;

4. surcharge plans that involve both the loss of a discount and the application of a surcharge for the same

chargeable accident or chargeable traffic violation; and

5. surcharges which are ~~higher for some~~ not the same for all classes ~~than others~~ (for example, youthful operator classes surcharged more than adult operator classes.)

4 MCAR S 1.9086 Review. Statements must be submitted to the Commissioner of Insurance as an informational filing at least 30 days prior to use. Although not subject to affirmative approval by the commissioner the statements must comply with Minnesota Statutes, section 65B.133 and 4 MCAR SS 1.9081-1.9088.

4 MCAR S 1.9087 Auto plan procedures. The auto plan shall submit a statement to the commissioner of insurance which is subject to prior approval. The participating members of the auto plan are responsible for providing a copy of the statement to auto plan insureds, and to their agents for use when an auto plan application is written.

4 MCAR S 1.9088 Examples of surcharge plan. Each company must display on the statement two examples of how their surcharge plan works. One example must show a one-vehicle insured with a $200 premium. The second example must show a two-vehicle insured, with a $200 premium on one vehicle and a $300 premium on the second vehicle. The required format of these examples is contained in Exhibit 4 MCAR S 1.9088-1.

If the amount of the surcharge varies ~~because of different factors such as~~ between territories, use the highest rated ~~factor~~ territory and furnish that information on the example.

If the premium includes expenses which are not surcharged, follow this procedure: If there is an $80 bodily injury, property damage premium, expenses of $7, and a 20 percent surcharge, the premium for one chargeable accident would be $94.60. ($80 - $7 = $73; $73 x .20 = $14.60; $14.60 + $80 = $94.60.) This procedure must be explained on the example.

Exhibit 4 MCAR 1.9088-1

Surcharge plan formats

The formats contained in this exhibit must be used, but additional information may be included ~~to explain unusual~~

~~situations~~.

A. One vehicle insured.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$ 80	$	$
Uninsured motorist	5		
Personal injury protection	40		
Comprehensive	25		
Collision	50		
TOTAL PREMIUM	$200	$	$

B. Two vehicles insured. Accidents chargeable to the ~~principle~~ principal operator of vehicle number one, while operating vehicle number one.

1. Vehicle number one.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$ 80	$	$
Uninsured motorist	5		
Personal injury protection	40		
Comprehensive	25		
Collision	50		
TOTAL PREMIUM	$200	$	$

2. Vehicle number two.

		Premium	Premium

Coverage	Premium with no accidents	including surcharge for one chargeable accident	including surcharge for two chargeable accidents
Bodily injury, property damage	$120	$	$
Uninsured motorist	5		
Personal injury protection	60		
Comprehensive	40		
Collision	75		
TOTAL PREMIUM	$300	$	$

APPROVED AS TO LEGALITY

Oct. 28 1982

WARREN SPANNAUS, ATTORNEY GENERAL

BY Ted A. Mathieu

SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT 28 1982
Joan Anderson Growe
Secretary of State

3:00 P.M.

Rules as Proposed (all new material)

4 MCAR S 1.9081 Authority. Rules 4 MCAR SS 1.9081-1.9088 apply to all companies writing policies of private passenger automobile insurance. They are adopted pursuant to the authority of ' Minnesota Statutes, ' section 65B.133, subdivision 7.

4 MCAR S 1.9082 Purpose. Rules 4 MCAR SS 1.9081-1.9088 are designed to assure that surcharge disclosure statements contain minimum basic information which allows insureds to make sound decisions when comparison shopping for automobile insurance.

4 MCAR S 1.9083 Definitions.

A. Applicability. For the purposes of 4 MCAR SS 1.9081-1.9088, the terms defined in this rule have the meanings given them.

B. Auto Plan. "Auto plan" means the Minnesota Automobile Insurance Plan.

C. Chargeable accident. "Chargeable accident" is as defined in ' Minnesota Statutes, ' section 65B.133, subdivision 1, clause (b).

D. Chargeable traffic violation. "Chargeable traffic violation" is as defined in ' Minnesota Statutes, ' section 65B.133, subdivision 1, clause (c).

