

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 444

TEMPORARY

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 1-[illegible]10
DATE FOR REVIEW
DATE DUE 1-[illegible]17

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

Approved 1-27-84 mjc ✓ Disapproved Returned to Agency

Resubmitted Due
Approved Disapproved Returned to Agency

Date filed w/Secretary of State Revisor approved / disapproved

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✓ Rule as Adopted

✓ Rule as Proposed

✓ Order Adopting 1.6.84. Date

✓ N/A Notice of Intent to Solicit Outside Opinion

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

✓ Mailing list Certificate

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

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

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 : Micheal A. Hatch, Commissioner of Commerce DATE: 1/17/84

Attn: PEGGY L. BUNCH, Special Assistant Attorney General

FROM : MARTHA J. CASSERLY MJC PHONE: 296-4692
Special Assistant
Attorney General

SUBJECT: In the Matter of the Proposed Adoption of Rules Relating to Self-Insurance Plan Administrators

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.

MJC/ls

cc: Ms. Kathy Burek
Mr. Duane Harves

AG copy.

Department of Commerce

Adopted Temporary Rules Governing Self-Insurance Plan Administrators

Temporary Rules as Adopted

4 MCAR S 1.9260 [Temporary] Purpose and scope.

Rules 4 MCAR SS 1.9260-1.9269 [Temporary] are designed to assure that the self-insurance plan administrators are capable of providing risk management services, financially solvent and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a manner which is fair, equitable, and consistent with all applicable Minnesota Statutes.

4 MCAR S 1.9261 [Temporary] Authority.

Rules 4 MCAR SS 1.9260-1.9269 [Temporary] are adopted under the authority of Minnesota Statutes, section ~~60A.28~~ 60A.23, subdivision 8, clause (5).

4 MCAR S 1.9262 [Temporary] Definitions.

The following definitions apply in 4 MCAR SS 1.9260-1.9269 unless the context clearly indicates a different meaning.

clarification?

A. Administrator or self-insurance plan administrator. "Administrator" or "self-insurance plan administrator" means vendors of risk management services and entities administering self-insurance plans as defined in Minnesota Statutes, section 60A.23, subdivision 8, clause (2) providing coverage on residents of and risks located in Minnesota.

B. Affiliated company. "Affiliated company" means any company that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the applicant company.

C. Certified audit or certified financial statement. "Certified audit" or "certified financial statement" means an audit or financial statement upon which an independent certified public accountant expresses his or her professional opinion that

the accompanying statements present fairly the financial position of the administrator in conformity with generally accepted accounting principles and generally accepted auditing standards consistently applied.

D. Financial statements. "Financial statements" means both the income statement and a statement of financial position (balance sheet) prepared in conformity with generally accepted accounting principles.

E. Area or areas of risk management. "Area" or "areas of risk management" means life, accident and health, workers' compensation, other liability, and property or casualty.

F. Services or risk management services. "Services" or "risk management services" includes~~, but is not limited to,~~ accounting and record retention, actuarial in conjunction with the other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance.

4 MCAR S 1.9263 [Temporary] Requirements for licensing.

A. Application procedure. Any person or entity desiring to be licensed as a self-insurance plan administrator pursuant to Minnesota Statutes, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the self-insurance plan administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the self-insurance plan administrator.

B. Application contents. Each application for a license as a self-insurance plan administrator must:

1. be signed and sworn to by the applicant, or its owners, and be accompanied by the license fee required by

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JAN 17 1984
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

Minnesota Statutes, section 60A.23. If the applicant is a corporate applicant, it must be verified by the president and secretary of the corporation. All fees must be paid by check, draft, or other negotiable instrument. Cash will not be accepted;

2. contain a description of the specific areas of risk management services intended to be provided;

3. contain the identity of the owners of the company, including all partners of a partnership and all officers and shareholders of a corporation;

4. contain information concerning its organization and staff, with specific information concerning their expertise to provide service in the area stated. This information must include detailed resumes of all key employees and all officers of any subcontractor, stating the name, age, resident address, licensing history, and qualifications and experience of each person relating to the work and qualifications in which they are to perform service. The information must include:

a. The experience and history of accountants if the licensee intends to provide this administrative service to a self-insurer.

b. If the applicant or its subcontractor intends to provide claims adjusting, a resume detailing the experience of the supervisor, who shall possess at least three years' experience adjusting claims in the area of services to be provided.

c. A copy of the license of the adjuster who is responsible for adjusting workers' compensation claims or any other claims where the plan provides liability coverage for any risk or hazard. The self-insurance plan administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B, and that adjuster shall be a resident of Minnesota;

5. Contain full disclosure concerning violations or investigations by any governmental agency which are known to the applicant concerning any person who is or may be affiliated with

the applicant as an owner, shareholder, officer, employee, subcontractor, or employee of a subcontractor with the applicant.

6. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance.

7. State the name and address of a resident agent who is authorized to act on behalf of the administrator and to accept service of process.

8. Include financial statements for the previous three years, or for as many years as the administrator has been in business up to three years, and a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or the financial condition of the applicant since the date of the certified financial statement.

9. Contain a statement that the applicant and its officers and supervising managers shall be responsible for the supervision of the actions of any and all personnel and subcontractors acting on behalf of the applicant.

4 MCAR S 1.9264 [Temporary] Amended licenses.

A licensee may apply to amend a license to include services or areas of risk management for which it was not previously licensed by submitting:

A. information detailing the expanded services it wishes to provide;

B. such other information relating to the expanded services as required by 4 MCAR S 1.9263 [Temporary] B.; and

C. proof of coverage under the fidelity bond for the new or changed personnel, if the services to be provided include handling of funds.

4 MCAR S 1.9265 [Temporary] License renewals.

A. Time of filing. Application for renewal of a license shall be filed with the commissioner at least 60 days prior to the expiration date of that license.

