

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

LE REVIEW CHECKLIST

File No. 1402 Docket No. 05.0009.0121

DATE RECEIVED 9/23/87 ADOPTED W/O HEARING X

REVIEW DATE 10/2/87 EMERGENCY RULE

DUE DATE 10/7/87

REVISOR APPROVED

APPROVED ✓ 10/2/87 REVISOR DISAPPROVED

DISAPPROVED FILED W/SEC.STATE 10/05/87

WITHDRAWN RETURNED TO AGENCY

✓ Rule as adopted (4 copies)

✓ Notice to Solicit Outside Information/Opinion

6/22/87 Date published in State Register

Comments

~~Petition for Adoption of a Rule~~

~~Board's Authorizing Resolution~~

✓ Proposed rule

yes Revisor's Certificate

✓ Notice of Intent to Adopt Rule

45.023 + 60A.23 sub 8 Statutory Authority

yes Small Business Statement

no Expenditure of public money statement

yes Signature

✓ Statement of Need and Reasonableness

yes Small Business Statement

no Fees - § 16A.128

✓ Affidavit of Mailing Notice of Intent to Adopt Rule

8/6/87 Date 30/25 days before adoption

✓ Publication in State Register

8/17/87 Date 30/25 days before adoption

~~Resolution Adopting~~

✓ Findings of Fact, Conclusions & Order Adopting

9/18/87 Date

~~Written requests, submissions or comments~~

Declaration of attorney

Name of SAAG representing agency

~~Notice of Submission to Attorney General~~

~~Affidavit of Mailing Notice to Attorney General~~

Department of Commerce

Adopted Permanent Rules Relating to Plan Administrators

Rules as Adopted

2767.0100 DEFINITIONS.

Subpart 1. [Unchanged.]

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

Subp. 3. [Unchanged.]

Subp. 4. **Key employees.** "Key employees" means those persons who, notwithstanding their titles, are of substantial importance to the operation of the plan administrator. Persons who have substantial discretionary, supervisory, or decision making authority which has a significant impact on the operation of the plan administration are key employees. Officers and managers are presumptively included within this definition.

Subp. 5. and 6. [Unchanged.]

Subp. 7. **Services or risk management services.** "Services" or "risk management services" includes accounting and record retention, actuarial in conjunction with other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance or a program of insurance.

2767.0200 PURPOSE AND SCOPE.

Parts 2767.0100 to 2767.0950 are designed to assure that administrators are capable of providing risk management services, financially solvent, and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a

manner which is fair, equitable, and consistent with all applicable Minnesota statutes.

2767.0400 REQUIREMENTS FOR LICENSING.

Subpart 1. **Application procedure.** Any person or entity desiring to be licensed as an administrator pursuant to Minnesota Statutes, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the administrator.

Subp. 2. **Application contents.** Each application for a license as an administrator must:

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

B. Describe the specific areas of risk management services intended to be provided.

C. Identify the owners of the company, including all partners of a partnership and all officers of a corporation.

D. Describe the organization and staff, with specific information concerning their expertise to provide service in the areas stated. This information must include detailed resumes of the applicant's key employees and all officers of any subcontractor. Resumes must state each person's name, age, resident address, licensing history, and qualifications and experience relating to the work they are to perform. The

information must include:

(1) the experience and history of accountants, if applicable;

(2) if the applicant or its subcontractor intends to provide workers' compensation and other liability claims adjusting, a resume detailing the experience of the supervisor who shall possess at least three years' experience adjusting claims in the area of services to be provided; and

(3) a copy of the license of the adjuster responsible for adjusting workers' compensation or other liability claims, if applicable. The administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B and that adjuster shall be a resident of Minnesota.

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

F. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance. The bond must cover the actions of the persons subject to the bond as to their handling of clients' money as well as the administrator's money.

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

H. Include financial statements for the previous three years, or for as many years as the administrator has been in business up to three years. Financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the

net worth or the financial condition of the applicant since the date of the last financial statement.

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

2767.0600 LICENSE RENEWALS.

Subpart 1. [Unchanged.]

Subp. 2. **Required information.** In support of the application for license renewal, an administrator shall submit:

A. Any changes in the description of the administrative services intended to be provided.

B. Any changes in ownership of the company, including detailed information about the new owners.

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

D. An explanation of any changes of the responsibilities of any subcontractor, including changes in firms contracted with, services provided, or individuals providing services contracted for.