E. Major chargeable traffic violation. "Major chargeable traffic violation" means only those chargeable traffic violations listed below:

1. driving while in an intoxicated condition or under the influence of drugs, and also includes a driver's license record entry of "Implied Consent;"

2. failure to stop and report when involved in an accident;

3. a felony involving the use of a motor vehicle;

4. driving a motor vehicle in a reckless manner which results in an injury to a person; and

5. driving a motor vehicle during the period of time the driver's license is suspended or revoked.

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

F. Statement. "Statement" means the surcharge disclosure statement as defined in ' Minnesota Statutes, ' section 65B.133, subdivision 1, clause (f).

G. Surcharge. "Surcharge" is as defined in ' Minnesota Statutes, ' section 65B.133, subdivision 1, clause (e).

H. Surcharge plans. "Surcharge plans" is as defined in ' Minnesota Statutes, ' section 65B.133, subdivision 1, clause (g).

4 MCAR S 1.9084 Readability. All statements must meet the following standards of readability and legibility:

1. Statements must be written in simple, commonly used language so as to be easily readable and understandable by a person of average intelligence, experience and education.

2. Statements must be arranged in a logical and clear order.

3. Statements must be printed in type face at least as large as ten point modern type, one point leaded.

4 MCAR S 1.9085 Highlighted provisions. All surcharge plans containing one or more of the following provisions, must have the provisions highlighted in bold print or contrasting color print on the surcharge disclosure statement:

1. surcharges which are based on estimated damage instead of the actual amount paid by the insurer;

2. surcharges which are applied to a vehicle other than the one involved in an accident;

3. surcharges which apply to chargeable traffic violations other than major chargeable traffic violations;

4. surcharge plans that involve both the loss of a discount and the application of a surcharge for the same chargeable accident or chargeable traffic violation; and

5. surcharges which are higher for some classes than others (for example, youthful operator classes surcharged more than adult operator classes.)

4 MCAR S 1.9086 Review. Statements must be submitted to the Commissioner of Insurance as an informational filing at least 30 days prior to use. Although not subject to affirmative approval

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

by the Commissioner the statements must comply with ' Minnesota Statutes, ' section 65B.133 and 4 MCAR SS 1.9081-1.9088.

4 MCAR S 1.9087 Auto plan procedures. The auto plan shall submit a statement to the Commissioner of Insurance which is subject to prior approval. The participating members of the auto plan are responsible for providing a copy of the statement to auto plan insureds, and to their agents for use when an auto plan application is written.

4 MCAR S 1.9088 Examples of surcharge plan. Each company must display on the statement two examples of how their surcharge plan works. One example must show a one-vehicle insured with a $200 premium. The second example must show a two-vehicle insured, with a $200 premium on one vehicle and a $300 premium on the second vehicle. The required format of these examples is contained in Exhibit 4 MCAR S 1.9088-1.

If the amount of the surcharge varies because of different factors such as territories, use the highest rated factor and furnish that information on the example.

If the premium includes expenses which are not surcharged, follow this procedure: If there is an $80 bodily injury, property damage premium, expenses of $7, and a 20 percent surcharge, the premium for one chargeable accident would be $94.60. ($80 - $7 = $73; $73 x .20 = $14.60; $14.60 + $80 = $94.60.) This procedure must be explained on the example.

Exhibit 4 MCAR 1.9088-1

Surcharge plan formats

The formats contained in this exhibit must be used, but additional information may be included to explain unusual situations.

A. One vehicle insured.

Premium with	Premium including surcharge for one chargeable	Premium including surcharge for two chargeable

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

Coverage	no accidents	accident	accidents
Bodily injury, property damage	$ 80	$	$
Uninsured motorist	5		
Personal injury protection	40		
Comprehensive	25		
Collision	50		
TOTAL PREMIUM	$200	$	$

B. Two vehicles insured. Accidents chargeable to the principle operator of vehicle number one, while operating vehicle number one.