B. Required information. In support of the application for license renewal, a self-insurance plan administrator shall submit:

1. any changes in the description of the administrative services intended to be provided;

2. any changes in ownership of the company, including detailed information about the new owners;

3. any changes in key staff or an employee's responsibilities, including resumes of all new staff members or additional information to show qualifications of current staff to take on new responsibilities;

4. an explanation of any changes in contracts with subcontractors, including firms contracted with, services provided, or individuals providing services contracted for;

5. an affidavit signed by a company officer under oath stating that there has been no material change in the net worth or financial condition since the last affidavit was filed, and financial statements for the two previous years. If such a change has taken place, the officer shall submit with the renewal application a detailed explanation of what happened to cause such an adverse change;

? what if there is a positive change

6. proof of coverage under the fidelity bond for all persons involved in making claims payments, and all officers of the company; and

7. information relating to any changes in personnel acting as resident agents for the self-insurance plan administrator.

4 MCAR S 1.9266 [Temporary] License reporting requirements.

A. Time limit. Within 30 days of the contract, a licensee shall inform the department in writing of the name or names of any self-insured under contract and the lines for which the client is self-insured excepting qualified ERISA clients, if this information is classified as nonpublic by the commissioner

of administration.

B. Examinations. The commissioner may make examinations within or outside of the state of each licensee's records at a reasonable time and in the scope necessary to enforce the provisions of Minnesota Statutes and the rules of the Department of Commerce.

C. Report compliance. Each licensee shall file and ensure that the self-insurers it services file all required reports relating to those services which the administrator provides within the times established by statute, by rule, or by order of the commissioner. The reports must include:

1. an annual activity report, filed within 60 days of the end of the calendar year, stating:

a. the name and address of self-insurance clients administered by the licensee in Minnesota for the previous calendar year, excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration;

b. the area and type of service provided by each plan;

c. the starting and termination date each client was serviced;

d. the total number and total amount of claims paid and lost payments disbursed on behalf of each client;

e. the reserves established for each client; and

f. the dates of losses and the date claim file closed;

2. loss information reports required by 4 MCAR S 1.9289;

3. any reports required by the Workers' Compensation Reinsurance Association;

4. any report required by the Minnesota Department of Labor and Industry; and

5. any other report required by the Department of Commerce.

D. Notification of contract termination. If the contract between a licensee and a self-insured is terminated, the licensee shall notify the commissioner in writing within 30 days of termination. The licensee shall maintain copies of all

records relating to the self-insured for six years after the termination date of each contract, if the records are not returned to the client.

E. Notification of cessation of business activities. If a licensee ceases doing business as a self-insurance plan administrator, the license shall be surrendered and the commissioner shall be informed in writing as to the name and address of the custodian and the location of any files of self-insured clients administered by the licensee.

F. Notification of material changes. The administrator shall notify the commissioner in writing of any change in supervisory personnel, management, or any other material change within 30 days of the change and include a detailed explanation of the change.

4 MCAR S 1.9267 [Temporary] Premium collections.

A. Fiduciary relationship. All insurance charges or premiums collected by an administrator on behalf of or for a principal, and return premiums received from the principal, must be held by the administrator in a fiduciary capacity. These funds must be remitted immediately to the person entitled to them, or must be deposited promptly in a fiduciary bank account established and maintained by the administrator.

B. Commingling. If charges or premiums deposited in the fiduciary account have been collected on behalf of or for more than one principal, the administrator shall cause the bank in which the fiduciary account or claims-paying account is maintained to keep records clearly recording the deposits in and withdrawals from the account on behalf of or for each principal. The administrator shall promptly obtain and keep copies of these records and shall furnish the principal with copies of these records monthly pertaining to deposits and withdrawals on behalf of or for the principal.

C. Interest. Any interest earned on deposits is the property of the principal on whose behalf the deposit was made.

D. Limitation on claims payment. The administrator may not pay any claim by withdrawals from the fiduciary account. Claims

payments must be made from a claims-paying account established and maintained by the administrator on behalf of the principal. The administrator shall keep a record of all transactions and shall furnish the principal with copies of these records monthly pertaining to deposits, withdrawals, and claims payments on behalf of and for the principal.

E. Withdrawals. Withdrawals from the fiduciary account may be made, as provided in the written agreement under Minnesota Statutes, section 60A.23 for any of the following:

1. remittance to a principal entitled to the withdrawal;

2. deposit in an account maintained in the name of the principal;

3. transfer to and deposit in a claims-paying account;

4. payment to the administrator of its commission, fees, or charges;

5. remittance of return premiums to the person entitled to the remittance.

Withdrawals on behalf of a principal may not be greater than the sum of the deposits and interest made on behalf of that principal.

4 MCAR S 1.9268 [Temporary] Bond amounts.

A. Administrator not commingling funds. The amount of the fidelity bond required under 4 MCAR S 1.9263 [Temporary] B.6. for an administrator who does not commingle funds of either his or her fiduciary account or claims-paying account must be in the amount of the average daily balance of all trust accounts, or $500,000, whichever is greater, up to a maximum of $2,000,000.

B. Administrator commingling funds. The amount of the fidelity bond required under 4 MCAR S 1.9263 [Temporary] B.6. for an administrator who commingles funds of either his or her fiduciary account or claims-paying account must be in the amount of the average daily balance of all trust accounts, or $1,000,000, whichever is greater, up to a maximum of $5,000,000.

4 MCAR S 1.9269 [Temporary] Denial, suspension, revocation, or censure of licenses.

A. Commissioner's findings. The commissioner will investigate and may by order deny, suspend, or revoke any license, or may censure a licensee if the commissioner finds:

1. that the order is in the public interest; and

2. that the applicant or licensee, or in the case of a corporation or partner, any officer, director, partner, employee, subcontractor, or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the licensee, or controlled by the licensee:

a. has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

b. has engaged in a fraudulent or deceptive practice as defined by Minnesota Statutes, chapters 60A and 72A, and rules adopted thereunder;

c. is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of insurance administration;

d. failed to reasonably act as a supervisor so as to cause injury or harm to the public;

e. failed to act reasonably in the conduct of claims adjustment or claims administration;

f. does not possess the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered; or

g. violated or failed to comply with any provision for proper claims administration as set forth in Minnesota Statutes, chapters 60A to 79, and 176, and any rules adopted thereunder.

