

Minnesota Attorney General: Administrative Rules Proceedings

Copyright Notice:

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

Version 3
August 20, 2018

Our File No. 126

05.0009.0118

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 3-31-86
DATE FOR REVIEW 4-9-86
DATE DUE 4-14-86

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

Approved 4/14/86 Disapproved _____ Returned to Agency _____

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

Date filed w/Secretary of State 4-15-86 Revisor approved _____ disapproved _____

___✓___ Rule as Adopted

___✓___ Rule as Proposed see SR

___✓___ Order Adopting 3.28.86 Date combined w/ FF

___N/A___ Notice of Intent to Solicit Outside Opinion

___✓___ Order for rulemaking 11.4.85 and 11.17.85
___N/A___ date of Hearing

___N/A___ Certificate of Board's Authorizing Resolution

___✓___ Notice of rulemaking
_____ Sufficiency

___✓___ Affidavits of Mailing Notice or rulemaking and Affidavit of Additional Mailing.
11.4.85 and 11.6.85. and 11.18.85. At least 30 days prior to ~~hearing~~/adoption

___✓___ Mailing list Certificate 11.6.85 and 11.19.85.

___✓___ Publication in State Register
11.4. and 11.18.85 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 combined with Order Adopting

___N/A___ LCRAR Report or agency Affidavit

___ Certificate of Board's Resolution Adopting Rules

___ Order Approving Incorporation by Reference

___✓___ Statement of Need and Reasonableness

___N/A___ Petition for Adoption of a Rule

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

___✓___ Certificate of Compliance w/Rulemaking Procedures

___✓___ Affidavit of ~~Mailing~~ Notice of Submission to Attorney General

___N/A___ Notice of Submission to the Attorney General

___✓___ Affidavit of Richard Gomsrud re rulemaking process

SF-00006-03

STATE MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO: MICHAEL A. HATCH, Commissioner
Department of Commerce

ATTN: ALAN I. GILBERT
Special Assistant Attorney General

DATE: 4/14/86

FROM: J. MICHAEL MILES JMM
Assistant Attorney General

PHONE: 296-6555

SUBJECT: In the Matter of the Proposed Adoption of Rules Relating to Cancellation Nonrenewal and Renewal With Altered Terms of Commercial Liability Insurance

The above-referenced rule has been approved as to its legality by the Attorney General on April 14, 1986.

Enclosed is the agency's copy of the approved rule. This office has already filed two copies of the approved rule with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth copy is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submission or comments received by the agency and any extra copies of documents which the agency submitted to the Attorney General.

In order for a permanent rule without a hearing to become effective, your agency must publish a notice of adoption in the State Register in accordance with Minn. Stat. § 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. § 14.34.

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

JMM:pmf

Enclosures

cc: Maryanne Hruby
Executive Director
Legislative Commission to Review
Administrative Rules

Duane Harves
Chief Administrative Law Judge
Office of Administrative Hearings

RR1261

AG copy

Department of Commerce

Adopted Rules Relating to Cancellation of Commercial Policies

Rules as Adopted

CANCELLATION, NONRENEWAL, AND CHANGE OF RATES

2700.2400 SCOPE.

Parts 2700.2400 to 2700.2450 apply to all commercial liability insurance policies issued by companies licensed to do business in this state except workers' compensation insurance, employers' liability, ocean marine insurance, accident and health insurance, excess insurance, surplus line insurance, and reinsurance.

2700.2410 MIDTERM CANCELLATION.

Subpart 1. **Reason for cancellation.** No insurer may cancel a policy of commercial liability insurance during the term of the policy, except for one or more of the following reasons:

A. nonpayment of premium;

B. misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim under the policy;

C. actions by the insured that have substantially increased or substantially changed the risk insured;

D. refusal of the insured to eliminate known conditions that increase the potential for loss after notification by the insurer that the condition must be removed;

E. substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract;

F. loss of reinsurance by the insurer which provided coverage to the insurer for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has ten days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the

APPROVED IN THE OFFICE OF STATUTES

commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within five business days after receipt of the appeal;

G. a determination by the commissioner that the continuation of the policy could place the insurer in violation of the insurance laws of this state; or

H. nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance; provided, however, that this provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Subp. 2. **Notice.** Cancellation under subpart 1, items B to H, shall not be effective prior to 30 days after notice to the policyholder. The notice of cancellation shall contain a specific reason for cancellation as provided in subpart 1.

A policy shall not be canceled for nonpayment of premium pursuant to subpart 1, item A unless the insurer, at least ten days prior to the effective cancellation date, has given notice to the policyholder of the amount of premium due and the due date. The notice shall state the effect of nonpayment by the due date. No cancellation for nonpayment of premium shall be effective if payment of the amount due is made prior to the effective date set forth in the notice.

Subp. 3. **New policies.** Subparts 1 and 2 do not apply to any insurance policy that has not been previously renewed if the policy has been in effect less than 90 days at the time the notice of cancellation is mailed or delivered. No cancellation under this subpart is effective until at least ten days after the written notice to the policyholder.

Subp. 4. **Longer term policies.** A policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer for the reasons stated in subpart 1 by giving notice as required by subpart 2 at

APPROVED IN THE STATUTES

least 30 days prior to any anniversary date.

2700.2420 NONRENEWAL.

Subpart 1. **Notice required.** An insurer shall renew the policy, unless at least 30 days prior to the date of expiration provided in the policy, a notice of intention not to renew the policy beyond the agreed expiration date is made to the policyholder.

Subp. 2. **Exceptions.** This part does not apply if the policyholder has insured elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal.

2700.2430 RENEWAL WITH ALTERED RATES.

Subpart 1. **General.** Subject to subpart 2, if the insurer offers or purports to renew the policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata.

Subp. 2. **Exception.** Subpart 1 does not apply if the change relates to guide "a" rates or excess rates also known as "consent to rate."

2700.2440 INTERPRETATION AND PENALTIES.

Subpart 1. **Rules not exclusive.** Parts 2700.2400 to 2700.2440 are not exclusive, and the commissioner may also consider other provisions of Minnesota law to be applicable to the circumstances or situations addressed by parts 2700.2400 to 2700.2440. The rights provided by parts 2700.2400 to 2700.2440 are in addition to and do not prejudice any other rights the policyholder may have at common law, under statute, or other

APPROVED IN THE REVISOR OF STATUTES

administrative rules.

Subp. 2. Penalties. A violation of any provisions of parts 2700.2400 to 2700.2440 shall be deemed to be an unfair trade practice in the business of insurance and shall subject the violator to the penalties provided by Minnesota Statutes, sections 72A.17 to 72A.32 in addition to any other penalty provided by law.

Subp. 3. Notices required. All notices required by parts 2700.2400 to 2700.2440 shall only be made by first class mail addressed to the policyholder's last known address or by delivery to the policyholder's last known address. Notice by first class mail is effective upon deposit in the United States mail. In addition to giving notice to the policyholder, the insurer must also give notice to the agent of record, if any, in the manner specified for the policyholder.

REPEALER. Minnesota Rules, parts 2700.2400 to 2700.2440 are repealed September 30, 1987.

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
APR 15 1986
Joan Anderson Growe
Secretary of State
9:25 AM

APPROVED AS TO FORM AND LEGALITY
4/14 19 86
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY
ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

ORDER FOR NOTICE OF INTENT
TO ADOPT RULES WITHOUT
PUBLIC HEARING

In the Matter of the Proposed
Adoption of Rules Relating to
Cancellation, Nonrenewal and Renewal
With Altered Terms of Commercial
Liability Insurance

IT IS ORDERED this 4th day of November 1985 that Notice of Intent to Adopt Rules Without Public Hearing in the above-entitled matter be given to all persons who have registered their names with the Department of Commerce for that purpose and be published in the State Register.

Michael A. Hatch
Commissioner of Commerce

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

ORDER FOR NOTICE OF INTENT
TO ADOPT RULES WITHOUT
PUBLIC HEARING

In the Matter of the Proposed
Adoption of Rules Relating to
Cancellation, Nonrenewal and Renewal
With Altered Terms of Commercial
Liability Insurance

IT IS ORDERED this 17th day of October, 1985 that Notice of Intent to Adopt Rules Without Public Hearing in the above-entitled matter be given to all persons who have registered their names with the Department of Commerce for that purpose and be published in the State Register.

Michael A. Hatch
Commissioner of Commerce

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance

Notice of Intent to Adopt Rules Without a Public Hearing and Notice of Intent to Adopt Rules with a Public Hearing if twenty-five or more persons request a hearing.

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled rules without a public hearing unless twenty-five or more persons submit written requests for a public hearing. The Commissioner of Commerce has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Section 14.21-14.28.

PLEASE NOTE, HOWEVER, THAT IF TWENTY-FIVE OR MORE PERSONS SUBMIT WRITTEN REQUESTS FOR A PUBLIC HEARING WITHIN THE 30-DAY COMMENT PERIOD, A HEARING WILL BE HELD PURSUANT TO MINNESOTA STATUTES SECTION 14.14-14.20 AND IN ACCORDANCE WITH THE NOTICE OF PUBLIC HEARING ON THESE SAME RULES PUBLISHED IN THE STATE REGISTER OF EVEN DATE AND MAILED ON THIS DATE.

Persons or groups interested in these rules shall have 30 days to submit comments in support of or in opposition to the rules. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modification is supported by the data and views submitted to the Department and does not result in a substantial change in the proposed rule.

No public hearing will be held unless twenty-five (25) or more persons make a written request for a hearing within the 30 day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, Section 14.14-14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101 telephone (612) 296-5689. Any person requesting a public hearing should state her or his name and address and is encouraged to identify the protion of the proposed rule addressed, the reason for the request and any change proposed and send this information to the above address.

Authority for the adoption of these rules is contained in Minnesota Statutes, Section 72A.19 and Section 45.023. Additionally, a Statement of Need and Reasonableness describing the need for and reasonableness of each provision and

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Terms of Commercial Liability Insurance

Notice of Hearing

Notice is given that a public hearing will be held pursuant to Minnesota Statute Section 14.14, subdivision 1 (1984), in the above-entitled matter in the Large Hearing Room, 500 Metro Square Building, St. Paul, Minnesota 55101, on December 10, 1985, at 9:00 A.M. and continuing until all interested persons and groups have had an opportunity to be heard concerning adoption of these proposed rules by submitting either oral or written data, statements, or arguments. Statements, briefs or written material may be submitted within the comment period described in this notice without appearing at the hearing by sending them to Administrative Law Judge, George H. Beck, 4th Floor, Summit Bank Building, 310 4th Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601. The rule hearing procedure is governed by Minnesota Statute Section 14.14-14.20 and by Minnesota Rules Parts 1400.0200-1400.1200, as amended (Amended Rules published at 9.SR.2276). Questions regarding procedure may be directed to the Administrative Law Judge at the above-listed address.

PLEASE NOTE, HOWEVER, THAT THIS HEARING WILL BE CANCELLED IF FEWER THAN TWENTY-FIVE PERSONS REQUEST A HEARING IN RESPONSE TO THE NOTICE OF INTENT TO ADOPT THESE SAME RULES WITHOUT A HEARING PUBLISHED IN THE STATE REGISTER OR EVEN DATE AND MAILED THE SAME DATE AS THE NOTICE.

The Commissioner proposes to adopt rules relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance. Authority for the adoption of these rules is contained in Minnesota Statute Section 72A.19 and Section 45.023. A text of the proposed rules follows this notice in the State Register.

Notice is hereby given that a Statement of Need and Reasonableness is now available for review at the Department of Commerce and is available at the Office of Administrative Hearings. This Statement of Need and Reasonableness includes a summary of all of the evidence and arguments which the Department anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules. Copies of the Statement of Need and Reasonableness may be reviewed at the Department of Commerce or the Office of Administrative Hearings and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

Minnesota Statutes chapter 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minnesota Statute Section 10A.01, subdivision 11 as an individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including traveling expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota, 55155 telephone (612) 296-5615.

One free copy of this Notice and the proposed rules may be obtained by contacting Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. Additional copies will be available at the door on the date of the hearing.

MICHAEL A. HATCH
Commissioner of Commerce

Dated: October 17, 1985

In the Matter of the Proposed Rules
Relating to Cancellation, Nonrenewal and
Renewal with Altered Rates of Commercial
Liability Insurance

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

AFFIDAVIT OF
MAILING

Richard G. Gomsrud, being first duly sworn, deposes and says:

That on the 4th day of November 1985, at the City of St. Paul, County of Ramsey, State of Minnesota, the attached Notice of Intent to Adopt Rules Without a Public Hearing was served by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy properly prepared with first-class 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.

Richard G. Gomsrud

Subscribed and sworn to before me
this 4th day of November, 1985.

Notary Public

NANCY E. LINK
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
MY COMMISSION EXPIRES

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE
500 METRO SQUARE BUILDING
ST. PAUL, MN 55101

ATTENTION:
RULE RELATED MATERIAL

FIRST CLASS MAIL

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance

Notice of Intent to Adopt Rules Without a Public Hearing and Notice of Intent to Adopt Rules with a Public Hearing if twenty-five or more persons request a hearing.

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled rules without a public hearing unless twenty-five or more persons submit written requests for a public hearing. The Commissioner of Commerce has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Section 14.21-14.28.

PLEASE NOTE, HOWEVER, THAT IF TWENTY-FIVE OR MORE PERSONS SUBMIT WRITTEN REQUESTS FOR A PUBLIC HEARING WITHIN THE 30-DAY COMMENT PERIOD, A HEARING WILL BE HELD PURSUANT TO MINNESOTA STATUTES SECTION 14.14-14.20 AND IN ACCORDANCE WITH THE NOTICE OF PUBLIC HEARING ON THESE SAME RULES PUBLISHED IN THE STATE REGISTER OF EVEN DATE AND MAILED ON THIS DATE.

Persons or groups interested in these rules shall have 30 days to submit comments in support of or in opposition to the rules. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modification is supported by the data and views submitted to the Department and does not result in a substantial change in the proposed rule.