1. Vehicle number one.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$ 80	$	$
Uninsured motorist	5		

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Personal injury protection	40		
Comprehensive	25		
Collision	50		
TOTAL PREMIUM	$200	$	$

2. Vehicle number two.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$120	$	$
Uninsured motorist	5		
Personal injury protection	60		
Comprehensive	40		
Collision	75		
TOTAL PREMIUM	$300	$	$

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

PROPOSED RULES

August 2, 1982
RD250

Agency Department of Commerce

Division Insurance Division

Agency Contact Mary Hunstiger Phone Number 297-3225

Title: Proposed Rules Governing Private Passenger Automobile Surcharge Disclosures

Type of Rules: Permanent X Temporary_____

Incorporations by References: None

Rule Number	Material Incorporated Author Title Place Publisher Date Cost Places Available

See Additional references on back Yes___ No___

Duplication of Statutory Language None

Rule Number	Statutory Section Duplicated

The attached rules are approved as to form.

Steven C. Cross
Revisor of Statutes

Name: Paul M. Marinac

Title: Assistant Revisor

Phone: 296-0948

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of
Rules Governing Private Passenger
Automobile Surcharge Disclosure

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 August 16, 1982 and was sent by the United States mail to all persons on the list maintained by the Insurance Division pursuant to Minn. Stat. § 15.0412, subd. 4 on August 13, 1982.

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 4 MCAR § 1.9081 -1.9088 are adopted as amended this 12th day of October, 1982 pursuant to authority vested in me by Minn. Stat. § 65B.133.

Thomas L. O'Malley
Temporary Commissioner of Insurance

the City of Minneapolis. All interested members of the public may submit their views on the application either in writing or orally at the board meeting.

The board invites interested persons and members of the public to submit their views at 7:00 p.m., May 10, 1982 in Room 57 of the State Office Building at 435 Park Street in the Capitol Complex. For information, call (612) 296-2545.

Department of Commerce Insurance Division

Notice of Intent to Solicit Outside Opinion Regarding Proposed Rules Governing Disclosure of Automobile Surcharge Plans

Notice is hereby given that the Insurance Division is seeking information or opinions from sources outside the agency in preparing to promulgate new rules governing disclosure of automobile surcharge plans. The promulgation of these rules by the commissioner is authorized by Minnesota Statutes § 65B.133.

The Insurance Division requests information and comments concerning the subject matter of these rules. Interested or affected persons or groups may submit written or oral information on this subject to:

William Kyle
(612) 296-6944
Insurance Division
Department of Commerce
500 Metro Square Building
St. Paul, Minnesota 55101

All statements of information and comment shall be accepted until June 7, 1982. Any written material received by the Insurance Division shall become part of the record in the event that the rules are promulgated.

Michael D. Markman
Commissioner of Insurance

Department of Education Vocational-Technical Education Division

Notice of Hearing

This is to announce that a public hearing will be held on Monday, May 10, 1982 at 9:00 a.m. in Room 716 of the Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota 55101, on the recommended post-secondary aid distribution levels.

Department of Finance

Notice of Maximum Interest Rate for Municipal Obligations for Month of April 1982

Pursuant to Laws of Minnesota 1982, Chapter 523 Commissioner of Finance, Allan L. Rudell, announced today that the maximum interest rate for municipal obligations in the month of May will be 14 percent per annum. Obligations which are payable wholly or in part from the proceeds of special assessments or which are not secured by general obligations of the municipality may bear an interest rate of up to 15 percent per annum.

The maximum interest rate for obligations authorized by resolution prior to April 1, 1982 shall be 12 percent per annum.

Office of the Governor

Notice of Vacancy

The Governor hereby announces an opening for the position of Chief Hearing Examiner, Office of Administrative Hearings.

(4)

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of
Rules Governing Private Passenger Automobile
Surcharge Disclosure

ORDER FOR NOTICE
OF INTENT TO ADOPT
RULES WITHOUT
PUBLIC HEARING

IT IS ORDERED this 2nd day of August, 1982 that 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 Insurance Division for that purpose and be published in the State Register.

