

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 401 TEMP

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 9-20
DATE FOR REVIEW
DATE DUE 9-27

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

Approved _____ Disapproved _____ Returned to Agency _____

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

Date filed w/Secretary of State _____ Revisor approved 9/22/83
disapproved

✓ Rule as Adopted

_____ Rule as Proposed

✓ Order Adopting 9.16.83 Date

✓ Notice of Intent to Solicit Outside Opinion S.R. 6/20/83

✓ 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
8.18.83 At least ~~30~~ 20 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
8.22.83 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

_____ LCRAR Report or agency Affidavit

_____ Certificate of Board's Resolution Adopting Rules

_____ Order Approving Incorporation by Reference

_____ Statement of Need and Reasonableness

_____ 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

_____ Affidavit of Mailing Notice of Submission to Attorney General

_____ Notice of Submission to the Attorney General

✓ comment to Atty. Gen and response of agency

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO: JUDITH WEHRWEIN, Attorney General
204 Administration Bldg.

DATE: Sept. 20, 1983

FROM: ROBERT J. CLAYTON
Special Assistant Attorney General

PHONE:

SUBJECT: IN THE MATTER OF THE PROPOSED ADOPTION OF TEMPORARY RULES GOVERNING AUTO INSURANCE NONRENEWALS

The above-referenced rules are hereby transmitted to the Office of Attorney General for review pursuant to Minn. Stat. § 14.32 (1982).

The rules have been adopted as published. The following documents are enclosed:

Rules as Adopted (4 copies)

Notice of Intent to Solicit Outside Opinion
(No comments were received)

Order for Publication of Notice of Intent to Adopt Temporary Rules

Notice of Intent to Adopt Temporary Tules

Rules as Published

Mailing List Certificate

Affidavit of Mailing

Order Adopting Rules

Certificate of Compliance

Comments Received pursuant to Notice of Intent to Adopt Temporary Rules

(Comments were received from Allstate Insurance Company; Insurance Federation of Minnesota; Hessian, McKasy & Soderberg; Alliance of American Insurers; Minnesota Transport Services Association; Crum & Forster Corporation; Prudential Property & Casualty Insurance Company; Progressive Casualty Insurance Company; and the National Association of Independent Insurers)

In addition, it is the understanding of the Commerce Department that the law firm of Hessian, McKasy & Soderberg, which represent Great American Insurance Companies, has written to J. Michael Miles setting forth various arguments relating to the form and legality of the proposed rules. The Commerce Department is preparing a response to these arguments which will be submitted to your office within the next day or two.

Enclosures

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : Michael A. Hatch, Commissioner

Attn: ROBERT CLAYTON, Special Assistant Attorney General

DATE: 9/27/83

FROM : TED A. MARTINEZ
Special Assistant
Attorney General

TAM

PHONE: 296-4692

SUBJECT: In the Matter of the Proposed Adoption of Rules Governing Auto Insurance Nonrenewals 4MCAR §§ 1.9081-1.90892.

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.

Encs.
TAM/ls
cc: Ms. Kathy Burek
Mr. Duane Harves

AG copy

Temporary Rules as Adopted (all new material)

4 MCAR S 1.9081 [Temporary] Scope of Authority.

Rules 4 MCAR SS 1.9081-1.90892 [Temporary] apply to all companies writing policies of automobile insurance. They are adopted pursuant to Minnesota Statutes, section 65B.17, subdivision 2.

4 MCAR S 1.9082 [Temporary] Purpose.

Rules 4 MCAR SS 1.9081-1.90892 [Temporary] are designed to limit the reasons a policy of automobile insurance may not be renewed.

4 MCAR S 1.9083 [Temporary] Definitions.

A. Applicability. For the purposes of 4 MCAR SS 1.9081-1.90892 [Temporary], the terms defined in this rule have the meanings given them.

B. Chargeable accident. "Chargeable accident" means an accident involvement in which the insurer nonrenewing the policy makes a payment under bodily injury, property damage, or collision coverages except under the following conditions:

1. In a collision loss, where the insurer recovers 80 percent or more of the insurers (apostrophe) loss through subrogation.

2. The automobile was damaged through being struck while lawfully parked. An automobile rolling from a parked position would not be considered lawfully parked if the rolling caused the accident, that is, the rolling car struck another vehicle.

3. The insured or other driver of the car has been paid by the other party, or has a judgment against the other party in the accident.

4. The accident was one in which the damage was caused by the vehicle being rear-ended by another vehicle, unless the driver of the struck vehicle has been convicted of a moving traffic violation in conjunction with the accident.

5. The driver of the other vehicle in the accident has been convicted of a moving violation in conjunction with the accident, and the insured driver has not been convicted of a moving violation in conjunction with the accident.

6. The insured automobile was damaged by contact with a "hit-and-run" vehicle, if this is so reported to the police, highway patrol, or sheriff within 24 hours after discovery.

7. Any accident for which payment is made under the comprehensive portion of the physical damage coverage of a policy.

C. Commercial vehicle. "Commercial vehicle" is as defined in Minnesota Statutes, section 65B.43, subdivision 12.

D. Emergency vehicle. "Emergency vehicle" means an automobile used in response to an emergency if the operator is responding to a call of duty as a paid or volunteer member of any police or fire departmnt, first aid squad, or any law enforcement agency.

E. Experience period. "Experience period" means three years from the date of an accident to the renewal date of the policy and in the case of a moving traffic violation, three years from the date of occurrence to the renewal date of the policy.

F. Hit and run vehicle. "Hit and run vehicle" means a vehicle that leaves the scene of an accident in violation of Minnesota Statutes, section 169.09, subdivisions 1, 2, 4, and 5, or the comparable provisions of the laws of another jurisdiction where the accident occurred.