E. Financial statements for the previous two years, including a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or financial condition of the applicant since the date of the certified financial statement. If the company has a gross income of less than $15,000 per year so that the completion of the certified financial statement proves to be an undue financial burden, the applicant may have this requirement waived if:

(1) it has two years of operation within

Minnesota on a solvent basis with no history of corporate bankruptcy or personal bankruptcy among chief officers and stockholders; and

(2) the administrator provides for a review audit by an independent certified public accountant or licensed public accountant, and provides to the department a copy of the review letter pursuant to the audit and corporate bank references.

F. Proof of coverage under a fidelity bond for all persons involved in making claims payments, and all officers of the company.

G. Information relating to any changes in personnel acting as resident agent for the administrator.

2767.0700 LICENSE REPORTING REQUIREMENTS.

Subpart 1. **Time limit.** Within 30 days after signing an administrator contract, a licensee shall inform the department in writing of the name or names of the client under contract and the areas for which the client is self-insured or insured.

Subp. 2. [Unchanged.]

Subp. 3. **Report compliance.** Each licensee shall file or ensure that the clients it services file all required reports relating to those services which the administrator provides within the times established by statute, rule, or order of the commissioner. Required reports include:

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

(1) the name and address of clients administered by the licensee in Minnesota during the previous calendar year;

(2) the area and type of service provided to each plan;

(3) the starting and/or termination date each client was serviced;

(4) the total number and total amount of claims paid and loss payments disbursed on behalf of each client; and

(5) the reserves established for each client;

B. loss information reports required by part

2780.0500;

C. any reports required by the Workers' Compensation Reinsurance Association, if applicable;

D. any report required by the Minnesota Department of Labor and Industry, if applicable; and

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

Subp. 4. **Notification of contract termination.** If the contract between a licensee and a client is terminated, the licensee shall notify the commissioner in writing within 30 days after termination. The licensee shall maintain copies of all records relating to the client for six years after the termination date of each contract, if the records are not returned to the client.

Subp. 5. **Notification of cessation of business activities.** If a licensee ceases doing business as an administrator, the license must be surrendered and the commissioner must be informed in writing of the name and address of the custodian and the location of any files of clients formerly administered by the licensee.

Subp. 6. [Unchanged.]

REPEALER. Minnesota Rules, parts 2767.0300; 2767.0500; 2767.0800; and 2767.0950 are repealed.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

OCT 5 – 1987

Joan Anderson Growe
Secretary of State

11:27 AM

APPROVED AS TO FORM AND LEGALITY

October 2 1987

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY Julie A. Seppanen
SPECIAL ASSISTANT ATTORNEY GENERAL

DEPARTMENT OF COMMERCE

Notice to Solicit Outside Opinion Regarding Proposed Rules and Amendments Relating to Plan Administrators Including the Impact of the Rules on Small Business

Notice is hereby given that the Department of Commerce is seeking information or opinions from persons outside the agency in preparing to promulgate new rules and amend existing rules relating to plan administrators governed by Minn. Stat. § 60A.23 subd. 8. Promulgation of these rules is authorized by Minnesota Statutes, Sections 60A.23 subd. 8 and 45.023.

Outside opinion is also being solicited as to how these rules will affect small businesses as defined by Minnesota Statutes § 14.115, subdivision 1.

The Department of Commerce requests information and opinions concerning the subject matter of these rules. Interested or affected persons or groups may submit statements of information or comment orally or in writing to: Richard G. Gomsrud, Department of Commerce, 500 Metro Square Building, St. Paul, MN 55101. Oral statements will be received during regular business hours over the telephone at (612) 296-5689.

All statements of information and opinion shall be accepted until July 29, 1987. Any written material received by the Department of Commerce shall become part of the record in the event that the rules are adopted.

MICHAEL A. HATCH
Commissioner of Commerce

Department of Commerce

Proposed Permanent Rules Relating to Plan Administrators

Rules as Proposed

2767.0100 DEFINITIONS.

Subpart 1. [Unchanged.]

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

Subp. 3. [Unchanged.]