Thomas L. O'Malley

Thomas L. O'Malley
Temporary Commissioner of Insurance

(3)

Department of Commerce
Insurance Division

In the Matter of the Proposed Adoption of Rules Governing Private Passenger Automobile Surcharge Disclosure

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Insurance Division proposes to adopt the above-entitled rules without a public hearing. The Commissioner of Insurance has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 15.0412, subd. 4h (1980). 2

Persons interested in these rules shall have 30 days to submit comments. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change. 3 4

No public hearing will be held unless seven or more persons make a written request for a hearing within the 30-day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of Minn. Stat. § 15.0412, subd. 4-4f. 5 7

Persons who wish to submit comments or a written request for a public hearing should submit them to William Kyle, Insurance Division, 500 Metro Square Building, St. Paul, MN 55101. Copies of this Notice and the proposed rules are also available and may be obtained by contacting Mr. Kyle. 6

Authority for the adoption of these rules is contained in Minn. Stat. § 65B.133, subd 7. Additionally, a Statement of Need and Reasonableness describing the need for and reasonableness of each provision and identifying the data and information relied upon to support the proposed rules has been prepared and is available upon request. 9

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 delivered to the Attorney General for review as to form and legality, including the issue of substantial change. 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 proposed for adoption, should submit a written statement of such request to William Kyle, Insurance Division, 500 Metro Square Building, St. Paul, MN 55101. 8

A copy of the proposed rules is attached to this Notice. 10

Thomas L. O'Malley
Temporary Commissioner of Insurance

(5)

In the Matter of the Proposed Adoption of
Rules Governing Private Passenger Automobile
Surcharge Disclosure

AFFIDAVIT OF
MAILING

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Debbi J. Lindlief, being first duly sworn, deposes and says:

That on the 13th day of August, 1982, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Intent to Adopt Rules Without Public Hearing by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the Insurance Division for the purpose of receiving notice of the proposed adoption of rules.

A copy of the notice of intent to adopt rules without public hearing and the proposed rules as published in the State Register on August 16, 1982 is attached.

Debbi J. Lindlief

Subscribed and sworn to before me this
13th day of August, 1982.

Norene M Carr

NORENE M CARR
NOTARY PUBLIC - MINNESOTA
RAMSEY COUNTY
My Commission Expires Feb. 24, 1988

(6)

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Adoption of
Rules Governing Private Passenger Automobile
Surcharge Disclosure

I 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 Insurance Division for the purpose of receiving notice of the proposed adoption of rules without public hearing is accurate and complete as of 12:00 P.M., this 13th day of August, 1982.

Debbie J. Lindlief

Alliance of American Insurers
Attn: Debra G. Wozniak
20 North Wacker Drive
Suite 2140
Chicago, IL 60606

Daniel D. Foth
Associated Builders & Contractors
6300 Walker Street, Room 109
Minneapolis, MN 55416

James C. Shipman
Executive Director
Association of Minnesota Counties
2305 Ford Parkway
St. Paul, MN 55116

Colonial Penn Group, Inc.
Law Department, 11th Floor
5 Penn Center Plaza
Philadelphia, PA 19181

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

Murray M. McColloch
Sr. Vice Pres., Secretary & Counsel
J. C. Penney Life Insurance Co.
2020 Live Oak
Dallas, TX 75221

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

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

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

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

Mr. Ronald R. Radtke, Manager
Compliance Services
Metropolitan Prop. & Liability Ins. Co.
700 Quaker Lane

James N. Denn
Minnesota Motor Transport Assn.
1821 University Ave., Room 134N
St. Paul, MN 55104

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

Mr. Paul C. Blume, Vice President
National Association of Independent
Insurers
260 River Road
Des Plaines, IL 60018

William R. Anderson, Counsel
The National Assoc. of Life
Underwriters
1922 F Street, NW
Washington, D.C. 20006

Richard Bouhan, Gov't. Relations Dir.
National Assoc. of Prof. Surplus
Lines Offices
P.O. Box 1507
Roswell, GA 30077

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

NIARS Corporation
Three Eighteen West Franklin
Minneapolis, MN 55404

Ohio State Life Insurance Company
Attn: Harold I. Phillian
471 E. Broad Street
Columbus, OH 43215

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

James M. Shamberger
Vice President-Government Relations
Reinsurance Association of America
1025 Connecticut Ave., Suite 512
Washington, D.C. 20036

Security Insurance Company
P. O. Box 42
Hartford, CT 06141

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

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

Trauner, King & Cohen
Attn: Kevin King
38 Old Ivy Road, N.E.
Atlanta, GA 30342

Union Fidelity Life Insurance Co.
Union Fidelity Office Park
Trevose, PA 19049
Attn: Edward G. Farmer, Jr., V.P.