B. Informal conferences. The commissioner may request an informal conference to discuss and resolve any allegations of violations.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JAN 18 1984
Joan Anderson Growe
Secretary of State
2:10 PM

APPROVED AS TO FORM AND LEGALITY
January 17 1984
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY Martha J Cassedy
SPECIAL ASSISTANT ATTORNEY GENERAL

Department of Commerce

Adopted Temporary Rules Governing Self-Insurance Plan Administrators

Temporary Rules as ~~Adopted~~ Proposed

4 MCAR S 1.9260 [Temporary] Purpose and scope.

Rules 4 MCAR SS 1.9260-1.9269 [Temporary] are designed to assure that the self-insurance plan administrators are capable of providing risk management services, financially solvent and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a manner which is fair, equitable, and consistent with all applicable Minnesota Statutes.

4 MCAR S 1.9261 [Temporary] Authority.

Rules 4 MCAR SS 1.9260-1.9269 [Temporary] are adopted under the authority of Minnesota Statutes, section 60A.28, subdivision 8, clause (5).

4 MCAR S 1.9262 [Temporary] Definitions.

A. Administrator or self-insurance plan administrator. "Administrator" or "self-insurance plan administrator" means vendors of risk management services and entities administering self-insurance plans as defined in Minnesota Statutes, section 60A.23, subdivision 8, clause (2) providing coverage on residents of and risks located in Minnesota.

B. Affiliated company. "Affiliated company" means any company that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the applicant company.

C. Certified audit or certified financial statement. "Certified audit" or "certified financial statement" means an audit or financial statement upon which an independent certified public accountant expresses his or her professional opinion that the accompanying statements present fairly the financial position of the administrator in conformity with generally

accepted accounting principles and generally accepted auditing standards consistently applied.

D. Financial statements. "Financial statements" means both the income statement and a statement of financial position (balance sheet) prepared in conformity with generally accepted accounting principles.

E. Area or areas of risk management. "Area" or "areas of risk management" means life, accident and health, workers' compensation, other liability, and property or casualty.

F. Services or risk management services. "Services" or "risk management services" includes, but is not limited to, accounting and record retention, actuarial in conjunction with the other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance.

4 MCAR S 1.9263 [Temporary] Requirements for licensing.

A. Application procedure. Any person or entity desiring to be licensed as a self-insurance plan administrator pursuant to Minnesota Statutes, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the self-insurance plan administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the self-insurance plan administrator.

B. Application contents. Each application for a license as a self-insurance plan administrator must:

1. be signed and sworn to by the applicant, or its owners, and be accompanied by the license fee required by Minnesota Statutes, section 60A.23. If the applicant is a corporate applicant, it must be verified by the president and

secretary of the corporation. All fees must be paid by check, draft, or other negotiable instrument. Cash will not be accepted;

2. contain a description of the specific areas of risk management services intended to be provided;

3. contain the identity of the owners of the company, including all partners of a partnership and all officers and shareholders of a corporation;

4. contain information concerning its organization and staff, with specific information concerning their expertise to provide service in the area stated. This information must include detailed resumes of all key employees and all officers of any subcontractor, stating the name, age, resident address, licensing history, and qualifications and experience of each person relating to the work and qualifications in which they are to perform service. The information must include:

a. The experience and history of accountants if the licensee intends to provide this administrative service to a self-insurer.

b. If the applicant or its subcontractor intends to provide claims adjusting, a resume detailing the experience of the supervisor, who shall possess at least three years' experience adjusting claims in the area of services to be provided.

c. A copy of the license of the adjuster who is responsible for adjusting workers' compensation claims or any other claims where the plan provides liability coverage for any risk or hazard. The self-insurance plan administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B, and that adjuster shall be a resident of Minnesota;

5. Contain full disclosure concerning violations or investigations by any governmental agency which are known to the applicant concerning any person who is or may be affiliated with the applicant as an owner, shareholder, officer, employee, subcontractor, or employee of a subcontractor with the applicant.

6. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance.

7. State the name and address of a resident agent who is authorized to act on behalf of the administrator and to accept service of process.

8. Include financial statements for the previous three years, or for as many years as the administrator has been in business up to three years, and a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or the financial condition of the applicant since the date of the certified financial statement.

9. Contain a statement that the applicant and its officers and supervising managers shall be responsible for the supervision of the actions of any and all personnel and subcontractors acting on behalf of the applicant.

4 MCAR S 1.9264 [Temporary] Amended licenses.

A licensee may apply to amend a license to include services or areas of risk management for which it was not previously licensed by submitting:

A. information detailing the expanded services it wishes to provide;

B. such other information relating to the expanded services as required by 4 MCAR S 1.9263 [Temporary] B.; and

C. proof of coverage under the fidelity bond for the new or changed personnel, if the services to be provided include handling of funds.

4 MCAR S 1.9265 [Temporary] License renewals.

A. Time of filing. Application for renewal of a license shall be filed with the commissioner at least 60 days prior to

the expiration date of that license.

B. Required information. In support of the application for license renewal, a self-insurance plan administrator shall submit:

1. any changes in the description of the administrative services intended to be provided;

2. any changes in ownership of the company, including detailed information about the new owners;

3. any changes in key staff or an employee's responsibilities, including resumes of all new staff members or additional information to show qualifications of current staff to take on new responsibilities;

4. an explanation of any changes in contracts with subcontractors, including firms contracted with, services provided, or individuals providing services contracted for;

5. an affidavit signed by a company officer under oath stating that there has been no material change in the net worth or financial condition since the last affidavit was filed, and financial statements for the two previous years. If such a change has taken place, the officer shall submit with the renewal application a detailed explanation of what happened to cause such an adverse change;

6. proof of coverage under the fidelity bond for all persons involved in making claims payments, and all officers of the company; and

7. information relating to any changes in personnel acting as resident agents for the self-insurance plan administrator.

4 MCAR S 1.9266 [Temporary] License reporting requirements.

A. Time limit. Within 30 days of the contract, a licensee shall inform the department in writing of the name or names of any self-insured under contract and the lines for which the client is self-insured excepting qualified ERISA clients, if this information is classified as nonpublic by the commissioner of administration.