Subp. 4. **Key employees.** "Key employees" means those persons who, notwithstanding their titles, are of substantial importance to the operation of the ~~self-insurance~~ plan administrator. Persons who have substantial discretionary, supervisory, or decision making authority which has a significant impact on the operation of the ~~self-insurance~~ plan administration are key employees. Officers and managers are presumptively included within this definition.

Subp. 5. and 6. [Unchanged.]

Subp. 7. **Services or risk management services.** "Services" or "risk management services" includes accounting and record retention, actuarial in conjunction with other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance or a program of insurance.

2767.0200 PURPOSE AND SCOPE.

Parts 2767.0100 to 2767.0950 are designed to assure that ~~self-insurance plan~~ administrators are capable of providing risk

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management services, financially solvent, and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a manner which is fair, equitable, and consistent with all applicable Minnesota statutes.

2767.0400 REQUIREMENTS FOR LICENSING.

Subpart 1. **Application procedure.** Any person or entity desiring to be licensed as ~~a self-insurance plan~~ an administrator pursuant to Minnesota Statutes, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the ~~self-insurance plan~~ administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the ~~self-insurance plan~~ administrator.

Subp. 2. **Application contents.** Each application for a license as ~~a self-insurance plan~~ an administrator must:

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

B. Describe the specific areas of risk management services intended to be provided.

C. Identify the owners of the company, including all partners of a partnership and all officers of a corporation.

D. Describe the organization and staff, with specific information concerning their expertise to provide service in the areas stated. This information must include detailed resumes of

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the applicant's key employees and all officers of any subcontractor. Resumes must state each person's name, age, resident address, licensing history, and qualifications and experience relating to the work they are to perform. The information must include:

(1) the experience and history of accountants, if applicable;

(2) if the applicant or its subcontractor intends to provide workers' compensation and other liability claims adjusting, a resume detailing the experience of the supervisor who shall possess at least three years' experience adjusting claims in the area of services to be provided; and

(3) a copy of the license of the adjuster responsible for adjusting workers' compensation or other liability claims, if applicable. The ~~self-insurance plan~~ administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B and that adjuster shall be a resident of Minnesota.

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

F. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance. The bond must cover the actions of the persons subject to the bond as to their handling of clients' money as well as the administrator's money.

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

H. Include financial statements for the previous three years, or for as many years as the administrator has been

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in business up to three years. Financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or the financial condition of the applicant since the date of the last financial statement.

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

2767.0600 LICENSE RENEWALS.

Subpart 1. [Unchanged.]

Subp. 2. **Required information.** In support of the application for license renewal, ~~a self-insurance plan~~ an administrator shall submit:

A. Any changes in the description of the administrative services intended to be provided.

B. Any changes in ownership of the company, including detailed information about the new owners.

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

D. An explanation of any changes of the responsibilities of any subcontractor, including changes in firms contracted with, services provided, or individuals providing services contracted for.

E. Financial statements for the previous two years, including a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or financial condition of the applicant since the date of the certified financial statement. If the company has a gross

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by Revisor _____

income of less than $15,000 per year so that the completion of the certified financial statement proves to be an undue financial burden, the applicant may have this requirement waived if:

(1) it has two years of operation within Minnesota on a solvent basis with no history of corporate bankruptcy or personal bankruptcy among chief officers and stockholders; and

(2) the administrator provides for a review audit by an independent certified public accountant or licensed public accountant, and provides to the department a copy of the review letter pursuant to the audit and corporate bank references.

F. Proof of coverage under a fidelity bond for all persons involved in making claims payments, and all officers of the company.

G. Information relating to any changes in personnel acting as resident agent for the ~~self-insurance-plan~~ administrator.

2767.0700 LICENSE REPORTING REQUIREMENTS.

Subpart 1. **Time limit.** Within 30 days after signing ~~a self-insurance-plan~~ an administrator contract, a licensee shall inform the department in writing of the name or names of the ~~self-insured~~ client under contract and the areas for which the client is self-insured~~,-excepting-qualified-ERISA-clients-if this-information-is-classified-as-nonpublic-by-the-commissioner of-administration~~ or insured.

Subp. 2. [Unchanged.]