G. Multi-line contract. "Multi-line contract" means an insurance contract which insures more than one line of insurance under one contract, such as homeowners and automobile coverages within one contract.

H. Nonrenewal. "Nonrenewal" includes any nonrenewal notice sent to a named insured informing the named insured that the insurer is terminating or intends to terminate a policy as of a certain date. In order to be valid, the notice must comply with all other applicable laws and rules, including Minnesota Statutes, section 65B.17, and 4 MCAR S 1.9087 [Temporary].

Nonrenewal also includes:

1. any reduction in the limits of liability of coverage, except a termination or modification of towing coverage;

2. an increase of a physical damage deductible unless all

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the existing policies and those policies to be accepted as new business will have the same higher deductibles applied; and

3. the transfer of a named insured from one rating plan to another within the same company, or the transfer of a named insured from one company to another within a group of insurance companies, if the transfer results in a higher premiun. This does not apply to a surcharge on an existing policy.

I. Points. "Points" means the grading system by which each chargeable accident and violation is assigned a certain number of points to determine if a policy is subject to nonrenewal.

J. Policy. "Policy" means a policy or a policy of automobile insurance as defined in Minnesota Statutes, section 65.14, subdivision 2.

K. Private passenger vehicle. "Private passenger vehicle" is as defined in Minnesota Statutes, section 65B.001, subdivision 3.

L. Violations. "Violations" means all moving traffic violations that are recorded by the Department of Public Safety on an operator's motor vehicle record, and violations reported by a similar authority in another state, or reported by the insured, except for equipment violations.

4 MCAR S 1.9084 [Temporary] Reasons for nonrenewal.

The grounds for nonrenewal of a policy are limited to one or more of the following reasons:

A. the reasons stated in Minnesota Statutes, section 65B.15, subdivision 1;

B. an insured equals or exceeds the relevant number of points specified in 4 MCAR S 1.9086 [Temporary];

C. termination of the agency contract, provided that if a named insured is 65 years of age or older, the insurer must reinstate the policy at the written request of the named insured;

D. an insurer ceases to write auto insurance in Minnesota. An insurer writing both commercial vehicle insurance and private passenger auto insurance can cease to write either line and continue to offer coverage in the other line;

E. three or more comprehensive claim payments have been made

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during the experience period, a deductible of no more than $100 may be applied to the comprehensive coverage of a policy not having a deductible, or either an increase to the next highest deductible level offered by a company or up to $100 may be added to an already existing deductible.

4 MCAR S 1.9085 [Temporary] Schedule of points for a violation or chargeable accident.

The following schedule shows the points assigned to each violation and chargeable accident during the experience period.

A. Four points will be assigned for each of the following:

1. leaving the scene of an accident without stopping to report;

2. a felony involving the use of a motor vehicle, including manslaughter, criminal negligence, or assault originating out of the use of a motor vehicle;

3. theft of, or unlawful taking of, a motor vehicle;

4. any suspension or revocation of an operators' license; and

5. unlawful driving after suspension or revocation of an operators' license.

B. Two and one-half points will be assigned for reckless driving.

C. One and one-half points will be assigned for careless driving.

D. One point will be assigned for:

1. a chargeable accident where total payment under bodily injury, property damage, and collision coverage is over $500; and

2. an open bottle violation.

E. Three-fourths of a point will be assigned for the second and each subsequent violation for speeding during the experience period per individual operator.

F. One-half point will be assigned for:

1. the first violation for speeding during the experience period per individual operator;

2. all other violations;

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3. a chargeable accident where total payment under bodily injury, property damage, and collision coverages, is $500 or less; and

4. allow open bottle violation.

4 MCAR S 1.9086 [Temporary] Points for nonrenewal.

A. Schedule. The following schedule shows the number of points that must be accumulated before a policy can be nonrenewed:

Vehicles insured	Points to nonrenew
1	2
2	3
3	3 1/2
4 or more	4

B. Exceptions.

1. If one operator accumulates three points or more, a policy or policies may be nonrenewed regardless of the number of insured vehicles in the household. If at the time the nonrenewal was sent, a nonspouse member owns an automobile and a policy of his or her own, then that household member's driving record cannot be used for accumulation of points to determine a basis for nonrenewal of policies of other members of the household.

2. Accidents or violations occurring while operating a commercial vehicle or an emergency vehicle cannot be used to accumulate points for nonrenewing a private passenger vehicle policy, except for violations in the four-point category.

3. Accidents or violations occurring while operating a private passenger vehicle cannot be used to accumulate points for nonrenewing a commercial vehicle policy, except for violations in the four-point category.

4. If a violation and a chargeable accident arise out of the same occurrence, points are charged only to the event which carries the highest point assignment.

4 MCAR S 1.9087 [Temporary] Nonrenewal notices.

A nonrenewal notice must be on a form approved by the

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

Department of Commerce and it must contain on the front of the the notice specific reasons for the nonrenewal and the information required by Minnesota Statutes, section 65B.19 regarding the right of complaint and the availability of the Minnesota Automobile Insurance Plan. The specific reason given for the nonrenewal must include the following information:

1. In the case of violations:
   a. the name of the driver;
   b. the type of violation;
   c. the date of the violation; and
   d. the point value of each violation.
2. In the case of accidents:
   a. the name of the driver;
   b. whether the payment is in excess of or under $500;
   c. the date of the accident; and
   d. the point value of each accident.

The printing of these items on the back of the notice or on a separate sheet will not comply with this rule.

4 MCAR S 1.9088 [Temporary] Record keeping.

Each insurance company shall keep a register of all cancellations, as defined in Minnesota Statutes, section 65B.15, and nonrenewals, as defined in Minnesota Statutes, section 65B.17 and 4 MCAR S 1.9083 H. [Temporary]. This register must be available to the commissioner of commerce, or his designee, at any time.