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

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

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

Kathleen P. Burek
Exec. Dir. LCRAR
Rm. 430, State Office Building
St. Paul, MN 55155

Jean Dawson
Minn. Government Report
B-12 Press Room, State Capitol
St. Paul, MN 55155

Michael D. Johnson
Frundt, Frundt & Johnson
117 W. 5th Street
Blue Earth, MN 56013

Peter S. Popovich
Peterson, Popovich, Knutson & Flynn
345 Cedar Building, Suite 800
St. Paul, MN 55101

David A. Peterson
State Bond & Mortgage Company
100 North Minnesota Street
New Ulm, MN 56073

Charles A. Schaffer
Dept. of Energy, Plng. & Dev.
480 Cedar Street
St. Paul, MN 55102

Conrad M. Fredin
811 First National Bank Bldg.
Duluth, MN 55802

B. J. Barto, Plant Manager
Midland Glass Company, Inc.
P.O. Box 69
Shakopee, MN 55379

Sam Ruhle
Office of Administrative Hearings
400 Summit Bank Building
Minneapolis, MN 55415

John S. Jackson, Gen. Counsel
Minnesota Bankers Association
332 Baker Building
Minneapolis, MN 55402

John A. Knapp, Esq.
Hessian, McKasy & Soderberg, P. A.
1500 Midwest Plaza Building
Minneapolis, MN 55402

Susan J. Ladwig
900 Midland Bank Building
Minneapolis, MN 55401

John M. Broeker
2850 Metro Drive, Suite 800
Minneapolis, MN 55420

Broeker, Hartfeldt, Hedges & Grant
2850 Metro Drive, Suite 800
Minneapolis, MN 55420

Paul J. Huber, Ltd.
1821 University Avenue
St. Paul, MN 55104

Joseph Sizer, Deputy Commissioner
Department of Energy, Plng. & Dev.
101 Capitol Square Building
St. Paul, MN 55101

City Editor
Minneapolis Star/Tribune
425 Portland Avenue
Minneapolis, MN 55488

Daniel O. Foth, Exec. Dir.
Assoc. Builders & Contracters
6300 Walker Street, Suite 109
Minneapolis, MN 55416

Phillips Legislative Service, Inc.
459 Rice Street
St. Paul, MN 55103

Charles A. Kroeger
QSS, Inc.
P.O. Box 838
Faribault, MN 55021

Director
Developmental Disabilities Office
201 Capitol Square Building
St. Paul, MN 55101

W. J. Hay
St. Paul Companies, Inc.
385 Washington Street
St. Paul, MN 55102

TITLE 11 PUBLIC SAFETY

Part 1 Public Safety Department

11 MCAR §§ 1.0046-1.0048 (adopted) 207
SafAd 49-50 (repealed) 207
11 MCAR §§ 1.3071-1.3077 (withdrawn) 129
11 MCAR §§ 1.5101-1.5154 (proposed) 166
Fire Mar 30-51, 4401-4404 (proposed repeal) 166
11 MCAR §§ 1.6101-1.6106 [proposed] 52

TITLE 12 SOCIAL SERVICES

Part 2 Public Welfare Board

12 MCAR § 2.065 (adopted) 139
12 MCAR § 2.222 (proposed) 129

Part 3 Housing Finance Agency

12 MCAR § 3.002 [Temp] (proposed) 11
12 MCAR § 3.002 (proposed) 165

TITLE 14 TRANSPORTATION

Part 1 Transportation Department

14 MCAR §§ 1.4011-1.4016 (adopted) 207
14 MCAR §§ 1.7025-1.7037 (proposed) 202

PROPOSED RULES

Pursuant to Minn. Laws of 1980, § 15.0412, subd. 4h, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules;

and

4. that the rule may be modified if modifications are supported by the data and views submitted.