No public hearing will be held unless twenty-five (25) or more persons make a written request for a hearing within the 30 day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, Section 14.14-14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101 telephone (612) 296-5689. Any person requesting a public hearing should state her or his name and address and is encouraged to identify the protion of the proposed rule addressed, the reason for the request and any change proposed and send this information to the above address.

Authority for the adoption of these rules is contained in Minnesota Statutes, Section 72A.19 and Section 45.023. Additionally, a Statement of Need and Reasonableness describing the need for and reasonableness of each provision and

identifying the data and information relied upon to support the proposed rules has been prepared and is available from the Department upon request.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness. The department believes that every small business having insurance will be affected by these rules.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonablenss, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, should request them from Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Bldg., St. Paul, MN 55101.

The text of the proposed rules follows this Notice in the State Register. Copies of this Notice and the proposed rules are available and may be obtained by contacting Richard G. Gomsrud, Department Counsel, at the above address.



Michael A. Hatch
Commissioner of Commerce

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Terms of Commercial Liability Insurance

Notice of Hearing

Notice is given that a public hearing will be held pursuant to Minnesota Statute Section 14.14, subdivision 1 (1984), in the above-entitled matter in the Large Hearing Room, 500 Metro Square Building, St. Paul, Minnesota 55101, on December 10, 1985, at 9:00 A.M. and continuing until all interested persons and groups have had an opportunity to be heard concerning adoption of these proposed rules by submitting either oral or written data, statements, or arguments. Statements, briefs or written material may be submitted within the comment period described in this notice without appearing at the hearing by sending them to Administrative Law Judge, George H. Beck, 4th Floor, Summit Bank Building, 310 4th Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601. The rule hearing procedure is governed by Minnesota Statute Section 14.14-14.20 and by Minnesota Rules Parts 1400.0200-1400.1200, as amended (Amended Rules published at 9.SR.2276). Questions regarding procedure may be directed to the Administrative Law Judge at the above-listed address.

PLEASE NOTE, HOWEVER, THAT THIS HEARING WILL BE CANCELLED IF FEWER THAN TWENTY-FIVE PERSONS REQUEST A HEARING IN RESPONSE TO THE NOTICE OF INTENT TO ADOPT THESE SAME RULES WITHOUT A HEARING PUBLISHED IN THE STATE REGISTER OR EVEN DATE AND MAILED THE SAME DATE AS THE NOTICE.

The Commissioner proposes to adopt rules relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance. Authority for the adoption of these rules is contained in Minnesota Statute Section 72A.19 and Section 45.023. A text of the proposed rules follows this notice in the State Register.

Notice is hereby given that a Statement of Need and Reasonableness is now available for review at the Department of Commerce and is available at the Office of Administrative Hearings. This Statement of Need and Reasonableness includes a summary of all of the evidence and arguments which the Department anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules. Copies of the Statement of Need and Reasonableness may be reviewed at the Department of Commerce or the Office of Administrative Hearings and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Every small business having insurance will be affected by these rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

All interested or affected persons will have an opportunity to participate by presenting oral and/or written evidence at the hearing. Questioning of agency representatives or witnesses, and of interested persons making oral statements will be allowed in order to explain the purpose or intended operation of the proposed rules, or a suggested modification, or for other purposes material to the evaluation or formulation of the proposed rules. As a result of the hearing process, the proposed rule may be modified.

Written material may be submitted to the Administrative Law Judge and recorded in the hearing record for five working days after the public hearing ends. The comment period may be extended for a longer period not to extend 20 calendar days if ordered by the Adminsitrative Law Judge at the hearing. Comments received during the comment period will be available for review at the Office of Administrative Hearings. Following the five to twenty day comment period, there will be a three day period in which the Commissioner and interested persons may respond in writing to any new information submitted. During the three day period, the agency may indicate in writing whether there are any amendments suggested by other persons which the agency is willing to adopt. Additional evidence may not be submitted during the three day period. The written responses will be added to the record of the proceeding.

Notice: Any person may request notification of the date on which the Administrative Law Judge's report will be available after which date the Department of Commerce may not take any final action on the rules for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Administrative Law Judge. Any person may request notification of the date on which the rules were adopted and filed with the Secretary of the State. The notice must be mailed on the same day that the rules are filed. If you want to be so notified you may so indicate at the hearing or send a request in writing to the Department of Commerce at any time prior to the filing of the rules with the Secretary of State.

Minnesota Statutes chapter 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minnesota Statute Section 10A.01, subdivision 11 as an individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including traveling expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota, 55155 telephone (612) 296-5615.

One free copy of this Notice and the proposed rules may be obtained by contacting Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. Additional copies will be available at the door on the date of the hearing.

MICHAEL A. HATCH
Commissioner of Commerce

Dated: October 17, 1985

Department of Commerce

Proposed Rules Relating to Cancellation of Commercial Policies

Rules as Proposed (all new material)

CANCELLATION, NONRENEWAL, AND CHANGE OF RATES

2700.2400 SCOPE.

Parts 2700.2400 to 2700.2450 apply to all commercial liability insurance policies issued by companies licensed to do business in this state except workers' compensation insurance, employers' liability, ocean marine insurance, accident and health insurance, and reinsurance.

2700.2410 MIDTERM CANCELLATION.

Subpart 1. **Reason for cancellation.** No insurer may cancel a policy of commercial liability insurance during the term of the policy, except for one or more of the following reasons:

A. nonpayment of premium;

B. misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim under the policy;

C. actions by the insured that have substantially increased or substantially changed the risk insured;

D. refusal of the insured to eliminate known conditions that increase the potential for loss after notification by the insurer that the condition must be removed;

E. substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract;

F. loss of reinsurance by the insurer which provided coverage to the insurer for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has ten days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the

APPROVED BY THE REVISOR OF STATUTES OFFICE BY: PMM

cancellation is justified because of the loss of reinsurance within five business days after receipt of the appeal;

G. a determination by the commissioner that the continuation of the policy could place the insurer in violation of the insurance laws of this state; or

H. nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance; provided, however, that this provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Subp. 2. **Notice.** Cancellation under subpart 1, items B to H, shall not be effective prior to 30 days after notice to the policyholder. The notice of cancellation shall contain a specific reason for cancellation as provided in subpart 1.

A policy shall not be canceled for nonpayment of premium pursuant to subpart 1, item A unless the insurer, at least ten days prior to the effective cancellation date, has given notice to the policyholder of the amount of premium due and the due date. The notice shall state the effect of nonpayment by the due date. No cancellation for nonpayment of premium shall be effective if payment of the amount due is made prior to the effective date set forth in the notice.

Subp. 3. **New policies.** Subparts 1 and 2 do not apply to any insurance policy that has not been previously renewed if the policy has been in effect less than 90 days at the time the notice of cancellation is mailed or delivered. No cancellation under this subpart is effective until at least ten days after the written notice to the policyholder.

Subp. 4. **Longer term policies.** A policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer for the reasons stated in subpart 1 by giving notice as required by subpart 2 at least 30 days prior to any anniversary date.

APPROVED BY THE REVISOR OF STATUTES OFFICE BY:

2700.2420 NONRENEWAL.

Subpart 1. **Notice required.** An insurer shall renew the policy, unless at least 30 days prior to the date of expiration provided in the policy, a notice of intention not to renew the policy beyond the agreed expiration date is made to the policyholder.

Subp. 2. **Exceptions.** This part does not apply if the policyholder has insured elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal.

2700.2430 RENEWAL WITH ALTERED RATES.

Subpart 1. **General.** Subject to subpart 2, if the insurer offers or purports to renew the policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata.

Subp. 2. **Exception.** Subpart 1 does not apply if the change relates to guide "a" rates or excess rates also known as "consent to rate."

2700.2440 INTERPRETATION AND PENALTIES.

Subpart 1. **Rules not exclusive.** Parts 2700.2400 to 2700.2440 are not exclusive, and the commissioner may also consider other provisions of Minnesota law to be applicable to the circumstances or situations addressed by parts 2700.2400 to 2700.2440. The rights provided by parts 2700.2400 to 2700.2440 are in addition to and do not prejudice any other rights the policyholder may have at common law, under statute, or other administrative rules.

Subp. 2. **Penalties.** A violation of any provisions of

APPROVED BY THE REVISOR OF STATUTES OFFICE BY:

parts 2700.2400 to 2700.2440 shall be deemed to be an unfair trade practice in the business of insurance and shall subject the violator to the penalties provided by Minnesota Statutes, sections 72A.17 to 72A.32 in addition to any other penalty provided by law.

Subp. 3. **Notices required.** All notices required by parts 2700.2400 to 2700.2440 shall only be made by first class mail addressed to the policyholder's last known address or by delivery to the policyholder's last known address. Notice by first class mail is effective upon deposit in the United States mail. In addition to giving notice to the policyholder, the insurer must also give notice to the agent of record, if any, in the manner specified for the policyholder.

REPEALER. Minnesota Rules, parts 2700.2400 to 2700.2440 are repealed September 30, 1987.

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

In the Matter of the Proposed Rules
Relating to Cancellation, Nonrenewal and
Renewal with Altered Rates of Commercial
Liability Insurance

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

AFFIDAVIT OF
MAILING

Richard G. Gomsrud, being first duly sworn, deposes and says:

That on the 6th day of November 1985, at the City of St. Paul, County of Ramsey, State of Minnesota, the attached Notice of Intent to Adopt Rules Without a Public Hearing was served by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy properly prepared with first-class 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.

Richard G. Gomsrud

Subscribed and sworn to before me
this 4th day of November, 1985.

Nancy J. Link
Notary Public

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE
500 METRO SQUARE BUILDING
ST. PAUL, MN 55101

ATTENTION:
RULE RELATED MATERIAL

FIRST CLASS MAIL

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance

Notice of Intent to Adopt Rules Without a Public Hearing and Notice of Intent to Adopt Rules with a Public Hearing if twenty-five or more persons request a hearing.

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled rules without a public hearing unless twenty-five or more persons submit written requests for a public hearing. The Commissioner of Commerce has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Section 14.21-14.28.

PLEASE NOTE, HOWEVER, THAT IF TWENTY-FIVE OR MORE PERSONS SUBMIT WRITTEN REQUESTS FOR A PUBLIC HEARING WITHIN THE 30-DAY COMMENT PERIOD, A HEARING WILL BE HELD PURSUANT TO MINNESOTA STATUTES SECTION 14.14-14.20 AND IN ACCORDANCE WITH THE NOTICE OF PUBLIC HEARING ON THESE SAME RULES PUBLISHED IN THE STATE REGISTER OF EVEN DATE AND MAILED ON THIS DATE.

Persons or groups interested in these rules shall have 30 days to submit comments in support of or in opposition to the rules. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modification is supported by the data and views submitted to the Department and does not result in a substantial change in the proposed rule.

No public hearing will be held unless twenty-five (25) or more persons make a written request for a hearing within the 30 day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, Section 14.14-14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101 telephone (612) 296-5689. Any person requesting a public hearing should state her or his name and address and is encouraged to identify the protion of the proposed rule addressed, the reason for the request and any change proposed and send this information to the above address.

Authority for the adoption of these rules is contained in Minnesota Statutes, Section 72A.19 and Section 45.023. Additionally, a Statement of Need and Reasonableness describing the need for and reasonableness of each provision and

identifying the data and information relied upon to support the proposed rules has been prepared and is available from the Department upon request.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness. The department believes that every small business having insurance will be affected by these rules.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonablenss, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, should request them from Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Bldg., St. Paul, MN 55101.

The text of the proposed rules follows this Notice in the State Register. Copies of this Notice and the proposed rules are available and may be obtained by contacting Richard G. Gomsrud, Department Counsel, at the above address.



Michael A. Hatch
Commissioner of Commerce

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Terms of Commercial Liability Insurance

Notice of Hearing

Notice is given that a public hearing will be held pursuant to Minnesota Statute Section 14.14, subdivision 1 (1984), in the above-entitled matter in the Large Hearing Room, 500 Metro Square Building, St. Paul, Minnesota 55101, on December 10, 1985, at 9:00 A.M. and continuing until all interested persons and groups have had an opportunity to be heard concerning adoption of these proposed rules by submitting either oral or written data, statements, or arguments. Statements, briefs or written material may be submitted within the comment period described in this notice without appearing at the hearing by sending them to Administrative Law Judge, George H. Beck, 4th Floor, Summit Bank Building, 310 4th Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601. The rule hearing procedure is governed by Minnesota Statute Section 14.14-14.20 and by Minnesota Rules Parts 1400.0200-1400.1200, as amended (Amended Rules published at 9.SR.2276). Questions regarding procedure may be directed to the Administrative Law Judge at the above-listed address.

PLEASE NOTE, HOWEVER, THAT THIS HEARING WILL BE CANCELLED IF FEWER THAN TWENTY-FIVE PERSONS REQUEST A HEARING IN RESPONSE TO THE NOTICE OF INTENT TO ADOPT THESE SAME RULES WITHOUT A HEARING PUBLISHED IN THE STATE REGISTER OR EVEN DATE AND MAILED THE SAME DATE AS THE NOTICE.

The Commissioner proposes to adopt rules relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance. Authority for the adoption of these rules is contained in Minnesota Statute Section 72A.19 and Section 45.023. A text of the proposed rules follows this notice in the State Register.

Notice is hereby given that a Statement of Need and Reasonableness is now available for review at the Department of Commerce and is available at the Office of Administrative Hearings. This Statement of Need and Reasonableness includes a summary of all of the evidence and arguments which the Department anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules. Copies of the Statement of Need and Reasonableness may be reviewed at the Department of Commerce or the Office of Administrative Hearings and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Every small business having insurance will be affected by these rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

All interested or affected persons will have an opportunity to participate by presenting oral and/or written evidence at the hearing. Questioning of agency representatives or witnesses, and of interested persons making oral statements will be allowed in order to explain the purpose or intended operation of the proposed rules, or a suggested modification, or for other purposes material to the evaluation or formulation of the proposed rules. As a result of the hearing process, the proposed rule may be modified.