Subp. 3. **Report compliance.** Each licensee shall file or ensure that the ~~self-insurers~~ clients it services file all required reports relating to those services which the administrator provides within the times established by statute, rule, or order of the commissioner. Required reports include:

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

(1) the name and address of ~~self-insurance~~

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by Revisor _____

clients administered by the licensee in Minnesota during the previous calendar year~~,-excepting-qualified-ERISA-clients-if this-information-is-classified-as-nonpublic-by-the-commissioner of-administration~~;

(2) the area and type of service provided to each plan;

(3) the starting and/or termination date each client was serviced;

(4) the total number and total amount of claims paid and loss payments disbursed on behalf of each client; and

(5) the reserves established for each client;

B. loss information reports required by part 2780.0500;

C. any reports required by the Workers' Compensation Reinsurance Association, if applicable;

D. any report required by the Minnesota Department of Labor and Industry, if applicable; and

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

Subp. 4. **Notification of contract termination.** If the contract between a licensee and a ~~self-insured~~ client is terminated, the licensee shall notify the commissioner in writing within 30 days after termination. The licensee shall maintain copies of all records relating to the ~~self-insured~~ client for six years after the termination date of each contract, if the records are not returned to the client.

Subp. 5. **Notification of cessation of business activities.** If a licensee ceases doing business as ~~a self-insurance-plan~~ an administrator, the license must be surrendered and the commissioner must be informed in writing of the name and address of the custodian and the location of any files of ~~self-insured~~ clients formerly administered by the licensee.

Subp. 6. [Unchanged.]

REPEALER. Minnesota Rules, parts 2767.0300; 2767.0500;

Approved by Revisor _____

2767.0800; and 2767.0950 are repealed.

Approved
by Revisor _____

Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Plan Administrators

AGENCY: Department of Commerce

MINNESOTA RULES: Chapter 2767

The attached rules are approved for publication
in the State Register

Paul M. Marinac
Assistant Deputy Revisor

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Plan Administrators

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in Minnesota Statutes, section 14.22-14.28. Authority for the adoption of these rules is contained in Minnesota Statutes, Sections 45.023 and 60A.23, subd. 8.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. 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 modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to Minnesota Statutes, sections 14.13 to 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
(612) 296-5689.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifying the data and information relied upon to support the proposed rules has been prepared and is available upon request from Richard Gomsrud.

Pursuant to Minnesota Statutes Section 14.115, 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.

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 submit a written statement of such request to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Bldg., St. Paul, MN 55101.

A copy of the proposed rules is attached to this Notice. Copies of this Notice and proposed rules are available and may be obtained by contacting Richard G. Gomsrud at the above address.

Michael A. Hatch
Commissioner of Commerce

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Rules
Regarding Plan Administrators

STATEMENT OF NEED
AND REASONABLENESS

Minnesota Statutes, Section 60A.23, subd. 8 was amended by Chapter 337 of the 1987 Session Laws to apply the existing requirements for self insurance plan administrators to insurance plan administrators. The proposed amendments to the rules are necessary to conform to the statutory intent.

Minnesota Statutes, Section 65B.17, subpart 2 provides rulemaking authority to the commissioner to adopt rules for plan administrators. In addition Minnesota Statutes, section 45.03 provides the commissioner with the authority to adopt rules, where necessary for the proper discharge of the commissioners duties.

These amendments are necessary to conform the rules to the statute as amended by the 1987 Legislature. The amendments consist of grammatical changes to reflect the application of the rules to all plan administrators.

Small Business Consideration

Minnesota Statutes section 14.115 requires that certain considerations be made in regard to the rulemaking process as to the effect of the rules upon small businesses and any mitigating factors that may be applied to the application of these rules in regard to small business. In the present instance although the department has little choice but to conform to the rules in the exact manner as the statute indicates, the department did consider the impact of the rules on small business as charged by section 14.115.

As is the case with most rules governing the conduct of insurance companies, the intent is to benefit the policyholder. Every insurer, 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 policyholders, would find that they have less rights if they deal with an insurer that qualfies as a small business then if they are dealing with a company that did not. While this may result in a lesser burden upon insurers that qualify as small businesses, it would defeat the purpose of protection of the policyholder. It might also have a negative effect upon insurance companies that qualify as small businesses in that their policyholders would perceive that they have less protection than if they purchase their insurance from a non small business 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 business.