4 MCAR S 1.9089 [Temporary] Automatic coverage on newly acquired and replacement vehicles.

Rules 4 MCAR SS 1.9081-1.90892 [Temporary] also apply to newly acquired vehicles and replacement vehicles which qualify for the automatic coverage provisions of a policy.

4 MCAR S 1.90891 [Temporary] Nonrenewal of multi-line contracts.

Nothing in 4 MCAR SS 1.9081-1.90892 [Temporary] prohibits an insurance company from nonrenewing a multi-line insurance contract. However, if these rules prevent nonrenewal of the automobile insurance portion of the contract, then the insurance

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company shall issue to the named insured a policy of automobile insurance providing coverage as included in the multi-line contract.

4 MCAR S 1.90892 [Temporary] Penalties.

A. Generally. Failure to comply with 4 MCAR SS 1.9081-1.90892 subjects the insurers to the following penalties during each calendar year period:

1. first violation, $100;

2. second violation, $300; and

3. third and subsequent violation, $500.

agency discretion ? use criteria

Monetary penalties may be waived upon a showing that the nonrenewal notice was based on a good faith judgment supported by evidence that was in the possession of the insurer at the time of the sending of the nonrenewal notice.

B. Disapproval by commissioner. Any nonrenewal of a policy in violation of 4 MCAR SS 1.9081-1.90892 [Temporary] will be disapproved by the commissioner of commerce pursuant to Minnesota Statutes, section 65B.21.

C. Additional penalties. Nothing contained in this rule prohibits the commissioner of commerce from applying additional penalties or remedies as may be imposed under Minnesota Statutes, chapter 72A.

D. Application and effective date. Monetary penalties become effective for any nonrenewal in violation of 4 MCAR SS 1.9081-1.90982 [Temporary] sent on or after January 1, 1984.

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

OFFICE OF THE REVISOR OF STATUTES

Proposed Rule

RD396T

Agency: Department of Commerce

Division: Insurance

Agency Contact: Dale McDonnel

Rule Numbers: 4 MCAR SS 1.9081-1.90892 [Temporary]

Title: Proposed Rules Governing Auto Insurance Nonrenewals

Type of Rules: Temporary

Incorporations by Reference: None
Rule Number: Material Incorporated:

Duplication of Statutory Language: None
Rule Number: Statutory Section Duplicated:

The attached rules are approved as to form.

APPROVED AS TO LEGALITY
9/27 19 83
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY
SPECIAL ASSISTANT ATTORNEY GENERAL

Steven C. Cross
Revisor of Statutes

Paul M. Marinac
Assistant Deputy Revisor
Phone: 296-0948
Date: August 8, 1983

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT - 6 1983
Joan Anderson Growe
Secretary of State

3:20 P.M.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of
Rules Governing Auto Insurance Nonrenewals
4MCAR §§ 1.9081 - 1.90892

ORDER ADOPTING
TEMPORARY RULES

The above-entitled matter was published in the State Register on August 22, 1983, as a proposed temporary rule pursuant to Minn. Stat. § 14.30. After affording interested and affected persons an opportunity to submit written data and views within 20 days of the publication date, reviewing and considering the data and views, determining that the rules are needed and reasonable;

NOW, THEREFORE, IT IS ORDERED that these rules identified as 4 MCAR §§ 1.9081 - 1.90892 are adopted this 16th day of September, 1983, pursuant to authority vested in me by Minn. Stat. § 65B.17, subd. 2..

Michael A. Hatch
Commissioner of Commerce

Department of Commerce
Insurance Division

Notice of Intent to Solicit Outside Opinion Regarding Proposed Rules Relating to Nonrenewal of Automobile Policies

Notice is hereby given that the Insurance Division is seeking information or opinions from persons outside the agency in preparing to promulgate new rules relating to nonrenewal of automobile policies. Promulgation of these rules is authorized by Minnesota Laws, ch. 203 (Minn. Stat. § 65B.17).

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 to: William Kyle, Insurance Division, 500 Metro Square Building, St. Paul, MN 55101, (612) 296-6944.

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

Reynaud L. Harp
Commissioner of Insurance

Competitive State Insurance Fund
Board of Directors

Notice of the Creation of the Board of Directors of the Competitive State Insurance Fund (In H.F. 575 passed into law this past session, article 2, sec. 2, subd. 2, the board was created.)

The initial board of directors shall be appointed by the governor and shall consist of seven members, and the commissioner of labor and industry. Each member of the initial board shall be either an employer or employee.

Anyone interested in one of these positions should contact Steve Goff at 296-2342.

Department of Economic Security

Notice of Intent to Adopt Rules

The Department of Economic Security is drafting rules to govern the Minnesota Emergency Employment Development (MEED) Act. Comments are welcome from any individual or organization on sections of the legislation viewed as problematic or requiring clarification.

Written comments should be addressed to:

Don Buckner, Project Manager
MN Emergency Employment Development Program
390 North Robert Street
St. Paul, MN 55102

Comments should be submitted by July 1, 1984.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Temporary Rules Governing Auto Insurance Nonrenewals.

ORDER FOR PUBLICATION OF TEMPORARY RULES

IT IS ORDERED this 8th day of August, 1983 that the proposed temporary rules in the above-entitled matter be published in the State Register.

Date: August 8, 1983

Reynaud L. Harp
Deputy Commissioner of Commerce

In the Matter of the Proposed Adoption of
Temporary Rules Relating to Auto Insurance
Nonrenewal

AFFIDAVIT OF
MAILING

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

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

That on the 18th day of August, 1983, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Intent to Adopt Temporary 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 Department of Commerce for the purpose of receiving notice of the proposed adoption of rules.