Written material may be submitted to the Administrative Law Judge and recorded in the hearing record for five working days after the public hearing ends. The comment period may be extended for a longer period not to extend 20 calendar days if ordered by the Adminsitrative Law Judge at the hearing. Comments received during the comment period will be available for review at the Office of Administrative Hearings. Following the five to twenty day comment period, there will be a three day period in which the Commissioner and interested persons may respond in writing to any new information submitted. During the three day period, the agency may indicate in writing whether there are any amendments suggested by other persons which the agency is willing to adopt. Additional evidence may not be submitted during the three day period. The written responses will be added to the record of the proceeding.

Notice: Any person may request notification of the date on which the Administrative Law Judge's report will be available after which date the Department of Commerce may not take any final action on the rules for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Administrative Law Judge. Any person may request notification of the date on which the rules were adopted and filed with the Secretary of the State. The notice must be mailed on the same day that the rules are filed. If you want to be so notified you may so indicate at the hearing or send a request in writing to the Department of Commerce at any time prior to the filing of the rules with the Secretary of State.

Minnesota Statutes chapter 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minnesota Statute Section 10A.01, subdivision 11 as an individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including traveling expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota, 55155 telephone (612) 296-5615.

One free copy of this Notice and the proposed rules may be obtained by contacting Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. Additional copies will be available at the door on the date of the hearing.

MICHAEL A. HATCH
Commissioner of Commerce

Dated: October 17, 1985

Department of Commerce

Proposed Rules Relating to Cancellation of Commercial Policies

Rules as Proposed (all new material)

CANCELLATION, NONRENEWAL, AND CHANGE OF RATES

2700.2400 SCOPE.

Parts 2700.2400 to 2700.2450 apply to all commercial liability insurance policies issued by companies licensed to do business in this state except workers' compensation insurance, employers' liability, ocean marine insurance, accident and health insurance, and reinsurance.

2700.2410 MIDTERM CANCELLATION.

Subpart 1. **Reason for cancellation.** No insurer may cancel a policy of commercial liability insurance during the term of the policy, except for one or more of the following reasons:

A. nonpayment of premium;

B. misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim under the policy;

C. actions by the insured that have substantially increased or substantially changed the risk insured;

D. refusal of the insured to eliminate known conditions that increase the potential for loss after notification by the insurer that the condition must be removed;

E. substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract;

F. loss of reinsurance by the insurer which provided coverage to the insurer for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has ten days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the

APPROVED BY THE REVISOR OF STATUTES OFFICE BY: PMM

cancellation is justified because of the loss of reinsurance within five business days after receipt of the appeal;

G. a determination by the commissioner that the continuation of the policy could place the insurer in violation of the insurance laws of this state; or

H. nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance; provided, however, that this provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Subp. 2. **Notice.** Cancellation under subpart 1, items B to H, shall not be effective prior to 30 days after notice to the policyholder. The notice of cancellation shall contain a specific reason for cancellation as provided in subpart 1.

A policy shall not be canceled for nonpayment of premium pursuant to subpart 1, item A unless the insurer, at least ten days prior to the effective cancellation date, has given notice to the policyholder of the amount of premium due and the due date. The notice shall state the effect of nonpayment by the due date. No cancellation for nonpayment of premium shall be effective if payment of the amount due is made prior to the effective date set forth in the notice.

Subp. 3. **New policies.** Subparts 1 and 2 do not apply to any insurance policy that has not been previously renewed if the policy has been in effect less than 90 days at the time the notice of cancellation is mailed or delivered. No cancellation under this subpart is effective until at least ten days after the written notice to the policyholder.

Subp. 4. **Longer term policies.** A policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer for the reasons stated in subpart 1 by giving notice as required by subpart 2 at least 30 days prior to any anniversary date.

APPROVED BY THE REVISOR OF STATUTES OFFICE BY:

2700.2420 NONRENEWAL.

Subpart 1. **Notice required.** An insurer shall renew the policy, unless at least 30 days prior to the date of expiration provided in the policy, a notice of intention not to renew the policy beyond the agreed expiration date is made to the policyholder.

Subp. 2. **Exceptions.** This part does not apply if the policyholder has insured elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal.

2700.2430 RENEWAL WITH ALTERED RATES.

Subpart 1. **General.** Subject to subpart 2, if the insurer offers or purports to renew the policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata.

Subp. 2. **Exception.** Subpart 1 does not apply if the change relates to guide "a" rates or excess rates also known as "consent to rate."

2700.2440 INTERPRETATION AND PENALTIES.

Subpart 1. **Rules not exclusive.** Parts 2700.2400 to 2700.2440 are not exclusive, and the commissioner may also consider other provisions of Minnesota law to be applicable to the circumstances or situations addressed by parts 2700.2400 to 2700.2440. The rights provided by parts 2700.2400 to 2700.2440 are in addition to and do not prejudice any other rights the policyholder may have at common law, under statute, or other administrative rules.

Subp. 2. **Penalties.** A violation of any provisions of

APPROVED BY THE REVISOR OF STATUTES OFFICE BY:

parts 2700.2400 to 2700.2440 shall be deemed to be an unfair trade practice in the business of insurance and shall subject the violator to the penalties provided by Minnesota Statutes, sections 72A.17 to 72A.32 in addition to any other penalty provided by law.

Subp. 3. **Notices required.** All notices required by parts 2700.2400 to 2700.2440 shall only be made by first class mail addressed to the policyholder's last known address or by delivery to the policyholder's last known address. Notice by first class mail is effective upon deposit in the United States mail. In addition to giving notice to the policyholder, the insurer must also give notice to the agent of record, if any, in the manner specified for the policyholder.

REPEALER. Minnesota Rules, parts 2700.2400 to 2700.2440 are repealed September 30, 1987.

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

AFFIDAVIT OF MAILING

Richard G. Gomsrud, being first duly sworn, deposes and says:

That on the 18th day of November, 1985, at the City of St. Paul, County of Ramsey, State of Minnesota, the attached Notice of Intent to Adopt Rules Without a Public Hearing and Notice of Intent to Adopt Rules with a Public Hearing if twenty-five or more persons request a hearing was served by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy properly prepared with first-class postage prepaid, on all persons and associations who have requested that their names be placed on file with the Minnesota Department of Commerce for the purpose of receiving notice of the proposed adoption of rules by the department.

Richard G. Gomsrud

Subscribed and sworn to before me
this 19th day of November, 1985

Nancy I. Link
Notary Public

NANCY I. LINK
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
MY COMMISSION EXPIRES DECEMBER 3, 1990

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Terms of Commercial Liability Insurance

Notice of Hearing

Notice is given that a public hearing will be held pursuant to Minnesota Statute Section 14.14, subdivision 1 (1984), in the above-entitled matter in the Large Hearing Room, 500 Metro Square Building, St. Paul, Minnesota 55101, on December 19, 1985, at 9:00 A.M. and continuing until all interested persons and groups have had an opportunity to be heard concerning adoption of these proposed rules by submitting either oral or written data, statements, or arguments. Statements, briefs or written material may be submitted within the comment period described in this notice without appearing at the hearing by sending them to Administrative Law Judge, George H. Beck, 4th Floor, Summit Bank Building, 310 4th Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601. The rule hearing procedure is governed by Minnesota Statute Section 14.14-14.20 and by Minnesota Rules Parts 1400.0200-1400.1200, as amended (Amended Rules published at 9.SR.2276). Questions regarding procedure may be directed to the Administrative Law Judge at the above-listed address.

PLEASE NOTE, HOWEVER, THAT THIS HEARING WILL BE CANCELLED IF FEWER THAN TWENTY-FIVE PERSONS REQUEST A HEARING IN RESPONSE TO THE NOTICE OF INTENT TO ADOPT THESE SAME RULES WITHOUT A HEARING PUBLISHED IN THE STATE REGISTER OR EVEN DATE AND MAILED THE SAME DATE AS THE NOTICE.

The Commissioner proposes to adopt rules relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance. Authority for the adoption of these rules is contained in Minnesota Statute Section 72A.19 and Section 45.023. A text of the proposed rules follows this notice in the State Register.

Notice is hereby given that a Statement of Need and Reasonableness is now available for review at the Department of Commerce and is available at the Office of Administrative Hearings. This Statement of Need and Reasonableness includes a summary of all of the evidence and arguments which the Department anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules. Copies of the Statement of Need and Reasonableness may be reviewed at the Department of Commerce or the Office of Administrative Hearings and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Every small business having insurance will be affected by these rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

All interested or affected persons will have an opportunity to participate by presenting oral and/or written evidence at the hearing. Questioning of agency representatives or witnesses, and of interested persons making oral statements will be allowed in order to explain the purpose or intended operation of the proposed rules, or a suggested modification, or for other purposes material to the evaluation or formulation of the proposed rules. As a result of the hearing process, the proposed rule may be modified.

Written material may be submitted to the Administrative Law Judge and recorded in the hearing record for five working days after the public hearing ends. The comment period may be extended for a longer period not to extend 20 calendar days if ordered by the Administrative Law Judge at the hearing. Comments received during the comment period will be available for review at the Office of Administrative Hearings. Following the five to twenty day comment period, there will be a three day period in which the Commissioner and interested persons may respond in writing to any new information submitted. During the three day period, the agency may indicate in writing whether there are any amendments suggested by other persons which the agency is willing to adopt. Additional evidence may not be submitted during the three day period. The written responses will be added to the record of the proceeding.

Notice: Any person may request notification of the date on which the Administrative Law Judge's report will be available after which date the Department of Commerce may not take any final action on the rules for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Administrative Law Judge. Any person may request notification of the date on which the rules were adopted and filed with the Secretary of the State. The notice must be mailed on the same day that the rules are filed. If you want to be so notified you may so indicate at the hearing or send a request in writing to the Department of Commerce at any time prior to the filing of the rules with the Secretary of State.

Minnesota Statutes chapter 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minnesota Statute Section 10A.01, subdivision 11 as an individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including traveling expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota, 55155 telephone (612) 296-5615.

One free copy of this Notice and the proposed rules may be obtained by contacting Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. Additional copies will be available at the door on the date of the hearing.

MICHAEL A. HATCH
Commissioner of Commerce

Dated: November 4, 1985

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance

Notice of Intent to Adopt Rules Without a Public Hearing and Notice of Intent to Adopt Rules with a Public Hearing if twenty-five or more persons request a hearing.

Notice is hereby given that the Department of Commerce proposes to adopt the above-entitled rules without a public hearing unless twenty-five or more persons submit written requests for a public hearing. The Commissioner of Commerce has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, Section 14.21-14.28.

PLEASE NOTE, HOWEVER, THAT IF TWENTY-FIVE OR MORE PERSONS SUBMIT WRITTEN REQUESTS FOR A PUBLIC HEARING WITHIN THE 30-DAY COMMENT PERIOD, A HEARING WILL BE HELD PURSUANT TO MINNESOTA STATUTES SECTION 14.14-14.20 AND IN ACCORDANCE WITH THE NOTICE OF PUBLIC HEARING ON THESE SAME RULES PUBLISHED IN THE STATE REGISTER OF EVEN DATE AND MAILED ON THIS DATE.

Persons or groups interested in these rules shall have 30 days to submit comments in support of or in opposition to the rules. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rules may be modified if the modification is supported by the data and views submitted to the Department and does not result in a substantial change in the proposed rule.

No public hearing will be held unless twenty-five (25) or more persons make a written request for a hearing within the 30 day comment period. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, Section 14.14-14.20.

Persons who wish to submit comments or a written request for a public hearing should submit them to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101 telephone (612) 296-5689. Any person requesting a public hearing should state her or his name and address and is encouraged to identify the protion of the proposed rule addressed, the reason for the request and any change proposed and send this information to the above address.

Authority for the adoption of these rules is contained in Minnesota Statutes, Section 72A.19 and Section 45.023. Additionally, a Statement of Need and Reasonableness describing the need for and reasonableness of each provision and

identifying the data and information relied upon to support the proposed rules has been prepared and is available from the Department upon request.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness. The department believes that every small business having insurance will be affected by these rules.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonablenss, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, should request them from Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Bldg., St. Paul, MN 55101.

The text of the proposed rules follows this Notice in the State Register. Copies of this Notice and the proposed rules are available and may be obtained by contacting Richard G. Gomsrud, Department Counsel, at the above address.

Michael A. Hatch
Commissioner of Commerce

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Rules
Relating to Cancellation, Nonrenewal and
Renewal with Altered Rates of Commercial
Liability Insurance

I hereby certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minnesota Statutes, section 14.14, subd. 1a, 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 6th day of November 1985.