B. Examinations. The commissioner may make examinations

within or outside of the state of each licensee's records at a reasonable time and in the scope necessary to enforce the provisions of Minnesota Statutes and the rules of the Department of Commerce.

C. Report compliance. Each licensee shall file and ensure that the self-insurers it services file all required reports relating to those services which the administrator provides within the times established by statute, by rule, or by order of the commissioner. The reports must include:

1. an annual activity report, filed within 60 days of the end of the calendar year, stating:

a. the name and address of self-insurance clients administered by the licensee in Minnesota for the previous calendar year, excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration;

b. the area and type of service provided by each plan;

c. the starting and termination date each client was serviced;

d. the total number and total amount of claims paid and lost payments disbursed on behalf of each client;

e. the reserves established for each client; and

f. the dates of losses and the date claim file closed;

2. loss information reports required by 4 MCAR S 1.9289;

3. any reports required by the Workers' Compensation Reinsurance Association;

4. any report required by the Minnesota Department of Labor and Industry; and

5. any other report required by the Department of Commerce.

D. Notification of contract termination. If the contract between a licensee and a self-insured is terminated, the licensee shall notify the commissioner in writing within 30 days of termination. The licensee shall maintain copies of all records relating to the self-insured for six years after the termination date of each contract, if the records are not

returned to the client.

E. Notification of cessation of business activities. If a licensee ceases doing business as a self-insurance plan administrator, the license shall be surrendered and the commissioner shall be informed in writing as to the name and address of the custodian and the location of any files of self-insured clients administered by the licensee.

F. Notification of material changes. The administrator shall notify the commissioner in writing of any change in supervisory personnel, management, or any other material change within 30 days of the change and include a detailed explanation of the change.

4 MCAR S 1.9267 [Temporary] Premium collections.

A. Fiduciary relationship. All insurance charges or premiums collected by an administrator on behalf of or for a principal, and return premiums received from the principal, must be held by the administrator in a fiduciary capacity. These funds must be remitted immediately to the person entitled to them, or must be deposited promptly in a fiduciary bank account established and maintained by the administrator.

B. Commingling. If charges or premiums deposited in the fiduciary account have been collected on behalf of or for more than one principal, the administrator shall cause the bank in which the fiduciary account or claims-paying account is maintained to keep records clearly recording the deposits in and withdrawals from the account on behalf of or for each principal. The administrator shall promptly obtain and keep copies of these records and shall furnish the principal with copies of these records monthly pertaining to deposits and withdrawals on behalf of or for the principal.

C. Interest. Any interest earned on deposits is the property of the principal on whose behalf the deposit was made.

D. Limitation on claims payment. The administrator may not pay any claim by withdrawals from the fiduciary account. Claims payments must be made from a claims-paying account established and maintained by the administrator on behalf of the principal.

The administrator shall keep a record of all transactions and shall furnish the principal with copies of these records monthly pertaining to deposits, withdrawals, and claims payments on behalf of and for the principal.

E. Withdrawals. Withdrawals from the fiduciary account may be made, as provided in the written agreement under Minnesota Statutes, section 60A.23 for any of the following:

1. remittance to a principal entitled to the withdrawal;

2. deposit in an account maintained in the name of the principal;

3. transfer to and deposit in a claims-paying account;

4. payment to the administrator of its commission, fees, or charges;

5. remittance of return premiums to the person entitled to the remittance.

Withdrawals on behalf of a principal may not be greater than the sum of the deposits and interest made on behalf of that principal.

4 MCAR S 1.9268 [Temporary] Bond amounts.

A. Administrator not commingling funds. The amount of the fidelity bond required under 4 MCAR S 1.9263 [Temporary] B.6. for an administrator who does not commingle funds of either his or her fiduciary account or claims-paying account must be in the amount of the average daily balance of all trust accounts, or $500,000, whichever is greater, up to a maximum of $2,000,000.

B. Administrator commingling funds. The amount of the fidelity bond required under 4 MCAR S 1.9263 [Temporary] B.6. for an administrator who commingles funds of either his or her fiduciary account or claims-paying account must be in the amount of the average daily balance of all trust accounts, or $1,000,000, whichever is greater, up to a maximum of $5,000,000.

4 MCAR S 1.9269 [Temporary] Denial, suspension, revocation, or censure of licenses.

A. Commissioner's findings. The commissioner will investigate and may by order deny, suspend, or revoke any

license, or may censure a licensee if the commissioner finds:

1. that the order is in the public interest; and

2. that the applicant or licensee, or in the case of a corporation or partner, any officer, director, partner, employee, subcontractor, or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the licensee, or controlled by the licensee:

a. has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

b. has engaged in a fraudulent or deceptive practice as defined by Minnesota Statutes, chapters 60A and 72A, and rules adopted thereunder;

c. is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of insurance administration;

d. failed to reasonably act as a supervisor so as to cause injury or harm to the public;

e. failed to act reasonably in the conduct of claims adjustment or claims administration;

f. does not possess the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered; or

g. violated or failed to comply with any provision for proper claims administration as set forth in Minnesota Statutes, chapters 60A to 79, and 176, and any rules adopted thereunder.

B. Informal conferences. The commissioner may request an informal conference to discuss and resolve any allegations of violations.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Self-Insurance Plan Administrators

ORDER ADOPTING TEMPORARY RULES

The above-entitled matter was published in the State Register on November 14, 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, and considering the comments and views expressed by the Office of the Attorney General;

NOW, THEREFORE, IT IS ORDERED that these rules identified as 4 MCAR §§ 1.9260 - 1.9269 are adopted as amended this 6th day of January, 1984, pursuant to authority vested in me by Minnesota Statutes, section 60A.23, subd. 8, clause (5).

Michael A. Hatch
Commissioner of Commerce

Department of Commerce

Notice of Intent to Solicit Outside Opinion Regarding Proposed Rules Governing Self-Insurance Plan Administrators

Notice is hereby given that the Department of Commerce is seeking information or opinions from persons outside the agency in preparing to promulgate new rules governing self-insurance plan administrators. Promulgation of these rules is authorized by Minnesota Statutes, section 60A.23, subd. 8.

The Department of Commerce 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: Rose Ortiz, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101, (612) 297-4017.