A copy of the proposed rules is attached.

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

Debbi J. Lindlief

Subscribed and sworn to before me this
18th day of August, 1983.

Department of Commerce

Proposed Temporary Rules Governing
Auto Insurance Nonrenewals

Notice of Intent to Adopt Temporary Rules

Notice is hereby given that the Department of Commerce is proposing to adopt temporary rules to govern auto insurance nonrenewals as authorized by Ch. 203, Sec. 2 of the Session Laws of 1983 (Minn. Stat. § 65B.17, subd. 2). The proposed temporary rules follow this notice.

All interested parties are hereby afforded the opportunity to submit data and views on the proposed temporary rules for 20 days immediately following publication of this material in the State Register. Comments should be submitted in writing to:

Dale L. McDonnell
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101

The proposed temporary rules may be modified if the modifications are supported by the data and views submitted to the Department.

After the 20 day comment period, the proposed temporary rules with modifications, if any, will be sent to the Office of the Attorney General for final approval as to form and legality. The temporary rules shall take effect immediately upon the Attorney General's approval.

The temporary rules shall remain in effect until permanent rules are adopted or for 180 days. The temporary rules may also be extended for an additional 180 days.

Date: August 8, 1983

Reynaud L. Harp

Reynaud L. Harp
Deputy Commissioner of Commerce

Temporary Rules as Proposed (all new material)

4 MCAR S 1.9081 [Temporary] Scope of Authority.

Rules 4 MCAR SS 1.9081-1.90892 [Temporary] apply to all companies writing policies of automobile insurance. They are adopted pursuant to Minnesota Statutes, section 65B.17, subdivision 2.

4 MCAR S 1.9082 [Temporary] Purpose.

Rules 4 MCAR SS 1.9081-1.90892 [Temporary] are designed to limit the reasons a policy of automobile insurance may not be renewed.

4 MCAR S 1.9083 [Temporary] Definitions.

A. Applicability. For the purposes of 4 MCAR SS 1.9081-1.90892 [Temporary], the terms defined in this rule have the meanings given them.

B. Chargeable accident. "Chargeable accident" means an accident involvement in which the insurer nonrenewing the policy makes a payment under bodily injury, property damage, or collision coverages except under the following conditions:

1. In a collision loss, where the insurer recovers 80 percent or more of the insurers loss through subrogation.

2. The automobile was damaged through being struck while lawfully parked. An automobile rolling from a parked position would not be considered lawfully parked if the rolling caused the accident, that is, the rolling car struck another vehicle.

3. The insured or other driver of the car has been paid by the other party, or has a judgment against the other party in the accident.

4. The accident was one in which the damage was caused by the vehicle being rear-ended by another vehicle, unless the driver of the struck vehicle has been convicted of a moving traffic violation in conjunction with the accident.

5. The driver of the other vehicle in the accident has been convicted of a moving violation in conjunction with the accident, and the insured driver has not been convicted of a moving violation in conjunction with the accident.

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6. The insured automobile was damaged by contact with a "hit-and-run" vehicle, if this is so reported to the police, highway patrol, or sheriff within 24 hours after discovery.

7. Any accident for which payment is made under the comprehensive portion of the physical damage coverage of a policy.

C. Commercial vehicle. "Commercial vehicle" is as defined in Minnesota Statutes, section 65B.43, subdivision 12.

D. Emergency vehicle. "Emergency vehicle" means an automobile used in response to an emergency if the operator is responding to a call of duty as a paid or volunteer member of any police or fire departmnt, first aid squad, or any law enforcement agency.

E. Experience period. "Experience period" means three years from the date of an accident to the renewal date of the policy and in the case of a moving traffic violation, three years from the date of occurrence to the renewal date of the policy.

F. Hit and run vehicle. "Hit and run vehicle" means a vehicle that leaves the scene of an accident in violation of Minnesota Statutes, section 169.09, subdivisions 1, 2, 4, and 5, or the comparable provisions of the laws of another jurisdiction where the accident occurred.

G. Multi-line contract. "Multi-line contract" means an insurance contract which insures more than one line of insurance under one contract, such as homeowners and automobile coverages within one contract.

H. Nonrenewal. "Nonrenewal" includes any nonrenewal notice sent to a named insured informing the named insured that the insurer is terminating or intends to terminate a policy as of a certain date. In order to be valid, the notice must comply with all other applicable laws and rules, including Minnesota Statutes, section 65B.17, and 4 MCAR S 1.9087 [Temporary].

Nonrenewal also includes:

1. any reduction in the limits of liability of coverage, except a termination or modification of towing coverage;

2. an increase of a physical damage deductible unless all

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

the existing policies and those policies to be accepted as new business will have the same higher deductibles applied; and

3. the transfer of a named insured from one rating plan to another within the same company, or the transfer of a named insured from one company to another within a group of insurance companies, if the transfer results in a higher premiun. This does not apply to a surcharge on an existing policy.

I. Points. "Points" means the grading system by which each chargeable accident and violation is assigned a certain number of points to determine if a policy is subject to nonrenewal.

J. Policy. "Policy" means a policy or a policy of automobile insurance as defined in Minnesota Statutes, section 65.14, subdivision 2.

K. Private passenger vehicle. "Private passenger vehicle" is as defined in Minnesota Statutes, section 65B.001, subdivision 3.

L. Violations. "Violations" means all moving traffic violations that are recorded by the Department of Public Safety on an operator's motor vehicle record, and violations reported by a similar authority in another state, or reported by the insured, except for equipment violations.