Richard G. Gomsrud

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

George M. Boyd
Squire, Sanders & Dempsey
1800 Huntington Building
Cleveland, OH 44115

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

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

Karen Langland, Government Affairs
St. Paul Fire & Marine Ins. Co.
385 Washington St.
St. Paul, MN 55102

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

Edward G. [illegible]mer, Jr., V.P.
Union Fidelity Life Insurance Co.
Union Fidelity Office Park
Trevose, PA 19049

Jerome Scheibl, Vice President
Wausau Insurance Group
2000 Westwood Dr.
Wausau, WI 54401

Larry J. Smith Asst Sec'y Public Affairs
Western Insurance Companies
14 East First
Fort Scott, Kansas 66701

John A. Knapp
Winthrop, Weinstine & Sexton
1800 Conwed Tower, 444 Cedar
Saint Paul, MN 55101

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

Oppenheimer, Wolff, Foster, Shepard &
1700 1st National Bank Building
St. Paul, MN

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

Howard McDowell, I-5
Pennsylvania Life Insurance Company
3130 Wilshire Blvd.
Santa Monica, CA 90406

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

Peter S. Popovich
Peterson, Popovich, Knutson & Flynn
2229 River Rd. S. & St. Marys Point
Lakeland, MN 55043-9775

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

Vickie McCormick
Physicians of Minnesota
9900 Bren Road East
Minnetonka, MN 55343

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

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

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

James M. S[illegible]berger, Vice President
Reinsurance Association of America
1025 Connecticut Ave., Suite 512
Washington, D.C. 20036

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

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

Robert R. Abrohams Agency, Inc.
1112 Plymouth Bldg.
Minneapolis, MN 55402

Bernard Rosenberg
Robins, Zelle, Larson & Kaplan
1800 International Centre
900 South Second Avenue South
Minneapolis, MN 55402

Richard B. Allyn
Robins, Zelle, Larson & Kapland

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

Security Life Insurance % Robbins & Rashke, P.A
5200 Willson Rd., Suite 407
Minneapolis, MN 55424
Mr/Ms:

Ted Burton
Security Schools
268 West Burnsville Parkway
Burnsville, MN 55337

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

Leslie Urban, President
National Service Corporation
831 Livestock Exchange Building
P. O. Box 7608
Omaha, NE 68107

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

NIARS Corporation
Three Eighteen West Franklin
Minneapolis, MN 55404

Dan Boyle, Assoc. Gen'l Counsel
Northern Assurance Co. of Amer.
One Beacon Street
Boston, MA 02108

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

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

Mark Lawrence, Contract Specialist
Ohio State Life Insurance Company
2500 Farmers Drive
Columbus, OH 43085

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

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

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

Maureen Adrian, Exec. Asst.
Minn. State Builders Assoc.
666 Transfer Rd.
St. Paul, MN 55114

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

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

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

Michael C. Black
Michael C. Black Law Office, Ltd.
Suite 201- 265 W 7th St (Fort Road)
St. Paul, MN 55102

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

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

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

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

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

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

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

Thomas Houser
Minnesota Insurance Guaranty Association
4600 West 77th Street Room 328
Minneapolis, MN 55435

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

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

Tara Heinecke
Local 17
Suite 444 - 312 Central Avenue S.E.
Minneapolis, MN 55414

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

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

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

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

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

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

Glen Tullman
Certified Collateral Corporation
640 N. LaSalle, Suite 640
Chicago, IL 60610

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

Timothy L. Tucker
Consumer Credit Insurance Assoc.
307 N. Michigan Ave.
Chicago, IL 60601

Gerald G. [illegible]erick, Esq.*

6800 France Ave. S., #750
Edina, MN 55435

Conrad M. Fredin

811 Norwest Center
Duluth, MN 55802

George H. Frisch

1781 Saunders
St. Paul, MN 55116

Susan J. Ladwig

900 Midland Bank Building
Minneapolis, MN 55401

Ron Marien

9604 13th Ave. S.
Bloomington, MN 55420

Katie McLenighan

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

Jim Schloner

7733 W. 24th St.
Minneapolis, MN 55426

Archibald Spencer

4040 IDS Center
Minneapolis, MN 55402

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

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

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

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

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

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

Peggy Jacobs
IDS Financial Services
IDS Tower
Minneapolis, MN 55402

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

Charles Munson CPCU
Insurance Services Office
12 South Sixth Street
Minneapolis, MN 55402

Richard Schinler, President
Integrity Mutual Insurance Company
526 West Wisconsin Avenue
P.O. Box 539
Appleton, WI 54912

Investment Company Institute
1775 K Street NW
Washington, DC 20006

Controller's Dept.
c/o Continental American Life
Ins. Co.
P.O. Box 15750
Wilmington, DE 19850

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

Norman E. Nelson, Govt. Affairs Dept.
Crum & Forster Corporation
305 Madison Avenue
Morristown, NJ 07960

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

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

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

Dominic J. Sposeto
Dominic Sposeto & Associates
3916 Chowen Ave. S.
Minneapolis, MN 55410

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

Nicholas T. Kakos
Federal Cartridge Corporation
Twin Cities Army Ammunition Plant
New Brighton, MN 55112

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

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal With Altered Rates of Commercial Liablity Insurance

I hereby certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minnesota Statutes, section 14.14, subd. 1a, 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 19th day of November 1985.

Richard G. Gomsrud

[illegible] G. [illegible], Esq.

6800 France Av[illegible]., #750
Edina, MN 554[illegible]

Conrad M. Fredin

811 Norwest Center
Duluth, MN 55802

George H. Frisch

1781 Saunders
St. Paul, MN 55116

Susan J. Ladwig

900 Midland Bank Building
Minneapolis, MN 55401

Ron Marien

9604 13th Ave. S.
Bloomington, MN 55420

Katie McLenighan

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

Jim Schloner

7733 W. 24th St.
Minneapolis, MN 55426

Archibald Spencer

3500 IDS Center
Minneapolis, MN 55402-2213

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

Attn: Debra G. Wozniak
Alliance of American Insurers
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

[illegible] Foth
Associated Builders & Contractors
630 [illegible]alker Street, Room 109
Min[illegible]polis, 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

Glen Tullman
Certified Collateral Corporation
640 N. LaSalle, Suite 640
Chicago, IL 60610

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

Timothy L. Tucker
Consumer Credit Insurance Assoc.
307 N. Michigan Ave.
Chicago, IL 60601

Controllers Dept.
c/o Continental American Life
Ins. Co.
P.O. Box 15750
Wilmington, DE 19850

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

Norman E. Nelson, Govt. Affairs Dept.
Crum & Forster Corporation
305 Madison Avenue
Morristown, NJ 07960

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

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

Insurance Services Office
12 South Sixth Street
Minneapolis, [redacted] 55402

Richard Schinler, President
Integrity Mutual Insurance Company
526 West Wisconsin Avenue
P.O. Box 539
Appleton, WI 54912

Investment Company Institute
1775 K Street NW
Washington, DC 20006

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

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

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

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

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

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

Tara Heinecke
Local 17
Suite 444 - 312 Central Avenue S.E.
Minneapolis, MN 55414

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

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

Metropolitan Prop. & Liability Ins. Co.
7 Quaker Lane
[redacted]ck, RI 02887

Michael C. Black
Michael C. Black Law Office, Ltd.
Suite 201- 265 W 7th St (Fort Road)
St. Paul, MN 55102

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

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

Thomas Houser
Minnesota Insurance Guaranty Association
4640 West 77th Street Suite 266
Minneapolis, MN 55435

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

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. 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

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

Minnesota Multi Housing Assn.
3100 W. La[illegible] St.
Minneapoli[illegible] MN 55416

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.
9944 Q. 74th St.
Eden Prairie, MN 55344

Maureen Adrian, Exec. Asst.
Minn. State Builders Assoc.
666 Transfer Rd.
St. Paul, MN 55114

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

Leslie Urban, President
National Service Corporation
831 Livestock Exchange Building
P. O. Box 7608
Omaha, NE 68107

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 [illegible], [illegible] Relations Dir.
Natl. Assoc. of Prof. Surplus Lines Off.
[illegible]. Box 1507
[illegible]well, GA 30077

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

NIARS Corporation
Three Eighteen West Franklin
Minneapolis, MN 55404

Dan Boyle, Assoc. Gen'l Counsel
Northern Assurance Co. of Amer.
One Beacon Street
Boston, MA 02108

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

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

Mark Lawrence, Contract Specialist
Ohio State Life Insurance Company
2500 Farmers Drive
Columbus, OH 43085

Oppenheimer, Wolff, Foster, Shepard & Donnelly
1700 1st National Bank Building
St. Paul, MN

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

Howard McDowell, I-5
Pennsylvania Life Insurance Company
3130 Wilshire Blvd.
Santa Monica, CA 90406

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

Peter S. Popovich
Peterson, Popovich, Knutson & Flynn
2229 River Rd. S. % St. Marys Point
Lakeland, MN 55043-9775

Phillips Legislative Service, Inc.
459 Rice Str[redacted]
St. Paul, MN [redacted]5103

Vickie McCormick
Physicians of Minnesota
9900 Bren Road East
Minnetonka, MN 55343

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

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

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

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

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

Robert R. Abrohams Agency, Inc.
1112 Plymouth Bldg.
Minneapolis, MN 55402

Bernard Rosenberg
Robins, Zelle, Larson & Kaplan
1800 International Centre
900 South Second Avenue South
Minneapolis, MN 55402

Richard B. Allyn
Robins, Zelle, Larson & Kapland
1800 International Centre
900 Second Avenue South
Minneapolis, MN 55402

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

Security Life Insurance
52[redacted]illson Rd., Suite 407
Mi[redacted]apolis, MN 55424
Mr/Ms:

Ted Burton
Security Schools
268 West Burnsville Parkway
Burnsville, MN 55337

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

George M. Boyd
Squire, Sanders & Dempsey
1800 Huntington Building
Cleveland, OH 44115

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

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

Karen Langland, Government Affairs
St. Paul Fire & Marine Ins. Co.
385 Washington St.
St. Paul, MN 55102

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

[illegible] Insurance Company [illegible]
400 Second Avenue South
Minneapol[illegible] MN 55401

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

Jerome Scheibl, Vice President
Wausau Insurance Group
2000 Westwood Dr.
Wausau, WI 54401

Larry J. Smith Asst Sec'y Public Affairs
Western Insurance Companies
14 East First
Fort Scott, Kansas 66701

John A. Knapp
Winthrop, Weinstine & Sexton
1800 Conwed Tower, 444 Cedar
Saint Paul, MN 55101

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

[illegible] Developmental Disabilities [illegible]
[illegible] Capitol Square Building
[illegible] Paul, MN 55101

Dominic J. Sposeto
Dominic Sposeto & Associates
3916 Chowen Ave. S.
Minneapolis, MN 55410

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

Nicholas T. Kakos
Federal Cartridge Corporation
Twin Cities Army Ammunition Plant
New Brighton, MN 55112

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

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

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

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

Harold J. Soderberg, Esq.
Hessian, McKasy & Soderberg
4700 IDS Center
Minneapolis, MN 55402

Peggy Jacobs
IDS Financial Services
IDS Tower
Minneapolis, MN 55402

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

STATE OF MINNESOTA
COUNTY OF RAMSEY

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal, and Renewal With Altered Rates of Commercial Liability Insurance

AFFIDAVIT OF MAILING RE TO ADDITIONAL DISCRETIONARY NOTICE

Richard G. Gomsrud, being first duly sworn, deposes and says:

That Notice of Intent to Adopt Rules Without a Public Hearing and Notice of Intent Rules to Adopt Rules With a Public Hearing if twenty-five (25) or more persons request a hearing was served upon the persons on the attached list at the same date and time as similar notices were served upon the persons who requested, pursuant to Minnesota Statutes, Section 14.14, subdivision 1A that their names be placed on file maintained by the Department of Commerce for the purpose of receiving notice of the proposed adoption of rules. The people on the attached list are those that requested a hearing or made other comments in regard to the rules that were published by the department dealing only with Cancellation of Commercial Liability Insurance. Said notices were served by depositing in the State of Minnesota central mail system for United States mailing at said City of St. Paul, a copy properly prepared with first class postage prepaid.

Richard G. Gomsurd
Department Counsel

Subscribed and sworn to before me this
22nd day of November 1985.

Notary Public

NANCY J. LINK
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
MY COMMISSION EXPIRES DECEMBER 3, 1990

Ms. Lynette Beck
Assistant Director of Admissions and
Business Services
Rochester Methodist Hospital
201 West Center St.
Rochester, MN 55902

Frances J. St. Onge, FHFMA
Vice President of Finance
The Health Central System
2810 57th Ave. North
Minneapolis, MN 55430-2496

Mr. Daniel F. Rode
Associate Director, UMHC
University Hospitals and Clinics
420 Delaware St.
Minneapolis, MN 55455

Mr. James Alt, President
Benefits Incorporated
700 Minnesota Federal Bldg.
607 Marquette Avenue
Minneapolis, MN 55402

Mr. Phil Griffin, Director
Legislative and Regulatory Affairs
Physicians of Minnesota
Opus Center 9900 Bren Road East
Minnetonka, MN 55343-9696

Mr. Thomas E. Rubbelke, Chairman
HFMA Regulatory Agency Practices Comm.
Minneapolis Children's Medical Center
2525 Chicago Avenue South
Minneapolis, MN 55404

Mr. Wayne Lauermann, Director
Business Office
Saint Cloud Hospital
1406 6th Avenue North
St. Cloud, MN 56301

Ven Houts, President HFMA
Ernst & Whinney
1400 Pillsbury Center
Minneapolis, MN 55402

Ms.Veronica Smieja
Patient Accting. Supervisor
Midway Hospital
1700 University Avenue
St. Paul, MN 55104

Ms. Mabel Engstrom, Insurance Super.
Unity Medical Center
550 Osborne Road
Fridley, MN 55432-2799

Mr. Craig R. Weflen
Noran Neurological Clinic, P.A.
600 Metropolitan Medical Bldg.
825 South Eighth Street
Minneapolis, MN 55404

Toby Michalson, Business Manager
Unity Medical Center
550 Osborne Road
Fridley, MN 55432-2799

Mr. LeRoy Arensen
Special Funds Coordinator
Minneapolis Children's Medical Center
2525 Chicago Avenue South
Minneapolis, MN 55404

Mr. Robert M. Lang
Credit Manager
Minneapolis Children's Medical Center
2525 Chicago Avenue South
Minneapolis, MN 55404

Ms. Joyce Searle
Patient Accounting Supervisor
Minneapolis Children's Medical Center
2525 Chicago Avenue South
Minneapolis, MN 55404

Mr. Steve Miller
Business Office Director
Minneapolis Children's Medical Center
2525 Chicago Avenue South
Minneapolis, MN 55404

G. Beshe
Director, Business Office
Golden Valley Health Center
4101 Golden Valley Road
Golden Valley, MN 55422

C. Wayne Abell, CMPA
Business Office Manager
Abbott-Northwestern Hospital
800 E. 28th St. at Chicago Ave.
Minneapolis, MN 55407

Mr. Dean C. Ritter
Patient Accounts Manager
Abbott Northwestern Hospital
800 E. 28th St. at Chicago Ave.
Minneapolis, MN 55407

K. L. Kroeger
Patient Accounting
St. John's Hospital
403 Maria Avenue
St. Paul, MN 55106

Mr. Richard J. Oszustowicz
Treasurer/Vice President
Abbott Northwestern Hospital
800 E. 28th Street at Chicago Ave.
Minneapolis, MN 55407

W. Shuttleworth
Director of Finance
St. John's Hospital
403 Maria Avenue
St. Paul, MN 55106

Mr. Fred V. Diethert
Direct of Patient Accounts
Metropolitan Medical Center
900 South Eighth St.
Minneapolis, MN 55404