In promulgating these rules all of the considerations required by Minnesota Statute section 14.115 were addressed. In regard to the considerations required by subpart 2, item A, the establishment of less stringent compliance on reporting requirements for small businesses, since the only compliance with the statutory mandate it would be beyond the department's authority to reduce the requirement that the statute imposes. As there are no reporting requirements there would be no need for reduction in the same.

As to item B of subpart 2, since there are no schedules or deadlines for compliance or reporting this particular provision would not be applicable to this set of rules.

As to item C, consolidation or simplification of compliance requirements would not be feasible given the nature of the particular rule and the change in statutory requirements. As there are no reporting requirements that provision would not be applicable.

Item D would not be applicable given the nature of this particular rule.

Item E would not be appropriate for the reasons cited above in that it would take away the protection to policyholders that the statute intended to give them. In addition the department does not believe it has the authority to make such an exemption. The small businesses that are probably most affected by these rules are not insurers but rather the small businesses that will gain some protection and rights that they did not have before. To give any insurance company an exemption from the rules would be to reduce the rights of the small businesses that are policyholders. The department concluded that the intent of the statute was the protection of policyholders, small business or not and therefore all insurers, be they small or large must meet the same standards to insure equal protection to all of their policyholders.

Because of the nature of the amendments of the rules, namely to conform to the statutory mandate, no participation by small businesses was involved.

In the Matter of the Proposed Rules
Relating to Employee Joint Self-Insurance

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

AFFIDAVIT OF
MAILING

Jane Schaub, being first duly sworn, deposes and says:

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 August 1987.

That on the 6th day of August 1987, 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 Minnesota Department of Commerce for the purpose of receiving notice of the proposed adoption of rules by the department.

Jane Schaub

Jane Schaub

Subscribed and sworn to before me
this 23rd day of September 1987.

Cynthia L Claason

Notary Public

CYNTHIA L. CLAASON
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
MY COMMISSION EXPIRES FEBRUARY 16, 1992

In the Matter of the Proposed Rules
Regarding Plan Administrators

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

AFFIDAVIT OF
MAILING

Jane Schaub, being first duly sworn, deposes and says:

That on the 6th day of August 1987, at the City of St. Paul, County of Ramsey, State of Minnesota, the attached Notice of 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.

Jane Schaub

Subscribed and sworn to before me
this 6th day of August 1987.

Notary Public

CYNTHIA L. CLAASON
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
MY COMMISSION EXPIRES FEBRUARY 11, 1992

State of Minnesota
Department of Commerce

In the Matter of the Proposed Adoption of Rules Relating to Plan Administrators

Notice of Intent to Adopt Rules Without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in Minnesota Statutes, section 14.22-14.28. Authority for the adoption of these rules is contained in Minnesota Statutes, Sections 45.023 and 60A.23, subd. 8.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. 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 modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to Minnesota Statutes, sections 14.13 to 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
(612) 296-5689.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifying the data and information relied upon to support the proposed rules has been prepared and is available upon request from Richard Gomsrud.

Pursuant to Minnesota Statutes Section 14.115, 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.

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 submit a written statement of such request to Richard G. Gomsrud, Department Counsel, Department of Commerce, 500 Metro Square Bldg., St. Paul, MN 55101.

A copy of the proposed rules is attached to this Notice. Copies of this Notice and proposed rules are available and may be obtained by contacting Richard G. Gomsrud at the above address.

Michael A. Hatch
Commissioner of Commerce

Department of Commerce

Proposed Permanent Rules Relating to Plan Administrators

Rules as Proposed

2767.0100 DEFINITIONS.

Subpart 1. [Unchanged.]

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

Subp. 3. [Unchanged.]

Subp. 4. **Key employees.** "Key employees" means those persons who, notwithstanding their titles, are of substantial importance to the operation of the ~~self-insurance~~ plan administrator. Persons who have substantial discretionary, supervisory, or decision making authority which has a significant impact on the operation of the ~~self-insurance~~ plan administration are key employees. Officers and managers are presumptively included within this definition.

Subp. 5. and 6. [Unchanged.]

Subp. 7. **Services or risk management services.** "Services" or "risk management services" includes accounting and record retention, actuarial in conjunction with other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance or a program of insurance.