All statements of information and comment shall be accepted until October 1, 1983. Any written material received by the Department of Commerce shall become part of the record in the event that the rules are promulgated.

Michael A. Hatch
Commissioner of Commerce

RECEIVED
JAN 17 1984
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Temporary Rules Governing Self-Insurance Plan Administrators

ORDER FOR NOTICE OF INTENT TO ADOPT TEMPORARY RULES

IT IS ORDERED this 28th day of October, 1983 that Notice of Intent to Adopt Temporary Rules in the above-entitled matter be given to all persons who have registered their names with the Department of Commerce for that purpose and be published in the State Register.

Michael A. Hatch
Commissioner of Commerce

Department of Commerce

Proposed Temporary Rules Governing Self-Insurance Plan Administrators

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled temporary rules. These temporary rules are promulgated pursuant to Minnesota Statutes, section 60A.28, subd. 8, clause (5).

All interested persons may submit comments on the proposed temporary rules for 20 days immediately following publication of this material in the State Register by writing to Rose Ortiz, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. The temporary rules may be revised on the basis of comments received. Any written material received shall become part of the record in the final adoption of the temporary rules. Pursuant to Minnesota Statutes, section 14.35, (1982) these temporary rules shall be in effect for a period of 180 days following adoption and approval by the Attorney General.

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

Michael A. Hatch
Commissioner of Commerce

In the Matter of the Proposed Adoption of
Temporary Rules Governing Self-Insurance
Plan Administrators

AFFIDAVIT OF
MAILING

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

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

That on the 8th day of November, 1983, 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 Department of Commerce for the purpose of receiving notice of the proposed adoption of rules.

A copy of the proposed rules is attached.

Debbi J. Lindlief

Subscribed and sworn to before me this
8th day of November, 1983.

William F. Elliott

NOTARY PUBLIC-
HENNEPIN COUNTY
My Commission Expires June 2, 1988

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Adoption of
Temporary Rules Governing Self-Insurance
Plan Administrators

I certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minnesota Statutes, section 14.14, 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 8th day of November, 1983.

Debbi J. Lindsey

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

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

Joseph T. Justice, Counsel
Alexander Howden Group U.S. Inc.
P.O. Box 19539
Atlanta, GA 30325

Alliance of American Insurers
Attn: Debra G. Wozniak
1501 Woodfield Rd., Suite 400 West
Schaumberg, IL 60195

Willys P. Jones
Allison-Williams Co.
2300 IDS Center
Minneapolis, MN 55402

Mr. Robert J. Demichelis
American Council of Life Insurance
1850 K Street NW
Washington, DC 20006

Fred McGarvey
American Insurance Association
230 W. Monroe
Chicago, IL 60606

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

Morris J. Anderson, Exec. Dir.
Association of Minnesota Counties
555 Park Street, Suite 300
St. Paul, MN 55103

R. G. Lanham, Dir. of Research
Carleton Financial Computations
P.O. Box 570
South Bend, IN 46624

John F. Sheski, Counsel
Central Life Assurance Company
P.O. Box 5620
Madison, WI 53705

Jean M. Reynolds, Treasurer
Mairs and Power Inc.
W-2062 First Natl. Bk. Bldg.
St. Paul, MN 55101

Bruce A. Poulsen, CLU
Prudential Ins. Co. of America
North Central Home Office
Minneapolis, MN 55440

M. D. Monette, V. P. & Counsel
Colonial Penn Group, Inc.
5 Penn Center Plaza
Philadelphia, PA 19181

Coury, Schwinn, Kodadek & McRoberts
1380 Soo Line Bldg.
Minneapolis, MN 55402

Gerard P. Davey
Attorney at Law
One Newport Pl., Suite 900
Newport Beach, CA 92660

Michael Bernardino, Mgr.
Dean Witter Reynolds, Inc.
5 World Trade Center
New York, NY 10048

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

David L. Boehnen
Dorsey & Whitney
1st Bank Place East
Minneapolis, MN 55402

Richard Russell, Esq.
Finley, Kumble, Wagner, et al
425 Park Ave.
New York, NY 10022

Fireman's Fund Emp. Ins. Co.
Contracts Department
P.O. Box 1100
Green Bay, WI 54305

Conrad M. Fredin
811 Norwest Center
Duluth, MN 55802

George H. Frisch
1781 Saunders
St. Paul, MN 55116

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

Mr. Larry A. Bakken
Hamline Law School
1536 Hewitt
St. Paul, MN 55102

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

Norbert A. McCrady
Independent Bankers of Minn.
7850 Metro Pkway., Suite 213
Bloomington, MN 55420

Investment Company Institute
1775 K Street NW
Washington, DC 20006

J. David Wise
Investors Diversified Serv., Inc.
IDS Tower
Minneapolis, MN 55402

Stan Jacobson
Research Dept., State of MN
Room 17, State Capitol
St. Paul, MN 55155

Kathleen P. Burek
Exec. Dir., LCRAR
Rm. 510, State Office Building
St. Paul, MN 55155

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

Richard H. Smith, Dir.
Dept. of Land Registration
P.O. Box 569
Bentonville, AR 72712

Vincent A. Pellerito, President
Land Registrations, Inc.
4603 N. 16th St., Suite 2
Phoenix, AZ 85016

League Service Corporation
575 University Avenue
St. Paul, MN 55103

John R. Houston, Esq.
Lindquist & Vennum
4200 IDS Center
Minneapolis, MN 55402

Mary Beth Brody
MacIntosh & Commers
430 Marquette
Minneapolis, MN 55402

Ron Marien
9604 13th Ave. S.
Bloomington, MN 55420

Katie McLenighan
299 E. State Office Bldg.
St. Paul, MN 55155

Mr. Ronald R. Radtke, Mgr., Comp. Svcs.
Metropolitan Prop. & Liability Ins. Co.
700 Quaker Lane
Warwick, RI 02887

D. F. Hennen, Plant Manager
Midland Glass Company, Inc.
P.O. Box 69
Shakopee, MN 55379

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

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

Gene Johannes
Minnesota Chiropractic Assoc.
2353 Rice St., Suite 125
St. Paul, MN 55113