Mr. Ken Hagan
Supervisor of Patient Accounts
Rochester Methodist Hospital
201 West Center Street
Rochester, MN 55902

Mr. Harold Mernen
Business Office Manager
Hennepin County Medical Center
701 Park Avenue South
Minneapolis, MN 55415

Ms. Wendy Anderson
Minnesota Hospital Association
MN. Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Mitchell Davis Jr.
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

LaVerne Treb
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Jim Collins
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Linda Sandvig
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Sue Johnson
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Patti Anderson
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Barbara Lee
Minnesota Hospital Association
MN Association of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Marva Boyd
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Jane Nystul
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Mr. John Kingrey
Minnesota Hospital Association
MN Association of Homes for the Aging
2221 University Ave. SE, Suite
Minneapolis, MN 55414-3085

Ms. Megan Murphy
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Eugene Tangul
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Vern Silvernale
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Richard Peterson
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Vivian Baumann
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

R. C. Dunn
Financial Consultant
The Health Central System
2810 57th Avenue North
Minneapolis, MN 55431-2496

Juli Menssen
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Stephen Rogness
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Mary Dolan
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Nancy Snyder
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Jeanne Karls
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue
Minneapolis, MN 55414-3085

Mr. Paul Lagermeier
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Marlys Cunningham
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minnepolis, MN 55414-3085

Shawn Clapp
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

Ms. Vikki Kostohryz
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Lynette Virnig
Minnesota Hospital Association
MN Assn. of Homes for the Aging
2221 University Ave. SE, Suite 425
Minneapolis, MN 55414-3085

Mr. Thomas L Quinn
Director, Patient Accounting
Bethesda Hospital
559 Capitol Blvd.
St. Paul, MN 55103

Mr. James Hiatt
Vice President of Finance
Buffalo Memorial Hospital
303 Catlin St., P.O. Box 70
Buffalo, MN 55313-0609

Mr. Gary Hanson
Business Office Manager
Buffalo Memorial Hospital
303 Catlin St., P.O. Box 70
Buffalo, MN 55313-0609

Ms. Mary Malachek
Credit and Collections Manager
Buffalo Memorial Hospital
303 Catlin Street, P.O. Box 70
Buffalo, MN 55313-0609

V. M. Pihl
Patient Accounts Coordinator
Mounds Park Hospital
200 Earl St.
St. Paul, MN 55106

M. E. Walden
Business Office Supervisor
Mounds Park Hospital
200 Earl St.
St. Paul, MN 55106

Mr. Edmund L. Keimig
Chief Financial Officer
Northwestern Hospital Services
120 Labree Ave. South
Thief River Falls, MN 56701

Mr. Bill Pavlik
Vice President
American Guild of Patient Account
3624 78th Ave. North
Brooklyn Park, MN 55443

Mr. Donald Bergquist
Vice President of Finance
Bethesda Hospital
559 Capitol Blvd.
St. Paul, MN 55103

Mr. Steven P.Bresnahan
Acting Administrator
Buffalo Memorial Hospital
303 Catlin Street P.O. Box 70
Buffalo, MN 55313-0609

Ms. Patricia A. Johnson
Director, UMHC Billing Dept.
University Hospitals and Clinics
420 Delaware St. SE
Minneapolis, MN 55455

Laurence D. Butler
Assistant Business Manager
Methodist Hospital
6500 Excelsior Blvd.
P.O. Box 650
Minneapolis, MN 55440

Michael E. McGuire
O'Connor and Hannan
Attorneys at Law
3800 IDS Tower
80 South 8th Street
Minneapolis, MN 55402-2254

John Seckinger
Sr. Vice President, Finance
Saint Cloud Hospital
1406 Sixth Avenue North
St. Cloud, MN 56301

Mr. Jack Hogan, CLU
Assistant Vice President
Government Relations
Physicians Mutual Insurance Company
42nd and Dodge
Omaha, Nebraska 68131

Ms. Sanra S. Konig
American Family Life Assurance
American Family Center
1932 Wynnton Road
Columbus, Georgia 31999

Ms. Carol J. Smith
Group Claims Manager
Chubb LifeAmerica
Group Claims Dept.
300 Pillsbury Center
Minneapolis, MN 55402

Marva Boyd
Minnesota Hospital Assn.
MN Assn. of Homes for the Aging
2221 University Avenue SE, Suite 425
Minneapolis, MN 55414-3085

STATE REGISTER

STATE OF MINNESOTA



VOLUME 10, NUMBER 19

November 4, 1985

Pages 1013-1108

CONTENTS

MINNESOTA RULES AMENDMENTS AND ADDITIONS

Issues 14-19, inclusive 1016

PROPOSED RULES

Commerce Department
Proposed Rules Relating to Cancellation of Commercial Policies 1018

Energy and Economic Development Department
Proposed Rules Governing Energy Financial Assistance 1021

Health Department
Proposed Rules Relating to Licensing Fees 1028

ADOPTED RULES

Public Safety Department Administration Division
Adopted Rule Relating to School Safety Patrol Members 1032

OFFICIAL NOTICES

Secretary of State's Office
Annual Compilation of State Agencies: Notice of Vacancies (Application and Appointment Procedure) 1033
Notice of Vacancies in Multi-Member State Agencies 1084

Animal Health Board
Special Board Meeting 1085

Education Department Development and Partnerships Division
Public Meetings Scheduled to Examine Feasibility of All-Day Educational Programs for Four-Five Year Olds and on Public School Child Care Programs for Children from Four to Twelve 1085

Energy and Economic Development Department Energy and Economic Development Authority
Outside Opinion Sought Concerning a Proposed Rule Administering Loans to Municipalities to Make Qualified Energy Improvements 1085

Ethical Practices Board
Advisory Opinion #93, RE: Reporting Requirements 1086

Finance Department
Maximum Interest Rate for Municipal Obligations, November, 1985 1086

Health Department
Emergency Medical Services Licensure Application—Crookston Area 1086
Emergency Medical Services Licensure Application—Fertile Area 1087
Emergency Medical Services Licensure Application—Fosston Area 1087

Historical Society
State Review Board Regular Meeting 1087

Metropolitan Council
Public Hearing: Metropolitan Significance Review, Mall of America and Fantasyworld 1088
Review Schedule: Metropolitan Significance Review, Mall of America and Fantasyworld 1088

Sentencing Guidelines Commission
Public Hearing to Consider Modifications to Sentencing Guidelines 1089

Teachers Retirement Association
Meeting Notice 1090

STATE CONTRACTS

Administration Department Procurement Division
Commodities Contracts and Requisitions Currently Open for Bidding 1090

Energy and Economic Development Department Energy Division
Request for Proposals for Biomass Processing into Solid Fuel Forms and Subsequent Solid Fuel Test Burns 1092

Housing Finance Agency
Request for Proposals for the Feasibility of Using Home Equity Conversion Plans to Finance the Purchase of Long-Term Health Care or Long-Term Health Care Insurance 1093

Jobs and Training Department Rehabilitation Services Division
Applications Accepted for Supported Employment Project Advisory Committee 1094

State Designer Selection Board
Request for Proposals for State Projects 1094

Transportation Department
Notice of Proposed Debarment of James Russell Tow and Opportunity for Hearing 1097
Notice of Proposed Debarment of Tow Brothers Construction Company and Opportunity for Hearing 1097
Notice of Suspension Order to: James Russell Tow 1098
Notice of Suspension Order to: Tow Brothers Construction Company 1098
Request for Proposals to Conduct a Set of Focus Group Sessions 1099

Waste Management Board
Request for Proposals to Provide Technical and Financial Review of Applications for Hazardous Waste Reduction Grants 1099

STATE GRANTS

Higher Education Coordinating Board
Request for Proposals for Enterprise Development Partnerships 1101

NON-STATE PUBLIC CONTRACTS

Minnesota Counties Computer Cooperative
Request for Proposals for Maintenance and Support of Software Products 1102

SUPREME COURT DECISIONS

Decisions Filed Friday, October 25, 1985 1102

TAX COURT

Orders Dated October 18, 1985 1103

PROPOSED RULES

Pursuant to Minn. Stat. of 1982, §§ 14.22, 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 25 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 the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 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 §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Commerce

Proposed Rules Relating to Cancellation of Commercial Policies

Notice of Hearing

Notice is given that a public hearing will be held pursuant to Minnesota Statute Section 14.14, subdivision 1 (1984), in the above-entitled matter in the Large Hearing Room, 500 Metro Square Building, St. Paul, Minnesota 55101, on December 10, 1985, at 9:00 a.m. and continuing until all interested persons and groups have had an opportunity to be heard concerning adoption of these proposed rules by submitting either oral or written data, statements, or arguments. Statements, briefs or written material may be submitted within the comment period described in this notice without appearing at the hearing by sending them to Administrative Law Judge, George H. Beck, 4th Floor, Summit Bank Building, 310 4th Avenue South, Minneapolis, Minnesota 55415, telephone (612) 341-7601. The rule hearing procedure is governed by Minnesota Statute Section 14.14-14.20 and by Minnesota Rules Parts 1400.0200-1400.1200, as amended (Amended Rules published at 9 S.R. 2276). Questions regarding procedure may be directed to the Administrative Law Judge at the above-listed address.

PLEASE NOTE, HOWEVER, THAT THIS HEARING WILL BE CANCELLED IF FEWER THAN TWENTY-FIVE PERSONS REQUEST A HEARING IN RESPONSE TO THE NOTICE OF INTENT TO ADOPT THESE SAME RULES WITHOUT A HEARING PUBLISHED IN THE *STATE REGISTER* OR EVEN DATE AND MAILED THE SAME DATE AS THE NOTICE.

The Commissioner proposes to adopt rules relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Liability Insurance. Authority for the adoption of these rules is contained in Minnesota Statute Section 72A.19 and Section 45.023. A text of the proposed rules follows this notice in the *State Register*.

Notice is hereby given that a Statement of Need and Reasonableness is now available for review at the Department of Commerce and is available at the Office of Administrative Hearings. This Statement of Need and Reasonableness includes a summary of all of the evidence and arguments which the Department anticipates presenting at the hearing justifying both the need for and the reasonableness of the proposed rules. Copies of the Statement of Need and Reasonableness may be reviewed at the Department of Commerce or the Office of Administrative Hearings and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

Pursuant to Minnesota Laws 1983, chapter 188 codified as Minnesota Statute Section 14.155, subdivision 2, the impact on small business has been considered in the promulgation of the rules. Every small business having insurance will be affected by these rules. Anyone wishing to present evidence or argument as to the rules' effect on small business may do so. The Department's position regarding the impact of the rules on small business is set forth in the Statement of Need and Reasonableness.

All interested or affected persons will have an opportunity to participate by presenting oral and/or written evidence at the hearing. Questioning of agency representatives or witnesses, and of interested persons making oral statements will be allowed in order to explain the purpose or intended operation of the proposed rules, or a suggested modification, or for other purposes material to the evaluation or formulation of the proposed rules. As a result of the hearing process, the proposed rule may be modified.

Written material may be submitted to the Administrative Law Judge and recorded in the hearing record for five working days after the public hearing ends. The comment period may be extended for a longer period not to extend 20 calendar days if ordered by the Administrative Law Judge at the hearing. Comments received during the comment period will be available for review at the Office of Administrative Hearings. Following the five- to twenty-day comment period, there will be a three-day period in which the Commissioner and interested persons may respond in writing to any new information submitted. During the three-day period, the

agency may indicate in writing whether there are any amendments suggested by other persons which the agency is willing to adopt. Additional evidence may not be submitted during the three day period. The written responses will be added to the record of the proceeding.

Notice: Any person may request notification of the date on which the Administrative Law Judge's report will be available after which date the Department of Commerce may not take any final action on the rules for a period of five working days. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Administrative Law Judge. Any person may request notification of the date on which the rules were adopted and filed with the Secretary of the State. The notice must be mailed on the same day that the rules are filed. If you want to be so notified you may so indicate at the hearing or send a request in writing to the Department of Commerce at any time prior to the filing of the rules with the Secretary of State.

Minnesota Statutes chapter 10A requires each lobbyist to register with the State Ethical Practices Board within five days after he or she commences lobbying. A lobbyist is defined in Minnesota Statutes Section 10A.01, subdivision 11 as an individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250, not including traveling expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota, 55155 telephone (612) 296-5615.

One free copy of this notice and the proposed rules may be obtained by contacting Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. Additional copies will be available at the door on the date of the hearing.

October 17, 1985

Michael A. Hatch
Commissioner of Commerce

Rules as Proposed (all new material)

CANCELLATION, NONRENTAL, AND CHANGE OF RATES

2700.2400 SCOPE.

Parts 2700.2400 to 2700.2450 apply to all commercial liability insurance policies issued by companies licensed to do business in this state except workers' compensation insurance, employers' liability, ocean marine insurance, accident and health insurance, and reinsurance.

2700.2410 MIDTERM CANCELLATION.

Subpart 1. **Reason for cancellation.** No insurer may cancel a policy of commercial liability insurance during the term of the policy, except for one or more of the following reasons:

A. nonpayment of premium;

B. misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim under the policy;

C. actions by the insured that have substantially increased or substantially changed the risk insured;

D. refusal of the insured to eliminate known conditions that increase the potential for loss after notification by the insurer that the condition must be removed;

E. substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract;

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.

F. loss of reinsurance by the insurer which provided coverage to the insurer for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has ten days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within five business days after receipt of the appeal;

G. a determination by the commissioner that the continuation of the policy could place the insurer in violation of the insurance laws of this state; or

H. nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance; provided, however, that this provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Subp. 2. **Notice.** Cancellation under subpart 1, items B to H, shall not be effective prior to 30 days after notice to the policyholder. The notice of cancellation shall contain a specific reason for cancellation as provided in subpart 1.

A policy shall not be canceled for nonpayment of premium pursuant to subpart 1, item A unless the insurer, at least ten days prior to the effective cancellation date, has given notice to the policyholder of the amount of premium due and the due date. The notice shall state the effect of nonpayment by the due date. No cancellation for nonpayment of premium shall be effective if payment of the amount due is made prior to the effective date set forth in the notice.