4 MCAR S 1.9084 [Temporary] Reasons for nonrenewal.

The grounds for nonrenewal of a policy are limited to one or more of the following reasons:

A. the reasons stated in Minnesota Statutes, section 65B.15, subdivision 1;

B. an insured equals or exceeds the relevant number of points specified in 4 MCAR S 1.9086 [Temporary];

C. termination of the agency contract, provided that if a named insured is 65 years of age or older, the insurer must reinstate the policy at the written request of the named insured;

D. an insurer ceases to write auto insurance in Minnesota. An insurer writing both commercial vehicle insurance and private passenger auto insurance can cease to write either line and continue to offer coverage in the other line;

E. three or more comprehensive claim payments have been made

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

during the experience period, a deductible of no more than $100 may be applied to the comprehensive coverage of a policy not having a deductible, or either an increase to the next highest deductible level offered by a company or up to $100 may be added to an already existing deductible.

4 MCAR S 1.9085 [Temporary] Schedule of points for a violation or chargeable accident.

The following schedule shows the points assigned to each violation and chargeable accident during the experience period.

A. Four points will be assigned for each of the following:

1. leaving the scene of an accident without stopping to report;

2. a felony involving the use of a motor vehicle, including manslaughter, criminal negligence, or assault originating out of the use of a motor vehicle;

3. theft of, or unlawful taking of, a motor vehicle;

4. any suspension or revocation of an operators' license; and

5. unlawful driving after suspension or revocation of an operators' license.

B. Two and one-half points will be assigned for reckless driving.

C. One and one-half points will be assigned for careless driving.

D. One point will be assigned for:

1. a chargeable accident where total payment under bodily injury, property damage, and collision coverage is over $500; and

2. an open bottle violation.

E. Three-fourths of a point will be assigned for the second and each subsequent violation for speeding during the experience period per individual operator.

F. One-half point will be assigned for:

1. the first violation for speeding during the experience period per individual operator;

2. all other violations;

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

3. a chargeable accident where total payment under bodily injury, property damage, and collision coverages, is $500 or less; and

4. allow open bottle violation.

4 MCAR S 1.9086 [Temporary] Points for nonrenewal.

A. Schedule. The following schedule shows the number of points that must be accumulated before a policy can be nonrenewed:

Vehicles insured	Points to nonrenew
1	2
2	3
3	3 1/2
4 or more	4

B. Exceptions.

1. If one operator accumulates three points or more, a policy or policies may be nonrenewed regardless of the number of insured vehicles in the household. If at the time the nonrenewal was sent, a nonspouse member owns an automobile and a policy of his or her own, then that household member's driving record cannot be used for accumulation of points to determine a basis for nonrenewal of policies of other members of the household.

2. Accidents or violations occurring while operating a commercial vehicle or an emergency vehicle cannot be used to accumulate points for nonrenewing a private passenger vehicle policy, except for violations in the four-point category.

3. Accidents or violations occurring while operating a private passenger vehicle cannot be used to accumulate points for nonrenewing a commercial vehicle policy, except for violations in the four-point category.

4. If a violation and a chargeable accident arise out of the same occurrence, points are charged only to the event which carries the highest point assignment.

4 MCAR S 1.9087 [Temporary] Nonrenewal notices.

A nonrenewal notice must be on a form approved by the

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

Department of Commerce and it must contain on the front of the the notice specific reasons for the nonrenewal and the information required by Minnesota Statutes, section 65B.19 regarding the right of complaint and the availability of the Minnesota Automobile Insurance Plan. The specific reason given for the nonrenewal must include the following information:

1. In the case of violations:
   a. the name of the driver;
   b. the type of violation;
   c. the date of the violation; and
   d. the point value of each violation.
2. In the case of accidents:
   a. the name of the driver;
   b. whether the payment is in excess of or under $500;
   c. the date of the accident; and
   d. the point value of each accident.

The printing of these items on the back of the notice or on a separate sheet will not comply with this rule.

4 MCAR S 1.9088 [Temporary] Record keeping.

Each insurance company shall keep a register of all cancellations, as defined in Minnesota Statutes, section 65B.15, and nonrenewals, as defined in Minnesota Statutes, section 65B.17 and 4 MCAR S 1.9083 H. [Temporary]. This register must be available to the commissioner of commerce, or his designee, at any time.

4 MCAR S 1.9089 [Temporary] Automatic coverage on newly acquired and replacement vehicles.

Rules 4 MCAR SS 1.9081-1.90892 [Temporary] also apply to newly acquired vehicles and replacement vehicles which qualify for the automatic coverage provisions of a policy.

4 MCAR S 1.90891 [Temporary] Nonrenewal of multi-line contracts.

Nothing in 4 MCAR SS 1.9081-1.90892 [Temporary] prohibits an insurance company from nonrenewing a multi-line insurance contract. However, if these rules prevent nonrenewal of the automobile insurance portion of the contract, then the insurance

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company shall issue to the named insured a policy of automobile insurance providing coverage as included in the multi-line contract.

4 MCAR S 1.90892 [Temporary] Penalties.

A. Generally. Failure to comply with 4 MCAR SS 1.9081-1.90892 subjects the insurers to the following penalties during each calendar year period:

1. first violation, $100;

2. second violation, $300; and

3. third and subsequent violation, $500.

Monetary penalties may be waived upon a showing that the nonrenewal notice was based on a good faith judgment supported by evidence that was in the possession of the insurer at the time of the sending of the nonrenewal notice.

B. Disapproval by commissioner. Any nonrenewal of a policy in violation of 4 MCAR SS 1.9081-1.90892 [Temporary] will be disapproved by the commissioner of commerce pursuant to Minnesota Statutes, section 65B.21.