Minn. Consumer Finance Confer.
810 Norwest Center
St. Paul, MN 55101

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

Minnesota League of Credit Unions
575 University Ave.
St. Paul, MN 55103

Joan M. Archer
Minn. Mfg. Housing Assoc.
222 E. Little Canada Rd., S222
St. Paul, MN 55117

Ms. Lois Wattman DeWitt
Minnesota Medical Association
2221 University Ave. SE, #400
Minneapolis, MN 55414

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

Minn. Petroleum Council
1025 Northern Federal Bldg.
St. Paul, MN 55102

John Van Doorn
Minn. Retail Merchants Assoc.
180 Metro Square Bldg.
St. Paul, MN 55101

Minn. School of Real Est. Inc.
140 W. 98th St.
Oxboro Plaza Bldg.
Bloomington, MN 55420

Abe Rosenthal, Exec. Vice Pres.
Minn. Transport Services Assn.
1821 University Ave.
St. Paul, MN 55104

Philip B. Sears, Esq.
Mosburg & Wright, Inc.
2200 Classen Blvd., 4th Fl.
Oklahoma City, OK 73106

Michael J. Ahern
Moss & Barnett
200 S. Sixth St.
Minneapolis, MN 55402

John F. Stone
Moss & Barnett
200 S. Sixth St.
Minneapolis, MN 55402

NIARS Corporation
Three Eighteen West Franklin
Minneapolis, MN 55404

Mark A. Welshons, Secretary
NWNL Reinsurance Company
P.O. Box 20
Minneapolis, MN 55440

John B. Crosby, V.P. & Gen. Couns.
Natl. Assoc. of Ind. Insurers
2600 River Road
Des Plaines, IL 60018

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

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

Lee T. Peterson
Nelson, Nelson, Kufus & Assoc.
665 N. Snelling Ave.
St. Paul, MN 55104

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

Orion Group, Inc.
Law Division
9 Farm Springs Dr.
Farmington, CT 06032

Roger A. Peterson
Peterson, Engberg & Peterson
700 Title Insurance Bldg.
Minneapolis, MN 55401

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

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

Celeste B. Relyea, Dir. of St. Affairs
Professional Insurance Agents
400 N. Washington St.
Alexandria, VA 22314

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

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

John P. Flaten
Rider, Bennett, Egan & Arundel
2500 First Bank Pl. W.
Minneapolis, MN 55402

Bernard Rosenberg
Robins, Zelle, Larson & Kaplan
33 S. Fifth St.
Minneapolis, MN 55402

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

Kernel L. Armbruster, Gen. Counsel
St. Paul Fire & Marine Ins. Co.
385 Washington St.
St. Paul, MN 55102

Jim Schloner
7733 W. 24th St.
Minneapolis, MN 55425

Kevin J. Nolan, Atty.
Securities Industry Association
120 Broadway
New York, NY 10271

Cezar M. Froelich, Esq.
Shefsky, Saitlin & Froelich, Ltd.
444 N. Michigan Ave., Suite 2300
Chicago, IL 60611

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

4040 IDS Center
Minneapolis, MN 55402

Ron Landsman
Spiegel & McDearmid
2600 Virginia Ave. NW, S 312
Washington, DC 20037

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

Charles F. Happach, Treas. & Gen. Mgr.
State Capitol Credit Union
95 Sherburne
St. Paul, MN 55103

A. Edward Hunter, Asst. Director
State Planning Agency
101 Capitol Square Building
St. Paul, MN 55101

Mary Stanton, Staff Assoc./Fin.
State University System
555 Park St., Suite 230
St. Paul, MN 55103

Gary Gandrud
Stolpestad, Brown & Smith
2000 North Central Tower
St. Paul, MN 55101

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

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

Jerome Scheibl, Vice President
Wausau Insurance Group
2000 Westwood Dr.
Wausau, WI 55401

Workers Comp. Reinsurance Assoc.
900 Minnesota Mutual Life Center
400 North Robert Street
St. Paul, MN 55101

PROPOSED RULES

Pursuant to Minn. Stat. of 1980, §§ 14.21, 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 §§ 14.13-14.20 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. § 14.29, 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

Proposed Temporary Rules Governing Self-Insurance Plan Administrators

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled temporary rules. These temporary rules are promulgated pursuant to Minnesota Statutes, section 60A.28, subd. 8, clause (5).

All interested persons may submit comments on the proposed temporary rules for 20 days immediately following publication of this material in the *State Register* by writing to Rose Ortiz, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. The temporary rules may be revised on the basis of comments received. Any written material received shall become part of the record in the final adoption of the temporary rules. Pursuant to Minnesota Statutes, section 14.35, (1982) these temporary rules shall be in effect for a period of 180 days following adoption and approval by the Attorney General.

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

Michael A. Hatch, Commissioner
Department of Commerce

Temporary Rules as Proposed (all new material)

4 MCAR § 1.9260 [Temporary] Purpose and scope.

Rules 4 MCAR §§ 1.9260-1.9269 [Temporary] are designed to assure that the self-insurance plan administrators are capable of providing risk management services, financially solvent and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a manner which is fair, equitable, and consistent with all applicable Minnesota Statutes.

4 MCAR § 1.9261 [Temporary] Authority.

Rules 4 MCAR §§ 1.9260-1.9269 [Temporary] are adopted under the authority of Minnesota Statutes, section 60A.28, subdivision 8, clause (5).

4 MCAR § 1.9262 [Temporary] Definitions.

A. Administrator or self-insurance plan administrator. "Administrator" or "self-insurance plan administrator" means vendors of risk management services and entities administering self-insurance plans as defined in Minnesota Statutes, section 60A.23, subdivision 8, clause (2) providing coverage on residents of and risks located in Minnesota.

B. Affiliated company. "Affiliated company" means any company that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the applicant company.

C. Certified audit or certified financial statement. "Certified audit" or "certified financial statement" means an audit or financial statement upon which an independent certified public accountant expresses his or her professional opinion that the accompanying statements present fairly the financial position of the administrator in conformity with generally accepted accounting principles and generally accepted auditing standards consistently applied.