Subp. 3. **New policies.** Subparts 1 and 2 do not apply to any insurance policy that has not been previously renewed if the policy has been in effect less than 90 days at the time the notice of cancellation is mailed or delivered. No cancellation under this subpart is effective until at least ten days after the written notice to the policyholder.

Subp. 4. **Longer term policies.** A policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer for the reasons stated in subpart 1 by giving notice as required by subpart 2 at least 30 days prior to any anniversary date.

2700.2420 NONRENEWAL.

Subpart 1. **Notice required.** An insurer shall renew the policy, unless at least 30 days prior to the date of expiration provided in the policy, a notice of intention not to renew the policy beyond the agreed expiration date is made to the policyholder.

Subp 2. **Exceptions.** This part does not apply if the policyholder has insured elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal.

2700.2430 RENEWAL WITH ALTERED RATES.

Subpart 1. **General.** Subject to subpart 2, if the insurer offers or purports to renew the policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rages, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata.

Subp. 2. **Exception.** Subpart 1 does not apply if the change relates to guide "a" rates or excees rates also known as "consent to rate."

2700.2440 INTERPRETATION AND PENALTIES.

Subpart 1. **Rules not exclusive.** Parts 2700.2400 to 2700.2440 are not exclusive, and the commissioner may also consider other provisions of Minnesota law to be applicable to the circumstances or situations addressed by parts 2700.2400 to 2700.2440. The rights provided by parts 2700.2400 to 2700.2440 are in addition to and do not prejudice any other rights the policyholder may have at common law, under statute, or other administrative rules.

Subp. 2. **Penalties.** A violation of any provisions of parts 2700.2400 to 2700.2440 shall be deemed to be an unfair trade practice in the business of insurance and shall subject the violator to the penalties provided by Minnesota Statutes, sections 72A.17 to 72A.32 in addition to any other penalty provided by law.

Subp. 3. **Notices required.** All notices required by parts 2700.2400 to 2700.2440 shall only be made by first class mail addressed to the policyholder's last known address or by delivery to the policyholder's last known address. Notice by first class mail is effective upon deposit in the United States mail. In addition to giving notice to the policyholder, the insurer must also give notice to the agent of record, if any, in the manner specified for the policyholder.

REPEALER. Minnesota Rules, parts 2700.2400 to 2700.2440 are repealed September 30, 1987.

STATE REGISTER

STATE OF MINNESOTA



VOLUME 10, NUMBER 21

November 18, 1985

Pages 1141-1196

CONTENTS

MINNESOTA RULES AMENDMENTS AND ADDITIONS

Issues 14-21, inclusive 1112

PROPOSED RULES

Commerce Department

Proposed Rules Relating to Cancellation of Commercial Policies 1146

Withdrawal of Previously Proposed Rules Relating to Cancellation of Commercial Liability Insurance 1149

Labor and Industry Department
Occupational Safety and Health Division

Proposed Revisions to the Occupational Safety and Health Standards 1150

Racing Commission

Proposed Rules Governing Horse Racing Regulations; Minnesota Racing Commission 1151

Secretary of State
Elections Division

Proposed Rules Relating to Voter Registration, Absentee Voting, Recounts, Ballots, Certification and Testing of Lever Voting Machines; and Certification, Testing, and Use of Electronic Voting Systems 1158

ADOPTED RULES

Commerce Department

Adopted Rules Repealing Commercial Insurance Filing Exemptions 1179

OFFICIAL NOTICES

Arts and Resource Center Minnesota School

Coordinator's Position Available 1179

Director's Position Available 1180

Energy and Economic Development Department
Agricultural Resource Loan Guaranty Board

Public Hearing on a Proposal to Issue Revenue Bonds to Finance Project Proposed by Blue Ribbon Gardens, Incorporated 1180

Health Department

Public Forum to Discuss Whether a Need Exists for the State to Regulate Acupuncturists 1181

Health Department
Office of Health Systems Development

Outside Opinion Sought Regarding Proposed Rules Governing Health Maintenance Organizations 1181

Housing Finance Agency

Public Hearing on Annual Policy Statement 1181

Pollution Control Agency
Water Quality Division

Notice of Board Review of Metropolitan Council's 208 Plan on Water Resources Management 1182

Revisor of Statutes

Notice of Publication of Minnesota Rules 1985 1182

Vocational Technical Education State Board

Notifications List to Be Compiled on Post-Secondary and Extension Aid Allocation Decisions 1182

STATE CONTRACTS

Administration Department
Procurement Division

Commodities Contracts and Requisitions Currently Open for Bidding 1183

Corrections Department
Community Services Support Unit

Request for Proposals for Community Resource Development Services for American Indians 1184

Energy and Economic Development Department
Governor's Rural Development Council

Request for Proposals for Specialty Crop Demonstration Farm 1185

Human Services Department
Anoka State Hospital

Request for Proposals for Medical Services 1185

Metropolitan Waste Control Commission

Public Notice for Prequalifications for Engineering Services 1185

Transportation Department

Request for Proposals for Evaluating and Testing Microcomputer Software for Travel Demand Forecasting 1186

Vocational Technical Education State Board

Request for Proposals to Deliver Student Support Services to Incarcerated Adult Vocational Education Students 1186

SUPREME COURT CALENDAR

Cases Scheduled, December, 1985 1187

SUPREME COURT DECISIONS

Decisions Filed Friday, November 8, 1985 1190

A policy shall not be canceled for nonpayment of premium pursuant to subpart 1, item A unless the insurer, at least ten days prior to the effective cancellation date, has given notice to the policyholder of the amount of premium due and the due date. The notice shall state the effect of nonpayment by the due date. No cancellation for nonpayment of premium shall be effective if payment of the amount due is made prior to the effective date set forth in the notice.

Subp. 3. **New policies.** Subparts 1 and 2 do not apply to any insurance policy that has not been previously renewed if the policy has been in effect less than 90 days at the time the notice of cancellation is mailed or delivered. No cancellation under this subpart is effective until at least ten days after the written notice to the policyholder.

Subp. 4. **Longer term policies.** A policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer for the reasons stated in subpart 1 by giving notice as required by subpart 2 at least 30 days prior to any anniversary date.

2700.2420 NONRENEWAL.

Subpart 1. **Notice required.** An insurer shall renew the policy, unless at least 30 days prior to the date of expiration provided in the policy, a notice of intention not to renew the policy beyond the agreed expiration date is made to the policyholder.

Subp. 2. **Exceptions.** This part does not apply if the policyholder has insured elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal.

2700.2430 RENEWAL WITH ALTERED RATES.

Subpart 1. **General.** Subject to subpart 2, if the insurer offers or purports to renew the policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata.

Subp. 2. **Exception.** Subpart 1 does not apply if the change relates to guide "a" rates or excess rates also known as "consent to rate."

2700.2440 INTERPRETATION AND PENALTIES.

Subpart 1. **Rules not exclusive.** Parts 2700.2400 to 2700.2440 are not exclusive, and the commissioner may also consider other provisions of Minnesota law to be applicable to the circumstances or situations addressed by parts 2700.2400 to 2700.2440. The rights provided by parts 2700.2400 to 2700.2440 are in addition to and do not prejudice any other rights the policyholder may have at common law, under statute, or other administrative rules.

Subp. 2. **Penalties.** A violation of any provisions of parts 2700.2400 to 2700.2440 shall be deemed to be an unfair trade practice in the business of insurance and shall subject the violator to the penalties provided by Minnesota Statutes, sections 72A.17 to 72A.32 in addition to any other penalty provided by law.

Subp. 3. **Notices required.** All notices required by parts 2700.2400 to 2700.2440 shall only be made by first class mail addressed to the policyholder's last known address or by delivery to the policyholder's last known address. Notice by first class mail is effective upon deposit in the United States mail. In addition to giving notice to the policyholder, the insurer must also give notice to the agent of record, if any, in the manner specified for the policyholder.

REPEALER. Minnesota Rules, parts 2700.2400 to 2700.2440 are repealed September 30, 1987.

Department of Commerce

Withdrawal of Previously Proposed Rules Relating to Cancellation of Commercial Liability Insurance

Notice of Withdrawal of Rules and Substitution

Notice is hereby given that the proposed rules relating to Cancellation of Commercial Liability Insurance as published in the *State Register* on August 19, 1985 at pages 419 and 420 are withdrawn.

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.

Rules including the same subject matter and bearing some of the same rule numbers are published on pages 1018-1020 of the November 4, 1985 *State Register*. Those rules are also republished in this issue due to an omission in the November 4, 1985 issue.

Michael A. Hatch
Commissioner of Commerce

Department of Labor and Industry
Occupational Safety and Health Division

Proposed Revisions to the Occupational Safety and Health Standards

Request for Comments

Notice is hereby given that the Department of Labor and Industry, Occupational Safety and Health Division (Minnesota OSHA), proposes to adopt the following revisions to the Minnesota Occupational Safety and Health Standards, as authorized under Minnesota Statutes § 182.655 (1984) amending the Occupational Safety and Health Standards that have already been proposed and adopted by the federal Occupational Safety and Health Administration (Federal OSHA).

Complete copies of the specific revisions are available by writing: Occupational Safety and Health Division, Department of Labor and Industry, 444 Lafayette Road, St. Paul, Minnesota 55101; or by calling: (612) 297-3254.

Interested persons are hereby afforded a period of 30 days to submit written data or comments on the described standards. Any interested person may file with the Commissioner written objections to the proposed standards stating the grounds for those objections; such person may request a public hearing on those objections.

Steve Keefe
Commissioner of Labor and Industry

Standards as Proposed

5205.0010 ADOPTION OF FEDERAL OCCUPATIONAL SAFETY AND HEALTH STANDARDS BY REFERENCE. The Minnesota Department of Labor and Industry, Occupational Safety and Health standards and rules are amended by incorporating and adopting by reference, and thereby making a part thereof, Title 29 of the Code of Federal Regulations as follows:

Part 1910—Occupational Safety and Health Standards as published in Volume 43, No. 206 of the Federal Register on October 24, 1978 and corrected in Volume 43, No. 216 on November 7, 1978 which incorporates changes, additions, deletions, and corrections made up to November 7, 1978; and subsequent changes made prior to ~~June 1, 1985~~ November 1, 1985:

—Federal Register, Vol. 50, No. 178, dated 9/13/85—"Coke Oven Emissions (1910.1029); Deletion of Portions of Standard."

—Federal Register, Vol. 50, No. 198, dated 10/11/85—"Occupational Exposure to Ethylene Oxide (1910.1047); Labeling Requirements."

Summary of Standards: The following summary of the proposed standards is very brief; persons interested in reviewing the entire standard may obtain a copy at the address noted above.

A) "Coke Oven Emissions Standard; Deletion of Portions of Final Rule." Federal OSHA deleted certain terms from the permanent standard governing employee exposure to coke oven emissions (29 CFR 1910.1029) to conform the standard to the decision of the United States Court of Appeals for the Third Circuit in the case of American Iron and Steel Institute et al. v. Occupational Safety and Health Administration. The deletions implement the Court's interpretation that, although OSHA may require an employer to implement technology "looming on today's horizon," it lacks the authority to place an affirmative duty on each employer to research and develop new technology to reduce exposures to coke oven emissions. The deletions also respond to the Court's vacating the requirement for quantitative fit testing of certain respirators based on the lack of support for this requirement in the coke oven emission proceeding record. Conforming amendments were made to 29 CFR Part 1910, Subpart Z, 1910.1029(f)(1)(i)(b), (f)(1)(ii)(b), (f)(1)(iii)(b), (f)(6)(iii), and (g)(4)(i).

Minnesota OSHA adopted 29 CFR 1910.1029 "Coke Oven Emissions" on May 2, 1977. By this notice, Minnesota OSHA proposes to adopt the above amendments.

B) "Occupational Exposure to Ethylene Oxide (29 CFR 1910.1047); Labeling Requirements." Federal OSHA has amended the final Occupational Exposure to Ethylene Oxide (EtO) standard to provide an exception from the labeling requirements where ethylene oxide is used as a pesticide and the EtO container is labeled pursuant to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). This amendment, which is effective immediately, is necessary to avoid legal and substantive conflict with FIFRA and regulations issued pursuant to FIFRA by the Environmental Protection Agency. In addition, Federal OSHA has modified its labeling requirements by changing the hazard warning to read "Cancer Hazard and Reproductive Hazard" and modifying the signal word from "Caution" to "Danger" to conform with the signal word required on the FIFRA label. Use of the FIFRA label in

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenwal and Renewal With Altered Terms of Commercial Insurance

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING RULE WITHOUT A PUBLIC HEARING

Notice of the Commissioner's proposed adoption of the above entitled rules was published in the State Register on November 4, 1985 at page 1018 and on November 18, 1985 at page 1146 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, Section 14.14, subd. 1, paragraph (a) and 14.22 on November 4 and November 18. Publication on the two dates and mailing on the two dates was a result of an omission in the original publication by the State Register.

All persons were given the opportunity to submit comments on the rule for thirty days after notice of proposed rulemaking period. Fewer than twenty-five requests for hearing within the thirty day comment period were received. Submissions or comments on the rules were received by the Department. Based upon the comments and evidence on the record before the agency, I find the following:

That part 2700.2400 should be amended to include excess insurance and surplus lines insurance in the types of insurance accepted from these rules. These rules were never intended to cover these two types of insurance and this was the common presumption by all of the parties involved in the promulgation of the rules. It is quite probable that the department does not even have authority to promulgate regulations in regard to surplus lines and excess insurance is almost always issued in conjunction with other types of insurance. Continued coverage of the excess insurance policies is contingent upon the other types of insurance remaining in force. Accordingly termination of the other types of insurance invariably leads by contract to automatic termination of the excess insurance. Subjecting excess insurance to these rules would have little in any effect and would work a hardship on those companies issuing the policies since they would have to first receive the notice of the other types of insurance being cancelled before they can commence their cancellation or nonrenewal yet the very concept of excess insurance is premised upon there being other insurance in place and the coverage is only for the amount in excess of that coverage and is not intended to be coverage in lieu of the primary coverage. Accordingly anyone purchasing excess insurance would be well aware of the unique nature of the policies. Because they were not within the intent of the scope of the rules and because through some interpretations they would be included because of the broad terminology used in regard to the policies that are to be included it was deemed important to be very clear that these two types of insurance are not included

within these rules. As these rules were never intended to cover these policies and the purpose of this change is only to clarify that the change is not a substantial change.