C. Additional penalties. Nothing contained in this rule prohibits the commissioner of commerce from applying additional penalties or remedies as may be imposed under Minnesota Statutes, chapter 72A.

D. Application and effective date. Monetary penalties become effective for any nonrenewal in violation of 4 MCAR SS 1.9081-1.90982 [Temporary] sent on or after January 1, 1984.

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Adoption of
Temporary Rules Governing Auto Insurance
Nonrenewals

I certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minnesota Statutes, section 15.0412, subdivision 4, that their names be placed on file with and maintained by the Department of Commerce for the purpose of receiving notice of the proposed adoption of rules is accurate and complete as of 12:00 P.M., this 18th day of August, 1983.

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Actuaries Management Consultants
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St. Louis, MO 63105

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Office of Administrative Hearings
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Minneapolis, MN 55415

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Fred McGarvey
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230 W. Monroe
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St. Paul, MN 55104

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Natl. Assoc. of [redacted]of. Surplus Lines Off.
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Roswell, GA 30077

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Natl. Insurance Consumer Organization
344 Commerce Street
Alexandria, VA 22314

NIARS Corporation
Three Eighteen West Franklin
Minneapolis, MN 55404

Ohio State Life Insurance Company
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Columbus, OH 43215

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QSS, Inc.
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St. Paul, MN 55101

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Government & Industry Affairs
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Stolpestad, Brown & Smith
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St. Paul, MN 55101

Robert E. Swift, Vice President
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Minneapolis, MN 55401

Trauner, King & Cohen
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Atlanta, GA 30342

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

Wisconsin Employers Insurance Co.
Contracts Department
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Madison, WI 53705

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Minneapolis, MN 55401

Roger A. Peterson
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Minn. League of Credit Unions
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Minnesota Medical Association
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5. A fee of $12 per hour will be charged for tests which are specially requested but not included in E., or which require excess time due to abnormal sample conditions, such as unusual amounts of dirt or foreign material.

6. An additional fee of $2 per sample will be charged for any sample for which special handling is requested, such as samples marked "RUSH."

7. An additional fee of $2 will be charged for each sample received during the period of March 15 through June 30.

8. Fees are payable within 30 days of the invoice date by the person requesting a service. Late payment will result in an eight percent monthly service charge assessed against the unpaid balance.

Department of Commerce

Proposed Temporary Rules Governing Auto Insurance Nonrenewals

Notice of Intent to Adopt Temporary Rules

Notice is hereby given that the Department of Commerce is proposing to adopt temporary rules to govern auto insurance nonrenewals as authorized by Ch. 203, sec. 2 of the Session Laws of 1983 (Minn. Stat. § 65B.17, subd. 2). The proposed temporary rules follow this notice.

All interested parties are hereby afforded the opportunity to submit data and views on the proposed temporary rules for 20 days immediately following publication of this material in the *State Register*. Comments should be submitted in writing to:

Dale L. McDonnell
Department of Commerce
500 Metro Square Building
St. Paul, MN 55101

The proposed temporary rules may be modified if the modifications are supported by the data and views submitted to the department.

After the 20 day comment period, the proposed temporary rules with modifications, if any, will be sent to the Office of the Attorney General for final approval as to form and legality. The temporary rules shall take effect immediately upon the Attorney General's approval.

The temporary rules shall remain in effect until permanent rules are adopted or for 180 days. The temporary rules may also be extended for an additional 180 days.

August 8, 1983

Reynaud L. Harp
Deputy Commissioner of Commerce

Temporary Rules as Proposed (all new material)

4 MCAR § 1.9081 [Temporary] Scope of Authority.

Rules 4 MCAR §§ 1.9081-1.90892 [Temporary] apply to all companies writing policies of automobile insurance. They are adopted pursuant to Minnesota Statutes, section 65B.17, subdivision 2.

4 MCAR § 1.9082 [Temporary] Purpose.

Rules 4 MCAR §§ 1.9081-1.90892 [Temporary] are designed to limit the reasons a policy of automobile insurance may not be renewed.

4 MCAR § 1.9083 [Temporary] Definitions.

A. Applicability. For the purposes of 4 MCAR §§ 1.9081-1.90892 [Temporary], the terms defined in this rule have the meanings given them.

B. Chargeable accident. "Chargeable accident" means an accident involvement in which the insurer nonrenewing the policy makes a payment under bodily injury, property damage, or collision coverages except under the following conditions:

1. In a collision loss, where the insurer recovers 80 percent or more of the insurers loss through subrogation.

2. The automobile was damaged through being struck while lawfully parked. An automobile rolling from a parked position would not be considered lawfully parked if the rolling caused the accident, that is, the rolling car struck another vehicle.

3. The insured or other driver of the car has been paid by the other party, or has a judgment against the other party in the accident.

4. The accident was one in which the damage was caused by the vehicle being rear-ended by another vehicle, unless the driver of the struck vehicle has been convicted of a moving traffic violation in conjunction with the accident.

5. The driver of the other vehicle in the accident has been convicted of a moving violation in conjunction with the accident, and the insured driver has not been convicted of a moving violation in conjunction with the accident.

6. The insured automobile was damaged by contact with a "hit-and-run" vehicle, if this is so reported to the police, highway patrol, or sheriff within 24 hours after discovery.

7. Any accident for which payment is made under the comprehensive portion of the physical damage coverage of a policy.

C. Commercial vehicle. "Commercial vehicle" is as defined in Minnesota Statutes, section 65B.43, subdivision 12.

D. Emergency vehicle. "Emergency vehicle" means an automobile used in response to an emergency if the operator is responding to a call of duty as a paid or volunteer member of any police or fire department, first aid squad, or any law enforcement agency.

E. Experience period. "Experience period" means three years from the date of an accident to the renewal date of the policy and in the case of a moving traffic violation, three years from the date of occurrence to the renewal date of the policy.