If, during the 30-day comment period, seven or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of § 15.0412, subds. 4 through 4g, which state that if an agency decides to hold a public hearing, it must publish in the *State Register* a notice of its intent to do so. This notice must appear at least 30 days prior to the date set for the hearing, along with the full text of the proposed rules. (If the agency has followed the provisions of subd. 4h and has already published the proposed rules, a citation to the prior publication may be substituted for republication.)

Pursuant to Minn. Stat. § 15.0412, subd. 5, when a statute, federal law or court order to adopt, suspend or repeal a rule does not allow time for the usual rulemaking process, temporary rules may be proposed. Proposed temporary rules are published in the *State Register*, and for at least 20 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Commerce Insurance Division

Proposed Rules Governing Private Passenger Automobile Surcharge Disclosure

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Insurance Division proposes to adopt the above-entitled rules without a public hearing. The Commissioner of Insurance has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in *Minn. Stat.* § 15.0412, subd. 4h (1980).

Persons interested in these rules shall have 30 days to submit comments. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change.

No public hearing will be held unless seven or more persons make a written request for a hearing within the 30-day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of *Minn. Stat.* § 15.0412, subd. 4-4f.

Persons who wish to submit comments or a written request for a public hearing should submit them to William Kyle,

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.

Insurance Division, 500 Metro Square Building, St. Paul, MN 55101. Copies of this Notice and the proposed rules are also available and may be obtained by contacting Mr. Kyle.

Authority for the adoption of these rules is contained in *Minn. Stat.* § 65B.133, subd. 7. Additionally, a statement of need and reasonableness describing the need for and reasonableness of each provision and identifying the data and information relied upon to support the proposed rules has been prepared and is available upon request.

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 delivered to the Attorney General for review as to form and legality, including the issue of substantial change. 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 proposed for adoption, should submit a written statement of such request to William Kyle, Insurance Division, 500 Metro Square Building, St. Paul, MN 55101.

A copy of the proposed rules is attached to this notice.

Thomas L. O'Malley
Temporary Commissioner of Insurance

Rules as Proposed (all new material)

4 MCAR § 1.9081 Authority. Rules 4 MCAR §§ 1.9081-1.9088 apply to all companies writing policies of private passenger automobile insurance. They are adopted pursuant to the authority of *Minnesota Statutes*, section 65B.133, subdivision 7.

4 MCAR § 1.9082 Purpose. Rules 4 MCAR §§ 1.9081-1.9088 are designed to assure that surcharge disclosure statements contain minimum basic information which allows insureds to make sound decisions when comparison shopping for automobile insurance.

4 MCAR § 1.9083 Definitions.

A. Applicability. For the purposes of 4 MCAR §§ 1.9081-1.9088, the terms defined in this rule have the meanings given them.

B. Auto Plan. "Auto plan" means the Minnesota Automobile Insurance Plan.

C. Chargeable accident. "Chargeable accident" is as defined in *Minnesota Statutes*, section 65B.133, subdivision 1, clause (b).

D. Chargeable traffic violation. "Chargeable traffic violation" is as defined in *Minnesota Statutes*, section 65B.133, subdivision 1, clause (c).

E. Major chargeable traffic violation. "Major chargeable traffic violation" means only those chargeable traffic violations listed below:

1. driving while in an intoxicated condition or under the influence of drugs, and also includes a driver's license record entry of "Implied Consent;"

2. failure to stop and report when involved in an accident;

3. a felony involving the use of a motor vehicle;

4. driving a motor vehicle in a reckless manner which results in an injury to a person; and

5. driving a motor vehicle during the period of time the driver's license is suspended or revoked.

F. Statement. "Statement" means the surcharge disclosure statement as defined in *Minnesota Statutes*, section 65B.133, subdivision 1, clause (f).

G. Surcharge. "Surcharge" is as defined in *Minnesota Statutes*, section 65B.133, subdivision 1, clause (e).

H. Surcharge plans. "Surcharge plans" is as defined in *Minnesota Statutes*, section 65B.133, subdivision 1, clause (g).

4 MCAR § 1.9084 Readability. All statements must meet the following standards of readability and legibility:

1. Statements must be written in simple, commonly used language so as to be easily readable and understandable by a person of average intelligence, experience and education.