The above captioned rule is modified as need and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rule identified as rules relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Insurance is adopted this 28th day of March, 1986 pursuant to the authority vested in me by Minnesota Statutes, Section 72A.19 and Minnesota Statutes, Section 45.023.

Michael A. Hatch
Commissioner of Commerce

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal With Altered Terms of Commercial Liability Insurance

STATEMENT OF NEED AND REASONABLENESS

Minnesota Statutes, sections 72A.17 - 72A.32 entitled Regulation of Trade Practices prohibit unfair methods of competition and unfair, deceptive and otherwise prohibited trade practices. Minnesota Statute 72A.19 subd. 2 provides the Commissioner with rule making authority in regard to the cited sections.

In addition Minnesota Statute 45.023 provides the Commissioner with the authority to adopt rules whenever necessary for the proper discharge of his duties. Administrative Law Judges in several contested cases have supported the Commissioner's authority to promulgate rules under this statute.

Complaints have been received by the Department of Commerce pertaining to midterm cancellations of many types of what are known as Commercial Liability Insurance. One area of major impact has been in regard to the midterm cancellation of insurance policies covering automobiles, trucks and other vehicles which are not within the definition of private passenger vehicles and are commonly known as commercial policies or fleet policies. These policies are in many instances a vital requirement for the affected insureds to continue in business. In the case of regulated carriers loss of insurance may mean loss of their licenses and permits to operate.

Cancellation of policies may jeopardize or in some cases actually terminate the insured's legal right to continue to do business as in the case of common carriers. In almost every instance prudent business practices dictate that lack of insurance places the business in jeopardy. A recent court decision in Iowa and administrative action taken by the Commissioners of Insurance in the State of Oregon and Florida have prohibited cancellations of these types of insurance policies during their terms. The Governor of New Jersey has placed a moratorium on such cancellations.

Insureds when negotiating the contract presume that the insurer will honor its contract for the entire term, accordingly termination prior to the end of the term of the contract is not something an insured can or does plan for. Because of this the insureds are often unable to find substitute insurance prior to the effective date of the cancellation. Midterm cancellation also has a negative effect upon how other insurers view the insured as a risk no matter what the justification for the

cancellation is. The negative effects of a midterm cancellation increase proportionately to the shortness of the notification period.

The past experience of most businesses has been that their commercial liability policies were renewed as a matter of course with only modest premium increases. The current market conditions are such that even businesses that should be considered good risks are now finding that their policies are not being renewed or are renewed with such significant changes in the terms as to carry all the negative impact of cancellation. Accordingly these rules are neccesary to address these situations as well.

2700.2400 SCOPE

Because the problems addressed by these rules are not unique to any particular type of commercial liability insurance, the rules have the broadest application possible. Certain types of insurance that are regulated by other agencies, or are unique enough that these rules would be inappropriate, or the policyholders of which would either be harmed or not benefit from these rules have been excluded.

Workers' compensation and employers' liability insurance are related coverages that have a significant separate body of law and rules governing them. A separate agency regulates this area. Minnesota Statute Section 176.185, Subdivision 1 already governs cancellation of such policies.

Ocean marine insurance is a unique type of insurance that would receive little if any benefit from these rules. Further there would probably be harm caused as to availability of this type of coverage if these rules would apply.

Reinsurance is so different from normal types of insurance and involves contracts between insurance companies not the public so that these rules would not be appropriate for that type of insurance.

Accident and Health insurance is also significantly different from commercial liability policies so that it would be inappropriate for these rules to apply to those types of policies. At this time the problems relative to other types of commercial liability policies doesn't exist as to accident and health.

2700.2410 MIDTERM CANCELLATION

This part specifies the only grounds upon which cancellation may be based. They are set forth as Items A-H. It enforces the presumption that there is a binding contract made at the time the policy is initially entered into which contemplates performance by both parties during the term

specified in that contract. Only extraordinary reasons should allow the insurer with its superior bargaining & economic position to aborgate that responsibility.

Items A and B pertain to matters that would negate the original bargain made between the parties. Items C-H set forth the only acceptable basis upon which events occuring after the contract is entered into would allow for cancellation.

Item A. Nonpayment of premium

The first reason, non-payment of premium, is the most obvious. It is one of the conditions that an insured must perform to discharge their part of the contract. If the insured does not perform this basic part of the contract then the insurer need not perform theirs.

Item B. Misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim under the policy

This item, like the first, is based upon the idea that if the insured did not perform it's portion of the contract by making truthful representations to the insurer the insurer did not enter into the contract with full knowledge as to the risks and other matters that would be involved in its performance of the contract. Because the contract would have been obtained improperly the insurer should have the right to cancel that contract.

Item C. Actions by the insured occuring during the term of the policy that have substantially increased or substantially changed the risk insured

Item C provides that if the insured during the term of the contract substantially increases the risks or changes the nature of the risk insured that this might give rise to the insurers right to cancel. This recognizes that an insurers agreement to insure a risk is based upon its evaluation of the situation as it exists at the time the contract commences. It is expected that the situation will not change significantly during the term of the contract. If the insured acts in such a manner which alters that situation it is reasonable that the insurer should be able to decline to insure the altered risk since it is not the situation that the contract was premised upon.

Item D. Refusal of the insured to eliminate known conditions that increase the potential for loss after notification by the insurer that the condition must be removed

A change must occur that is so substantial that it results in a basic change in the situation upon which the contract was premised so that had that situation existed at the

inception of the contract the insurer would have not entered into the agreement or would have substantially altered it. Trivial changes would not give rise to a right to cancel.

Item D should be read in conjuction with Item C since risks known to the insurer at the time the contract is entered into are presumed to be part of the bargain that that insurer made and which it is insuring against. Conditions which occur after the contract is entered into would not automatically give rise to a right of cancellation. However, the insurer should have the right to demand that the insured return the situation to the condition that existed at the time the contract was entered into. The insured on the other hand has the right to be told of what such risks are and have the opportunity to correct them so as to keep the policy in force rather than the conditions giving rise to an automatic right of cancellation even if they are corrected. The purpose is to enforce the performance of the original bargain.

Item E. Substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract

The considerations discussed in regard to Item C are generally applicable to Item E. Insurance policies are basically a contract between an insurance company and a policyholder to insure that policyholder against the risks posed by a certain set of circumstances. The insurance company bases its decision to insure a policyholder and what the charge for doing that upon its and other insurance companies experience in similar circumstances. The entire process involved is premised upon the evaluation of a known set of circumstances. Therefore, where there has been a substantial change in the risk assumed the entire evaluation process that went into the negotiation of the contract are invalidated by the change. In those circumstances the insurance company never intended nor expected to cover that type of a risk and the policyholder wasn't bargaining for that risk to be covered. Accordingly since the basis for the contract no longer exists the parties should be able to terminate the contract. In this type of case, of course, it would always be the insurer that would be likely to do this.

This right is qualified by the condition that if the insurer could reasonably have foreseen the change or contemplated the risk they can not use the change as a reason for cancelling the contract. This makes the company responsible for using its experience and the information available to it to evaluate possible future changes that may occur during the policy period and to consider them in the negotiation of the contract. If they could have reasonably done this and made it a part of their evaluation then when such changes occur the failure of the

company to do so should not give it an excuse to cancel the policy. The intent of this item being to only allow it to apply to situations where the substantial changes are unforeseeable.

Item F. Loss of reinsurance by the insurer which provided coverage to the insurer for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has ten days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within five business days after receipt of the appeal

Reinsurance is a complex area of insurance. Briefly but certainly not completely, reinsurance is a means by which insurance companies attempt to spread the risk of loss in regard to any particular policy among more than the single company that issued the policy. It is viewed as a prudent business practice which is necessary for the financial wellbeing of insurance companies. Accordingly when the other company or companies that agreed to share a particular risk no longer wish to continue to do so it means that the issuing company would then be 100% responsible for that risk. This may be an unacceptable situation for the company. It may be based upon prudent business decisions and in some instances it is based upon legal requirements in regard to the amount of insurance that a company is able to offer. Reinsurance allows a company to offer more coverage to more people than it could if it only relied upon its own financial situation. Accordingly as the amount of reinsurance drops the amount of coverage that can be offered by the company also drops. Therefore if nothing else changes a company might find itself legally prohibited from continuing to offer the same amount of coverage it did prior to the loss of reinsurance. Accordingly some of the policies will have to be dropped for the companies to satisfy the various regulatory requirements. Because the question of whether loss of reinsurance would result in circumstances of this type is a judgement decision and because reinsurance is constantly being terminated and new reinsurance agreements replacing old there is a possibility that this particular exemption could be abused. Therefore a right of appeal to the Commissioner of Commerce has been granted to anybody who has been cancelled under this particular provision. If upon that appeal it is determined that a substantial loss of reinsurance justifing a cancellation did not occur the commissioner may order that the policy be reinstated.

Item G. A determination by the commissioner that the continuation of the policy could place the insurer in violation of the insurance laws of this state

In certain respects Item G is an expansion and a more general statement of what applied as to Item F in regard to loss of reinsurance. Because of declining profits, devaluation of assets, claims losses or many other reasons the financial status of a company may be such that it cannot continue to offer coverage to the number of policyholders or in the amount it has been offering it in the past. Therefore, some policyholders or some limits of coverage must be reduced to bring the company into compliance with the laws of the state. This may mean that policyholders are cancelled not through any fault of their own but because of the financial status of the company. However, to not allow for cancellation on this basis would mean that a company would be compelled to violate the laws of the state. While it may appear on a short term basis, to be a detriment to the policyholders that are cancelled on a long term basis it would pose a greater risk for them to continue to be insured by a company that may not have the financial wherewithal to meet the commitments of a policy that they have issued.

Item H. Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance; provided, however, that this provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards

This particular item is somewhat analogous to the nonpayment of premiums criteria in Item A. The right to participate in a policy issued by an association or organization is in many cases premised upon membership in that organization. If you are no longer a member therefore you no longer meet the qualifications of those that can be insured under that association's plan of insurance. Membership and participation in an association is a basic premise in the offering of group rates There is a body of law that is intended to prohibit facetious groups or groups created or existing only for the purpose of offering insurance. To uphold the philosophy that membership is a condition to being entitled to the benefits of insurance coverage from such groups then that membership must be real. Accordingly where nonpayment of dues or membership fees would in almost every instance result in termination from the group if insurance was not involved then a policy issued to you as a member of that group must also terminate when your membership does.

Subpart 2. Notice.

For cancellation under part 2700.2410 subpart 1 item B-H a thirty day time period is required. Traditionally the periods of thirty or sixty days have been used for most cancellation notices under the terms of insurance contracts. Accordingly thirty days is a period of time that everyone is familiar with and fits with practices of companies and expectations of

policyholders. Minnesota also has several other cancellation statutes in regard to other types of insurance. For example, Minnesota Statute Section 65B.19 in regard to automobile insurance provides for a thirty day right of appeal and a sixty day notice of cancellation or nonrenewal. Other statues pertaining to homeowners nonrenewal and cancellation or nonrenewal of workers' compensation policies also use either thirty or sixty day periods.

The thirty day period was agreed to after extensive negotiations and discussions with insurers and insureds as to what the companies were capable of doing and what the insureds would like to have. A substantial consideration in picking the thirty day period, although not the exclusive criteria, was that the ability, at sixty days or further from the cancellation or nonrenewal date, of the company to have information in regard to such things as the proposed rate or change in terms. The longer the time period more speculative and less precise the information would be. It could mislead the policyholder as to what the situation would ultimately be. Thirty days is close enough to the effective date to allow the company to be precise in all respects in regard to the changes and conditions. The thirty day period was negotiated with the representatives of the insurance industry and was acceptable to them as a standard they felt that they could meet in a reasonable manner. Many comments have been received by the department from insurance companies and agents in regard to the prior midterm cancellation rules that were proposed indicating the inability of many companies to comply with the sixty day period of time.

Since nonpayment of premium is a very basic failure on the part of the insured to meet his or her obligations and is exclusively within the control of the insured, it was felt that it would be unfair to require the company to in effect carry the insured for thirty days at no cost. Because in some instances the reason for nonpayment may not be a mere willful failure on the part of the insured but may be an oversight or some other inadvertence a notice period was felt to be proper. The ten day period was arbitrarily picked as being a sufficient amount of time to allow the insured to respond. A shorter period of time, especially if the premium was significant or there was some question as to whether it was paid would not allow the insured adequate time to either raise the funds to pay it or to determine why the payment had not been received by the insurer. A longer period of time is subject to the same considerations in regard to the insurer providing free coverage. Therefore this time period is felt to be the fairest for both parties.

In regard to both notices, either the thirty day notice or the ten day notice specific reasons for the cancellation are required to be made. The insureds know the reason for cancellation and can, where circumstances merit, contest the cancellation on the basis that the reason is improper or not borne out by the facts or take whatever action is appropriate. Cancellation without a reason leaves the insured unable to

respond since they do not know the reason for the cancellation. Many of the complaints that the department received in regard to cancellation involved the inability of the insured to find out the reason for the cancellation or they were given non-responsive and non-explanatory reasons for cancellations such as failure to meet underwriting criteria.

Subpart 3. New policies.

The right to cancel a policy within ninety days from the time it was written contained in these rules is analogeous to similar rights with varying periods of time involved under other cancellations and nonrenewal rules and with the basic right under Minnnesota Law to cancel policies within a specified period after they are issued. The basic reason for this is that practice in most instances is for the insurance agent to issue a binder or even procure a policy for the insured prior to the time that the underwriters and other staff of the insurer have had a chance to fully evaluate the information in regard to the policyholder. The insurance company needs a certain minimum amount of time to evaluate that information and determine whether or not, based upon the total information they received, the risk they are insuring against is the same as was indicated to them in the preliminary documents by the insurance agent. Because commercial policies are based upon many more considerations and much more in the way of documentation than a homeowners or an automobile policy issued to a private individual, a period of ninety days was felt to be appropriate. Even if cancellation occurs under this provision a ten day notice is required to give the insured a certain minimal amount of time to secure replacement insurance.