F. Hit and run vehicle. "Hit and run vehicle" means a vehicle that leaves the scene of an accident in violation of Minnesota Statutes, section 169.09, subdivisions 1, 2, 4, and 5, or the comparable provisions of the laws of another jurisdiction where the accident occurred.

G. Multi-line contract. "Multi-line contract" means an insurance contract which insures more than one line of insurance under one contract, such as homeowners and automobile coverages within one contract.

H. Nonrenewal. "Nonrenewal" includes any nonrenewal notice sent to a named insured informing the named insured that the insurer is terminating or intends to terminate a policy as of a certain date. In order to be valid, the notice must comply with all other applicable laws and rules, including Minnesota Statutes, section 65B.17, and 4 MCAR § 1.9087 [Temporary].

Nonrenewal also includes:

1. any reduction in the limits of liability of coverage, except a termination or modification of towing coverage;

2. an increase of a physical damage deductible unless all the existing policies and those policies to be accepted as new business will have the same higher deductibles applied; and

3. the transfer of a named insured from one rating plan to another within the same company, or the transfer of a named insured from one company to another within a group of insurance companies, if the transfer results in a higher premium. This does not apply to a surcharge on an existing policy.

I. Points. "Points" means the grading system by which each chargeable accident and violation is assigned a certain number of points to determine if a policy is subject to nonrenewal.

J. Policy. "Policy" means a policy or a policy of automobile insurance as defined in Minnesota Statutes, section 65.14, subdivision 2.

K. Private passenger vehicle. "Private passenger vehicle" is as defined in Minnesota Statutes, section 65B.001, subdivision 3.

L. Violations. "Violations" means all moving traffic violations that are recorded by the Department of Public Safety on an operator's motor vehicle record, and violations reported by a similar authority in another state, or reported by the insured, except for equipment violations.

4 MCAR § 1.9084 [Temporary] Reasons for nonrenewal.

The grounds for nonrenewal of a policy are limited to one or more of the following reasons:

A. the reasons stated in Minnesota Statutes, section 65B.15, subdivision 1;

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. an insured equals or exceeds the relevant number of points specified in 4 MCAR § 1.9086 [Temporary];

C. termination of the agency contract, provided that if a named insured is 65 years of age or older, the insurer must reinstate the policy at the written request of the named insured;

D. an insurer ceases to write auto insurance in Minnesota. An insurer writing both commercial vehicle insurance and private passenger auto insurance can cease to write either line and continue to offer coverage in the other line;

E. three or more comprehensive claim payments have been made during the experience period, a deductible of no more than $100 may be applied to the comprehensive coverage of a policy not having a deductible, or either an increase to the next highest deductible level offered by a company or up to $100 may be added to an already existing deductible.

4 MCAR § 1.9085 [Temporary] Schedule of points for a violation or chargeable accident.

The following schedule shows the points assigned to each violation and chargeable accident during the experience period.

A. Four points will be assigned for each of the following:

1. leaving the scene of an accident without stopping to report;

2. a felony involving the use of a motor vehicle, including manslaughter, criminal negligence, or assault originating out of the use of a motor vehicle;

3. theft of, or unlawful taking of, a motor vehicle;

4. any suspension or revocation of an operators' license; and

5. unlawful driving after suspension or revocation of an operators' license.

B. Two and one-half points will be assigned for reckless driving.

C. One and one-half points will be assigned for careless driving.

D. One point will be assigned for:

1. a chargeable accident where total payment under bodily injury, property damage, and collision coverage is over $500; and

2. an open bottle violation.

E. Three-fourths of a point will be assigned for the second and each subsequent violation for speeding during the experience period per individual operator.

F. One-half point will be assigned for:

1. the first violation for speeding during the experience period per individual operator;

2. all other violations;

3. a chargeable accident where total payment under bodily injury, property damage, and collision, coverages, is $500 or less; and

4. allow open bottle violation.

4 MCAR § 1.9086 [Temporary] Points for nonrenewal.

A. Schedule. The following schedule shows the number of points that must be accumulated before a policy can be nonrenewed:

Vehicles insured	Points to nonrenew
1	2
2	3
3	3½
4 or more	4

B. Exceptions.

1. If one operator accumulates three points or more, a policy or policies may be nonrenewed regardless of the number of insured vehicles in the household. If at the time the nonrenewal was sent, a nonspouse member owns an automobile and a policy of his or her own, then that household member's driving record cannot be used for accumulation of points to determine a basis for nonrenewal of policies of other members of the household.

2. Accidents or violations occurring while operating a commercial vehicle or an emergency vehicle cannot be used to accumulate points for nonrenewing a private passenger vehicle policy, except for violations in the four-point category.

3. Accidents or violations occurring while operating a private passenger vehicle cannot be used to accumulate points for nonrenewing a commercial vehicle policy, except for violations in the four-point category.

4. If a violation and a chargeable accident arise out of the same occurrence, points are charged only to the event which carries the highest point assignment.

4 MCAR § 1.9087 [Temporary] Nonrenewal notices.

A nonrenewal notice must be on a form approved by the Department of Commerce and it must contain on the front of the notice specific reasons for the nonrenewal and the information required by Minnesota Statutes, section 65B.19 regarding the right of complaint and the availability of the Minnesota Automobile Insurance Plan. The specific reason given for the nonrenewal must include the following information:

1. In the case of violations:
   a. the name of the driver;
   b. the type of violation;
   c. the date of the violation; and
   d. the point value of each violation.
2. In the case of accidents:
   a. the name of the driver;
   b. whether the payment is in excess of or under $500;
   c. the date of the accident; and
   d. the point value of each accident.