2. Statements must be arranged in a logical and clear order.

3. Statements must be printed in type face at least as large as ten point modern type, one point leaded.

4 MCAR § 1.9085 Highlighted provisions. All surcharge plans containing one of more of the following provisions, must have the provisions highlighted in bold print or contrasting color print on the surcharge disclosure statement:

1. surcharges which are based on estimated damage instead of the actual amount paid by the insurer;

2. surcharges which are applied to a vehicle other than the one involved in an accident;

3. surcharges which apply to chargeable traffic violations other than major chargeable traffic violations;

4. surcharge plans that involve both the loss of a discount and the application of a surcharge for the same chargeable accident or chargeable traffic violation; and

5. surcharges which are higher for some classes than others (for example, youthful operator classes surcharged more than adult operator classes.)

4 MCAR § 1.9086 Review. Statements must be submitted to the Commissioner of Insurance as an informational filing at least 30 days prior to use. Although not subject to affirmative approval by the Commissioner the statements must comply with *Minnesota Statutes*, section 65B.133 and 4 MCAR §§ 1.9081-1.9088.

4 MCAR § 1.9087 Auto plan procedures. The auto plan shall submit a statement to the Commissioner of Insurance which is subject to prior approval. The participating members of the auto plan are responsible for providing a copy of the statement to auto plan insureds, and to their agents for use when an auto plan application is written.

4 MCAR § 1.9088 Examples of surcharge plan. Each company must display on the statement two examples of how their surcharge plan works. One example must show a one-vehicle insured with a $200 premium. The second example must show a two-vehicle insured, with a $200 premium on one vehicle and a $300 premium on the second vehicle. The required format of these examples is contained in Exhibit 4 MCAR § 1.9088-1.

If the amount of the surcharge varies because of different factors such as territories, use the highest rated factor and furnish that information on the example.

If the premium includes expenses which are not surcharged, follow this procedure: If there is an $80 bodily injury, property damage premium, expenses of $7, and a 20 percent surcharge, the premium for one chargeable accident would be $94.60. ($80 − $7 = $73; $73 × .20 = $14.60; $14.60 + $80 = $94.60.) This procedure must be explained on the example.

Exhibit 4 MCAR § 1.9088-1

Surcharge plan formats

The formats contained in this exhibit must be used, but additional information may be included to explain unusual situations.

A. One vehicle insured.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$ 80	$	$
Uninsured motorist	5		
Personal injury protection	40		
Comprehensive	25		
Collision	50		
TOTAL PREMIUM	$200	$	$

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.

B. Two vehicles insured. Accidents chargeable to the principle operator of vehicle number one, while operating vehicle number one.

1. Vehicle number one.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$ 80	$	$
Uninsured motorist	5		
Personal injury protection	40		
Comprehensive	25		
Collision	50		
TOTAL PREMIUM	$200	$	$

2. Vehicle number two.

Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	$120	$	$
Uninsured motorist	5		
Personal injury protection	60		
Comprehensive	40		
Collision	75		
TOTAL PREMIUM	$300	$	$

State Board of Education
Department of Education
Instruction Division

Proposed Rules Governing the Preschool Screening Program (5 MCAR §§ 1.0720-1.0724)

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the State Board of Education proposes to revise the above-entitled rules without a public hearing. The board has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in *Minn. Stat.* § 15.0412, subd. 4h.

The proposed rules govern the administration of the preschool screening mandate as authorized by *Minn. Stat.* § 123.703, subd. 1., which establishes authority for the Board of Education to promulgate rules for preschool screening program standards.

Proposed revisions to 5 MCAR §§ 1.0720-1.0724 remove obsolete provisions of the current rules, establish new procedures as required by legislative amendments to *Minn. Stat.* §§ 123.702-123.703, and provide clarifications of some preschool screening program standards.