Consideration was given to precluding this right of cancellation in the first ninety days or possibly limiting it to an extremely short period of time. These were dismissed because the result as indicated to the department by the insured companies would be that the insurance companies would have changed their method of doing business and not issued policies based upon representations by their agents. They would have ended the agents ability to bind the insurance company. This would have meant that instead of having a window of vulnerability as to cancellation within the first ninety days of a policy the companies would have created a situation where they would have taken 30,60 or 90 days or an even longer period of time to evaluate the risk before a policy was issued. This would have been an extremely radical change as to how the companies were doing business. It would have jeopordized the relationship of the insureds with their agents and, especially at the time of initial implication of such rule, would have probably resulted in businesses going uninsured for a certain period of time while the insurance company was making its evaluation. It would also have required businesses to start the development of this kind of information a business must provide an insurer long before current policies terminated. The effect of these changes would cause more harm than would be

generated in the way of benefits. Any benefit could be totally negated by legal and legitimate business practices of the insurance companies.

Subpart 4. Longer term policies.

Because some policies are issued for a period in excess of one year a method of determining what the operative date was for any notices was required. Accordingly the most logical date, the anniversary date of the policy, was used.

2700.2420 NONRENEWAL

Subpart 1. Notice required.

This subpart requires thirty days notice prior to the expiration of the policy, of the intent of the company not to renew. The thirty day period was picked for the same reasons discussed in regard to the thirty day cancellation notice. In the past insurance companies have given extremely short notices of their intention not to renew. This has worked an extreme hardship upon the policyholders when faced with obtaining coverage within a very short period of time. As discussed earlier the process of obtaining most commercial liability insurance requires the provision of a great degree of information to the insurance company. Discussions with various insurers who responded to the earlier proposed rule indicated that they could meet a thirty day requirement in this respect even when they found the sixty day requirement difficult to comply with. For policyholders it gives them sufficient notice to contact other insurers and develop the information needed to obtain coverage.

Subpart 2. Exceptions.

This section states a very obvious reason as to when a notice would be superflous and of no benefit to anyone.

2700.2430 RENEWAL WITH ALTERED RATES.

Subpart 1. General.

In certain instances even though the policy is technically renewed the insurance company for a variety of reasons changes certain terms and conditions. Generally this is in regard to the dollar amount of coverage or deductibles. Sometimes rates are increased or other changes are made that result in the new policy being significantly different from the insured's point of view from the policy it purports to replace. In such circumstances the insured is in the same situation as if they were nonrenewed or even cancelled. In effect they don't have the same coverage they had before. In some instances this may mean that their coverage no longer complies with licensing and other requirements. Because the effect of the renewal with altered terms is similar to cancellation or nonrenewal the same

notice requirements apply. The same reasons for the thirty day time period and other aspects of the requirement discussed previously would also be applicable.

There is a difference in the requirements of this particular part that relates to the reasons that were discussed in regard to allowing the cancellation of a policy within the first ninety days after issuance. In certain instances because it is necessary to obtain additional information from an insured or to evaluate the information the insured has already given, coverage is extended but the rate is not set or in some cases coverage is extended and certain conditions are subject to change. Policyholders accept this because the alternative is to have no insurance. It is a reasonable business decision on their part to do so. Insurers feel that it is a necessary requirement that they be allowed to change terms after the issuance of the policy for the same reasons described in regard to the cancellation within the first ninety days. To provide for the necessary business requirements of both parties but still not require that a policyholder be bound by terms and conditions that they were not aware of, this section provides that the policyholder, when they finally receive the information as to rates, deductibles and other information, has a right to cancel the renewal policy within thirty days after receipt of the notice. A premium can be charged on a pro rata basis.

Subpart 2. Exception.

"(a) rates" or excess rates also known as "consent to rate" rates are unique types of rates that generally apply only to a single insured and are based upon an evaluation process of the insured. Accordingly the insured generally is aware of what the rate would be and negotiates many of the changes. Accordingly the harm of a renewal with altered rates does not apply to these particular situations. The relief that subpart 1 grants would be of little if any benefit. In addition compliance would impose a burden on the process of calculating these rates with little if any benefit to the insureds.

2700.2440 INTERPRETATION AND PENALTIES

Subpart 1. Rules not exclusive.

This part was added for the clarification purposes for all parties that might be dealing with these rules. These rules are not intended to be the only source of relief in regard to the practices prohibited by the rules and should not be deemed to preclude anybody from pursuing other rights that they may have. The intent of these rules is to grant additional rights and to clarify rights that already exist, not to preempt any recourse someone may have who is prejudiced by actions dealt with by these rules.

Subpart 2. Penalties.

For purposes of clarification and so that all aspects pertaining to the conduct being regulated by these rules are contained in one place, the penalties for violations are repeated as subpart 2.

Subpart 3. Notices required.

As these rules require notices in a variety of instances and because the question has often arisen in regard to notices required by statute, by rule or for other reasons in regard to insurance contracts as to what constitutes adequate notice, those requirements have been specified in this subpart.

Because agents are often a critical factor in the process of obtaining replacement insurance and to give the agent as much time as possible to begin that function for the policyholder, notice must also be given to any agent of record in addition to the policyholder.

Repealer

These rules contain a repealer date of September 30, 1987. Because the problems addressed by these rules are a relatively recent phenomenon the industry and others who have commented on the situation feel that it would be likely not to occur in the future. Because it was not felt to be prudent to allow rules to continue to exist which address a problem that may have abated, the repealer date was included in these rules. If the problem would continue the department would be able to readopt the rules or seek statutory relief to address the problem.

Small Business Consideration

As is the case with most rules governing the conduct of insurance companies, especially trade practices, the intent is to benefit the policyholder. Every company no matter if they qualify as a small business or not must be subject to the same requirements or the group intended to be protected, the policyholder, would find that they have less rights if they deal with a company that qualifies as a small business then if they were dealing with a company that did not. While this may result in a lesser burden upon companies that qualify as small businesses it would defeat the purpose of protection of the policyholder. It might also have a negative effect upon the small business insurance company in that their policyholders would preceive that they have less protection then if they purchase their insurance from non-small insurance company. The result of reducing the requirements would be loss of business rather than a reduction in regulatory burden for insurers that are small businesses. In promulgating these rules all of the considerations required by Minnesota Statute 14.115 were addressed.

In regard to the considerations under subpart 2, item A would not be applicable since there are no compliance or reporting requirements. In the instance where "compliance" under these rules might be deemed to be the notice period, if a small business could use a period of time less than thirty days in which to give the required notices this would be counter productive and not appropriate to the intention of the rules.

For the reasons discussed in the preceding paragraphs changing schedules or deadlines for compliance or reporting requirements as discussed in item B would defeat the purpose of the rules and would probably be counter-productive for small business rules.

Item C would not be applicable for the reasons previously discussed in regard to items A and B.

Item D would not apply because of the nature of the rules. There are no design or operational standards in the rules.

The exemption of small businesses for reasons discussed in the opening paragraphs would also not be acceptable.

The small businesses that are probably most affected by these rules are not insurers but rather the small businesses that will now gain some protections and rights in regard to their insurance policies they did not have before. To give any insurance companies exemptions from these rules would be to reduce the rights of small businesses that are policyholders. The department concluded that the intent of the rules was protection of policyholders, small business or not, and therefore all insurance companies, be they small business or not, must meet the same standards to insure equal protection to all their policyholders.

Small businesses have been a part of the promulgation of these rules since inception. It was the complaints of many of these small businesses as to midterm cancellations, inadequate notice of nonrenewals, and the problems that they brought to the attention of the department that gave rise to these rules. The input of the various businesses be they small businesses or not, that are affected by midterm cancellations and nonrenewals was a part of this process even when not directly solicited. The department has had a number of articles and stories reported in the newspapers both in regard to rules themselves and the problem of midterm cancellation, which resulted in further contact with various businesses, small and large, explaining what the problems are and the kind of relief wanted. The problems and the rules were widely reported in the news media. The department is aware of no practical way of giving greater notification than has already occurred. The department will be making a mailing to every insurance company licensed in the State of Minnesota of the proposed rules.

Department personnel who may testify in regard to these rules are Richard Gomsrud, Department Counsel, Rey Harp, Deputy Commissioner, Gary La Vasseur, Deputy Commissioner, Tom O'Malley, Assistant Commissioner, William Kyle, Supervisor of Analysts Property Casualty, Don Peterson, Supervisor of Analysts Property Casualty, John Ingrassia, Supervisor of Analysts Life Health, and Michael A. Hatch, Commissioner of Commerce.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Rules Relating to Cancellation, Nonrenewal Renewal With Altered Rates of Commercial Insurance	CERTIFICATE OF COMPLIANCE WITH RULEMAKING PROCESS

I, Alan I. Gilbert, 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.

Alan I. Gilbert

Special Assistant Attorney General

Dated: March 28, 1986

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Insurance	AFFIDAVIT RE NOTICE OF SUBMISSION TO THE ATTORNEY GENERAL

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Richard G. Gomsrud, being first duly sworn, deposes and says:

That he is Department Counsel for the Department of Commerce.

That part of his duties is the promulgation and adoption of departmental rules, including those captioned above.

That to date, no person has requested notice of submission of the rules in the above-entitled matter to the Attorney General.

Richard G. Gomsrud
Department Counsel, Department of Commerce

Subscribed and sworn to before me this
28th day of March 1986.

Nancy I. Link

NANCY I. LINK
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
MY COMMISSION EXPIRES DECEMBER 3, 1990

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Cancellation, Nonrenewal and Renewal with Altered Rates of Commercial Insurance

Affidavit of Richard G.Gomsrud

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Richard G. Gomsrud, being first duly sworn, deposes and says:

That he is Department Counsel for the Minnesota Department of Commerce, that he has been involved in the negotiations regarding the adoption of the above captioned rules and has been responsible for supervision of the process of the adoption.

Initially rules were published in the State Register on August 19, 1985 at 10 S.R.419. Those rules pertained only to the midterm cancellation of commercial insurance policies. After those rules were promulgated a great deal of controversy arose in regard to them, both from people who thought the rules were too great a burden on the insurance industry and from others who thought that the rules did not go far enough nor deal with enough matters. Accordingly discussions occurred which resulted in new rules being agreed upon. The new rules dealt with the concerns originally raised and also substantially expanded the rules by including nonrenewal and renewal of policies with altered terms in addition to the cancellation of policies.

In the same issue of the State Register that the negotiated rules were published (November 18, 1985) a notice of withdrawal in regard to the cancellation only version was published. However, included in the materials submitted to the Attorney General's office for review are comments received in regard to the first rules. No materials showing the form of the original rules, the mailing list certificate and other technical matters pertaining to the attempted promulgation of the first set of cancellation only rules are included because they were superceded by the latter proceedings.

Because of the nature of the crisis pertaining to cancellation and nonrenewal of policies and despite the fact that the second set of rules were agreed upon by all of the parties that had been interested in the proceedings to that point. There was concern that the delay caused by a hearing request be avoided. Therefore dual notice was published in regard to these rules noting that a hearing would be held on December 10, 1985 if twenty-five or more persons requested a hearing. As no requests for hearing were received no hearing

was held and the materials submitted to the Office of Administrative Hearings were returned to the Department of Commerce. As those materials duplicate what has been submitted to the Attorney General's office for review those materials are not included in that submission. However, they will remain a part of the permanent file at the Department of Commerce. Materials submitted to the Office of Administrative Hearings in the way of comments or similar matters are included in the same manner as written comments directed to the department.

Further affiant sayeth not.

Richard G. Gomsrud
Department Counsel

Subscribed and sworn before
me this 28th day of March, 1986.

Notary Public

NANCY I. LINK
NOTARY PUBLIC - MINNESOTA
HENNEPIN COUNTY
MY COMMISSION EXPIRES DECEMBER 3, 1990

SF-00006-04

DEPARTMENT : of Commerce

STATE OF MINNESOTA

Office Memorandum

PHONE : 296-5689

DATE :

TO : Judith Wehrwein
Administrative A. G.

FROM : Richard G. Gomsrud
Department Counsel

SUBJECT : Cancellation, Non-renewal and Renewal with Altered Terms Rules

Enclosed are copies of the following materials regarding the above captioned rules (only those items with a circled number are enclosed):

~~1.~~ Notice of Intent to Solicit Outside Opinion (2000.0400 subpart 1 B)

~~2.~~ Written material received as a result of Notice to Solicit Outside Opinion (2000.0400 subpart 1 B)

(3.) Mailing List Certificate (2000.0400 subpart 1 E) 2 publication date

(4.) Statement of Need & Reasonableness (2000.0400 subpart 1 G)

(5.) Order for Notice of Intent to Adopt Rule Without Public Hearing (2000.0400 subpart 1 C) 2 publication date

(5a) Order for Hearing

(6.) Notice of Intent to Adopt Rule Without Public Hearing (2000.0400 subpart 2) Dual Notice - 2 publication date

(7.) Affidavit of Mailing Notice of Intent to Adopt Rule Without Public Hearing (2000.0400 subpart 3)

(8.) Copy of Notice of Intent to Adopt Rule Without Public Hearing and rules as published in the State Register (2000.0400 subpart 4) 11/4/85 & 11/18/85

(9.) Written Comments on Rule (2000.0400 subpart 1 I)

(10.) Findings of Fact (if applicable) (2000.0400 subpart 1 F)

~~11.~~ Affidavit of Mailing Notice of Submission to Attorney General (2000.0400 subpart 1 K); or

12. Affidavit that no request for Notice of Submission to Attorney General were received

13. Original and three copies of Rule as adopted (2000.0400 subpart 5)

14. Two copies of the Order Adopting Rule (2000.0400 subpart 6)

15. Certificate of Compliance With Rulemaking Procedure (2000.0400 subpart 1 J).

16 Comments received re Cancellation only rules

17 Affidavit regarding Discretionary Notice