The printing of these items on the back of the notice or on a separate sheet will not comply with this rule.

4 MCAR § 1.9088 [Temporary] Record keeping.

Each insurance company shall keep a register of all cancellations, as defined in Minnesota Statutes, section 65B.15, and nonrenewals, as defined in Minnesota Statutes, section 65B.17 and 4 MCAR § 1.9083 H. [Temporary]. This register must be available to the commissioner of commerce, or his designee, at any time.

4 MCAR § 1.9089 [Temporary] Automatic coverage on newly acquired and replacement vehicles.

Rules 4 MCAR §§ 1.9081-1.90892 [Temporary] also apply to newly acquired vehicles and replacement vehicles which qualify for the automatic coverage provisions of a policy.

4 MCAR § 1.90891 [Temporary] Nonrenewal of multi-line contracts.

Nothing in 4 MCAR §§ 1.9081-1.90892 [Temporary] prohibits an insurance company from nonrenewing a multi-line insurance contract. However, if these rules prevent nonrenewal of the automobile insurance portion of the contract, then the insurance company shall issue to the named insured a policy of automobile insurance providing coverage as included in the multi-line contract.

4 MCAR § 1.90892 [Temporary] Penalties.

A. Generally. Failure to comply with 4 MCAR §§ 1.9081-1.90892 subjects the insurers to the following penalties during each calendar year period:

1. first violation, $100;
2. second violation, $300; and
3. third and subsequent violation, $500.

Monetary penalties may be waived upon a showing that the nonrenewal notice was based on a good faith judgment supported by evidence that was in the possession of the insurer at the time of the sending of the nonrenewal notice.

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. Disapproval by commissioner. Any nonrenewal of a policy in violation of 4 MCAR §§ 1.9081-1.90892 [Temporary] will be disapproved by the commissioner of commerce pursuant to Minnesota Statutes, section 65B.21.

C. Additional penalties. Nothing contained in this rule prohibits the commissioner of commerce from applying additional penalties or remedies as may be imposed under Minnesota Statutes, chapter 72A.

D. Application and effective date. Monetary penalties become effective for any nonrenewal in violation of 4 MCAR §§ 1.9081-1.90892 [Temporary] sent on or after January 1, 1984.

Department of Labor and Industry
Workers' Compensation Rehabilitation Services

Proposed Rules Governing Qualified Rehabilitation Consultants and Rehabilitation Vendors

Notice of Hearing

Notice is hereby given that a public hearing in the above-entitled matter will be held pursuant to Minnesota Statutes, section 14.14, subdivision 1, in the Auditorium at St. Paul Technical Vocational Institute, 235 Marshall Avenue, St. Paul, Minnesota on September 23, 1983, commencing at 8:30 A.M. and continuing until all persons or representatives of associations or other interested groups have had an opportunity to be heard concerning adoption of the proposed rules captioned above by submitting either oral or written data, statements, or arguments. Statements or briefs may be submitted without appearing at the hearing.

The Commissioner of Labor and Industry has been provided the statutory authority to promulgate rules governing qualified rehabilitation consultant qualifications, standards for performance, services and fees, and revocation procedures for qualified rehabilitation consultants/rehabilitation vendors. The promulgation of these rules is authorized by Minnesota Statutes §§ 176.102, subds. 2, 10; and § 176.83, which require the agency to promulgate rules relating to qualified rehabilitation consultants and rehabilitation vendors any other rules necessary to implement Minn. Stat. § 176.102.

A copy of the rules is attached. One free copy of this notice and the proposed rules may be obtained by contacting:

Gladys Westberg, Director
Rehabilitation Services
Workers' Compensation Division
Department of Labor and Industry
444 Lafayette Road
St. Paul, Minnesota 55101
Telephone: (612) 297-2684

Additional copies will also be available at the door on the date of the hearing.

Notice is also hereby given that twenty-five (25) days prior to the hearing a statement of need and reasonableness will be available for review at the address given above of the Department of Labor and Industry and at the Office of Administrative Hearings. The statement of need and reasonableness will include a summary of all of the evidence and argument which the department anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rule(s). Copies of the statement of need and reasonableness may be obtained from the Office of Administrative Hearings at a minimal charge.

The proposed rules are subject to change as a result of the rule hearing process. The Department of Labor and Industry strongly urges those who are potentially affected by these proposed rules to participate in the rule hearing process.

All interested or affected persons will have an opportunity to participate concerning the adoption of proposed rules. Statements may be made orally and written material may be submitted at the hearing. The Department of Labor and Industry hereby requests those submitting written statements to provide a copy of said materials to the department address given previously, if possible. In addition, whether or not an appearance is made at the hearing, written statements or material may be submitted by mail to Peter Erickson, Hearing Examiner, Office of Administrative Hearings, 400 Summit Bank Building, 310 South Fourth Avenue, Minneapolis, Minnesota 55415, telephone (612) 341-7606, either before the hearing or within five (5) working days after the close of the hearing. If so ordered by the hearing examiner, the hearing record may remain open and such materials may be submitted for a period longer than five (5) working days but not exceeding twenty (20) calendar days after the close of the hearing. All such statements and materials will be entered into and become a part of the record for this proceeding. The rule hearing procedure is governed by Minnesota Statutes § 14.14 as well as by 9 MCAR §§ 2.101 to 2.112 (Minnesota Code of Agency Rules). If you have any questions about this procedure, call or write the hearing examiner.

In the Matter of the Proposed Adoption
of Temporary Rules Governing Auto
Insurance Nonrenewals
4MCAR §§ 1.9081 - 1.90892

STATEMENT OF
COMPLIANCE WITH
RULEMAKING PROCEDURES

I, Robert 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: September 20, 1983