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless seven or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of
Rules Governing Private Passenger
Automobile Surcharge Disclosure

FINDINGS OF FACT
AND CONCLUSIONS

After affording interested persons an opportunity to present written and oral data, statements and arguments on the adoption of the rules governing private passenger automobile surcharge disclosure and having considered all of the evidence brought forward for consideration in the records, files, and proceedings herein, I find the following:

1. That the proposed rules, published in the State Register on August 16, 1982, included language which was found to be unclear;

2. That the amendment to 4 MCAR § 1.9085 1. clearly defines the two techniques used in implementing a surcharge; p. 2

3. That the amendment to 4 MCAR § 1.9085 5. clarifies the intentions of the rule; p. 3

4. That the amendment to 4 MCAR § 1.9088 eliminates a possible incorrect assumption that the rule addresses factors other than territory; p. 3

5. That the amendment to Exhibit 4 MCAR § 1.9088-1 deletes ambiguous wording; p. 3 + p 4

6. That these amendments to the rules governing private passenger automobile surcharge disclosure are not substantial in nature.

Based on the foregoing, I conclude that the rules governing private passenger automobile surcharge disclosure should be adopted as modified.

Thomas L. O'Malley
Temporary Commissioner of Insurance

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

INSURANCE DIVISION

In the matter of the proposed rules governing private passenger automobile surcharge disclosure.

STATEMENT OF NEED AND REASONABLENESS OF PROPOSED RULES

STATEMENT OF NEED AND AUTHORITY

Minnesota Statutes, Section 65B.133, Subdivision 2 requires every insurer authorized to write policies of private passenger vehicle insurance in Minnesota, or its agent, to mail or deliver a surcharge disclosure statement to their policyholders either before or with the first notice to renew a policy on or after January 1, 1983. In the case of new applicants the surcharge disclosure statement must be provided, prior to accepting the initial premium payment, to any person who applies for a policy which is effective on or after January 1, 1983.

Many insureds are not aware of the existence of surcharge plans and only become familiar with the surcharge plan after a chargeable accident or chargeable traffic violation. Minnesota Statute 65B.133 is intended to acquaint insureds with the surcharge plan of any insurer with which they are, or intend to be insured. This will enable insureds to com-

pare the variety of surcharge plans and add another factor, which already includes rates, reliability and service, when making a decision to select an insurance company which meets their needs.

Rules 4 MCAR S 1.9082 to 1.9088 are promulgated pursuant to Minnesota Statutes, Section 65B.133, Subdidivsion 7. They assure that surcharge disclosure statements contain information which will allow for informed decisionmaking by consumers when shopping for automobile insurance.

Rule 4 MCAR S 1.9083 defines terms in the rules.

Rule 4 MCAR S 1.9084 establishes standards which must be met to make the surcharge disclosure statements readable and legible, in order for the statement to be of value to insureds.

Rule 4 MCAR S 1.9085 requires that certain provisions of a surcharge plan be highlighted in bold print or contrasting color on the surcharge disclosure statement. Numerous complaints to the Insurance Division from insureds who are not aware of how surcharges are applied in these situations, point to the need for insureds to be made aware of these provisions to aid them in comparing automobile insurance rates and plans. The items listed in this provision reflect the most common subjects of consumer complaints regarding the application of surcharge plans.

Rule 4 MCAR § 1.9086 requires that insurers submit a surcharge disclosure statement to the Commissioner of Insurance for review 30 days prior to use. The statements are not subject to prior approval, but will be reviewed to determine compliance with Minnesota Statute 65B.133 and Rules 4 MCAR § 1.9081 to 1.9088.

Rule 4 MCAR § 1.9087 requires that the auto plan submit a surcharge disclosure statement to the Commissioner of Insurance for approval. This is consistent with Minnesota Statute § 65B.08 which requires prior approval of auto plan premium rates by the Commissioner of Insurance. It also clarifies the procedures that participating members of the auto plan are to follow when providing statements to the auto plan insureds.

Rule 4 MCAR § 1.9088 requires two examples be displayed on the statement showing the effects of the insurers surcharge plan on a single vehicle and multi-vehicle insured. Insureds should be able to use these examples to compare the effects of different surcharge plans to a given situation. The use of examples will serve to make the explanation of surcharge plans more understandable to insureds. The examples listed were chosen as representative of common situations which might include one car or two car families.

In the Matter of the Proposed Adoption
of Rules Governing Private Passenger
Automobile Surcharge Disclosure

STATEMENT OF
COMPLIANCE WITH
RULEMAKING PROCEDURES

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

Robert J Clayton
Special Assistant Attorney General

Dated: Oct. 12, 1982