D. Financial statements. "Financial statements" means both the income statement and a statement of financial position (balance sheet) prepared in conformity with generally accepted accounting principles.

E. Area or areas of risk management. "Area" or "areas of risk management" means life, accident and health, workers' compensation, other liability, and property or casualty.

F. Services or risk management services. "Services" or "risk management services" includes, but is not limited to, accounting and record retention, actuarial in conjunction with the other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance.

4 MCAR § 1.9263 [Temporary] Requirements for licensing.

A. Application procedure. Any person or entity desiring to be licensed as a self-insurance plan administrator pursuant to Minnesota Statutes, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the self-insurance plan administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the self-insurance plan administrator.

B. Application contents. Each application for a license as a self-insurance plan administrator must:

1. be signed and sworn to by the applicant, or its owners, and be accompanied by the license fee required by Minnesota Statutes, section 60A.23. If the applicant is a corporate applicant, it must be verified by the president and secretary of the corporation. All fees must be paid by check, draft, or other negotiable instrument. Cash will not be accepted;

2. contain a description of the specific areas of risk management services intended to be provided;

3. contain the identity of the owners of the company, including all partners of a partnership and all officers and shareholders of a corporation;

4. contain information concerning its organization and staff, with specific information concerning their expertise to provide service in the area stated. This information must include detailed resumes of all key employees and all officers of any subcontractor, stating the name, age, resident address, licensing history, and qualifications and experience of each person relating to the work and qualifications in which they are to perform service. The information must include:

a. The experience and history of accountants if the licensee intends to provide this administrative service to a self-insurer.

b. If the applicant or its subcontractor intends to provide claims adjusting, a resume detailing the experience of the supervisor, who shall possess at least three years' experience adjusting claims in the areas of services to be provided.

c. A copy of the license of the adjuster who is responsible for adjusting workers' compensation claims or any other claims where the plan provides liability coverage for any risk or hazard. The self-insurance plan administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B, and that adjuster shall be a resident of Minnesota;

5. Contain full disclosure concerning violations or investigations by any governmental agency which are known to the applicant concerning any person who is or may be affiliated with the applicant as an owner, shareholder, officer, employee, subcontractor, or employee of a subcontractor with the applicant.

6. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance.

7. State the name and address of a resident agent who is authorized to act on behalf of the administrator and to accept service of process.

8. Include financial statements for the previous three years, or for as many years as the administrator has been in business up to three years, and a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or the financial condition of the applicant since the date of the certified financial statement.

9. Contain a statement that the applicant and its officers and supervising managers shall be responsible for the supervision of the actions of any and all personnel and subcontractors acting on behalf of the applicant.

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.

4 MCAR § 1.9264 [Temporary] Amended licenses.

A licensee may apply to amend a license to include services or areas of risk management for which it was not previously licensed by submitting:

A. information detailing the expanded services it wishes to provide;

B. such other information relating to the expanded services as required by 4 MCAR § 1.9263 [Temporary] B.; and

C. proof of coverage under the fidelity bond for the new or changed personnel, if the services to be provided include handling of funds.

4 MCAR § 1.9265 [Temporary] License renewals.

A. Time of filing. Application for renewal of a license shall be filed with the commissioner at least 60 days prior to the expiration date of that license.

B. Required information. In support of the application for license renewal, a self-insurance plan administrator shall submit:

1. any changes in the description of the administrative services intended to be provided;

2. any changes in ownership of the company, including detailed information about the new owners;

3. any changes in key staff or an employee's responsibilities, including resumes of all new staff members or additional information to show qualifications of current staff to take on new responsibilities;

4. an explanation of any changes in contracts with subcontractors, including firms contracted with, services provided, or individuals providing services contracted for;

5. an affidavit signed by a company officer under oath stating that there has been no material change in the net worth or financial condition since the last affidavit was filed, and financial statements for the two previous years. If such a change has taken place, the officer shall submit with the renewal application a detailed explanation of what happened to cause such an adverse change;

6. proof of coverage under the fidelity bond for all persons involved in making claims payments, and all officers of the company; and

7. information relating to any changes in personnel acting as resident agents for the self-insurance plan administrator.

4 MCAR § 1.9266 [Temporary] License reporting requirements.

A. Time limit. Within 30 days of the contract, a licensee shall inform the department in writing of the name or names of any self-insured under contract and the lines for which the client is self-insured excepting qualified ERISA clients, if this information is classified as nonpublic by the commissioner of administration.

B. Examinations. The commissioner may make examinations within or outside of the state of each licensee's records at a reasonable time and in the scope necessary to enforce the provisions of Minnesota Statutes and the rules of the Department of Commerce.

C. Report compliance. Each licensee shall file and ensure that the self-insurers it services file all required reports relating to those services which the administrator provides within the times established by statute, by rule, or by order of the commissioner. The reports must include:

1. an annual activity report, filed within 60 days of the end of the calendar year, stating:

a. the name and address of self-insurance clients administered by the licensee in Minnesota for the previous calendar year, excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration;

b. the area and type of service provided by each plan;

c. the starting and termination date each client was serviced;

d. the total number and total amount of claims paid and lost payments disbursed on behalf of each client;

e. the reserves established for each client; and

f. the dates of losses and the date claim file closed;

2. loss information reports required by 4 MCAR § 1.9289;

3. any reports required by the Workers' Compensation Reinsurance Association;

4. any report required by the Minnesota Department of Labor and Industry; and

5. any other report required by the Department of Commerce.

D. Notification of contract termination. If the contract between a licensee and a self-insured is terminated, the licensee shall notify the commissioner in writing within 30 days of termination. The licensee shall maintain copies of all records relating to the self-insured for six years after the termination date of each contract, if the records are not returned to the client.

E. Notification of cessation of business activities. If a licensee ceases doing business as a self-insurance plan administrator, the license shall be surrendered and the commissioner shall be informed in writing as to the name and address of the custodian and the location of any files of self-insured clients administered by the licensee.

F. Notification of material changes. The administrator shall notify the commissioner in writing of any change in supervisory personnel, management, or any other material change within 30 days of the change and include a detailed explanation of the change.

4 MCAR § 1.9267 [Temporary] Premium collections.

A. Fiduciary relationship. All insurance charges or premiums collected by an administrator on behalf of or for a principal, and return premiums received from the principal, must be held by the administrator in a fiduciary capacity. These funds must be remitted immediately to the person entitled to them, or must be deposited promptly in a fiduciary bank account established and maintained by the administrator.

B. Commingling. If charges or premiums deposited in the fiduciary account have been collected on behalf of or for more than one principal, the administrator shall cause the bank in which the fiduciary account or claims-paying account is maintained to keep records clearly recording the deposits in and withdrawals from the account on behalf of or for each principal. The administrator shall promptly obtain and keep copies of these records and shall furnish the principal with copies of these records monthly pertaining to deposits and withdrawals on behalf of or for the principal.

C. Interest. Any interest earned on deposits is the property of the principal on whose behalf the deposit was made.

D. Limitation on claims payment. The administrator may not pay any claim by withdrawals from the fiduciary account. Claims payments must be made from a claims-paying account established and maintained by the administrator on behalf of the principal. The administrator shall keep a record of all transactions and shall furnish the principal with copies of these records monthly pertaining to deposits, withdrawals, and claims payments on behalf of and for the principal.

E. Withdrawals. Withdrawals from the fiduciary account may be made, as provided in the written agreement under Minnesota Statutes, section 60A.23 for any of the following:

1. remittance to a principal entitled to the withdrawal;
2. deposit in an account maintained in the name of the principal;
3. transfer to and deposit in a claims-paying account;
4. payment to the administrator of its commission, fees, or charges;
5. remittance of return premiums to the person entitled to the remittance.

Withdrawals on behalf of a principal may not be greater than the sum of the deposits and interest made on behalf of that principal.

4 MCAR § 1.9268 [Temporary] Bond amounts.

A. Administrator not commingling funds. The amount of the fidelity bond required under 4 MCAR § 1.9263 [Temporary] B.6. for an administrator who does not commingle funds of either his or her fiduciary account or claims-paying account must be in the amount of the average daily balance of all trust accounts, or $500,000, whichever is greater, up to a maximum of $2,000,000.

B. Administrator commingling funds. The amount of the fidelity bond required under 4 MCAR § 1.9263 [Temporary] B.6. for an administrator who commingles funds of either his or her fiduciary account or claims-paying account must be in the amount of the average daily balance of all trust accounts, or $1,000,000, whichever is greater, up to a maximum of $5,000,000.

4 MCAR § 1.9269 [Temporary] Denial, suspension, revocation, or censure of licenses.

A. Commissioner's findings. The commissioner will investigate and may by order deny, suspend, or revoke any license, or may censure a licensee if the commissioner finds:

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.

1. that the order is in the public interest; and

2. that the applicant or licensee, or in the case of a corporation or partner, any officer, director, partner, employee, subcontractor, or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the licensee, or controlled by the licensee:

a. has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

b. has engaged in a fraudulent or deceptive practice as defined by Minnesota Statutes, chapters 60A and 72A, and rules adopted thereunder;

c. is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of insurance administration;

d. failed to reasonably act as a supervisor so as to cause injury or harm to the public;

e. failed to act reasonably in the conduct of claims adjustment or claims administration;

f. does not possess the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered; or

g. violated or failed to comply with any provision for proper claims administration as set forth in Minnesota Statutes, chapters 60A to 79, and 176, and any rules adopted thereunder.

B. Informal conferences. The commissioner may request an informal conference to discuss and resolve any allegations of violations.

Department of Energy and Economic Development

In the Matter of the Amendment of Rules of the State Department of Energy and Economic Development Governing the Minnesota Energy Conservation Service Program, 6 MCAR § 2.2300-2.2313

Notice of Hearing

Notice is hereby given that a public hearing will be held pursuant to Minnesota Statutes, 1982, section 14.14, subd. 1, in the above-entitled matter in the State Office Building, Room 22, 435 Park Street, St. Paul, Minnesota on December 20, 1983, commencing at 9:15 A.M. and continuing until all representatives of associations or other interested groups or persons have had an opportunity to be heard concerning adoption of the proposed rules captioned above. The public hearing will continue on December 21, 1983, commencing at 10:00 A.M., only if not completed on December 20, 1983. Persons interested in presenting testimony should appear on December 20, 1983, as there is no assurance that the public hearing will continue on December 21, 1983.

Statements may be made orally and written material may be submitted and recorded in the hearing record by mailing the material to Hearing Examiner Allan Klein, Office of Administrative Hearings, 400 Summit Bank Building, 310 South 4th Avenue, Minneapolis, Minnesota 55415—telephone (612) 341-7609, either before the hearing or within five working days after the close of the hearing unless the hearing examiner orders a longer period of time not to exceed 20 calendar days. The proposed rules are subject to change as a result of the rules hearing process. The Division therefore strongly urges those who may be affected in any manner by the substance of the proposed rules applicable to this hearing to participate in the rules hearing process.

The Commissioner proposes to amend existing rules relating to the following matters:

A) A variety of changes intended to increase the overall participation in and impact of the audit such as increasing the role of the program announcement and audit; offering audit free to low income customers; offering audits on weekends and evenings; increasing the emphasis on auditor/customer interactions and reducing the number of measures evaluated for and required handout materials; modifying the training requirements for auditors; allowing for utilities to vary the audit implementation through pilot programs and requiring evaluations of the audit program to be done.

B) Including a requirement that utilities achieve minimum response rates from their customers. These response rates vary depending on the service area of the utility and whether the utility provides natural gas, electricity or both to their residential customers. Utilities failing to meet these goals would be required to develop and implement a marketing plan that is reasonably expected to achieve the response rate goals. This plan would have to be reviewed and approved by the Energy Division.

In the Matter of the Proposed Adoption of Temporary Rules of the State Department of Commerce Governing Self-Insurance Plan Administrators

STATEMENT OF COMPLIANCE WITH RULEMAKING PROCEDURES

I, Special Assistant Attorney General Peggy L. Bunch, 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. All modifications are approved as nonsubstantive.

Peggy L. Bunch

PEGGY L. BUNCH
Special Assistant
Attorney General

Dated: January 5, 1984