2767.0200 PURPOSE AND SCOPE.

Parts 2767.0100 to 2767.0950 are designed to assure that ~~self-insurance plan~~ administrators are capable of providing risk

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management services, financially solvent, and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a manner which is fair, equitable, and consistent with all applicable Minnesota statutes.

2767.0400 REQUIREMENTS FOR LICENSING.

Subpart 1. **Application procedure.** Any person or entity desiring to be licensed as ~~a self-insurance plan~~ an administrator pursuant to Minnesota Statutes, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the ~~self-insurance plan~~ administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the ~~self-insurance plan~~ administrator.

Subp. 2. **Application contents.** Each application for a license as ~~a self-insurance plan~~ an administrator must:

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

B. Describe the specific areas of risk management services intended to be provided.

C. Identify the owners of the company, including all partners of a partnership and all officers of a corporation.

D. Describe the organization and staff, with specific information concerning their expertise to provide service in the areas stated. This information must include detailed resumes of

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the applicant's key employees and all officers of any subcontractor. Resumes must state each person's name, age, resident address, licensing history, and qualifications and experience relating to the work they are to perform. The information must include:

(1) the experience and history of accountants, if applicable;

(2) if the applicant or its subcontractor intends to provide workers' compensation and other liability claims adjusting, a resume detailing the experience of the supervisor who shall possess at least three years' experience adjusting claims in the area of services to be provided; and

(3) a copy of the license of the adjuster responsible for adjusting workers' compensation or other liability claims, if applicable. The ~~self-insurance plan~~ administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B and that adjuster shall be a resident of Minnesota.

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

F. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance. The bond must cover the actions of the persons subject to the bond as to their handling of clients' money as well as the administrator's money.

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

H. Include financial statements for the previous three years, or for as many years as the administrator has been

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in business up to three years. Financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or the financial condition of the applicant since the date of the last financial statement.

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

2767.0600 LICENSE RENEWALS.

Subpart 1. [Unchanged.]

Subp. 2. **Required information.** In support of the application for license renewal, ~~a self-insurance plan~~ an administrator shall submit:

A. Any changes in the description of the administrative services intended to be provided.

B. Any changes in ownership of the company, including detailed information about the new owners.

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

D. An explanation of any changes of the responsibilities of any subcontractor, including changes in firms contracted with, services provided, or individuals providing services contracted for.

E. Financial statements for the previous two years, including a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or financial condition of the applicant since the date of the certified financial statement. If the company has a gross

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income of less than $15,000 per year so that the completion of the certified financial statement proves to be an undue financial burden, the applicant may have this requirement waived if:

(1) it has two years of operation within Minnesota on a solvent basis with no history of corporate bankruptcy or personal bankruptcy among chief officers and stockholders; and

(2) the administrator provides for a review audit by an independent certified public accountant or licensed public accountant, and provides to the department a copy of the review letter pursuant to the audit and corporate bank references.

F. Proof of coverage under a fidelity bond for all persons involved in making claims payments, and all officers of the company.

G. Information relating to any changes in personnel acting as resident agent for the ~~self-insurance-plan~~ administrator.

2767.0700 LICENSE REPORTING REQUIREMENTS.

Subpart 1. **Time limit.** Within 30 days after signing ~~a self-insurance-plan~~ an administrator contract, a licensee shall inform the department in writing of the name or names of the ~~self-insured~~ client under contract and the areas for which the client is self-insured~~, excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration~~ or insured.

Subp. 2. [Unchanged.]

Subp. 3. **Report compliance.** Each licensee shall file or ensure that the ~~self-insurers~~ clients it services file all required reports relating to those services which the administrator provides within the times established by statute, rule, or order of the commissioner. Required reports include:

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

(1) the name and address of ~~self-insurance~~

Approved by Revisor _____

clients administered by the licensee in Minnesota during the previous calendar year~~, excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration~~;

(2) the area and type of service provided to each plan;

(3) the starting and/or termination date each client was serviced;

(4) the total number and total amount of claims paid and loss payments disbursed on behalf of each client; and

(5) the reserves established for each client;

B. loss information reports required by part 2780.0500;

C. any reports required by the Workers' Compensation Reinsurance Association, if applicable;

D. any report required by the Minnesota Department of Labor and Industry, if applicable; and

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

Subp. 4. **Notification of contract termination.** If the contract between a licensee and a ~~self-insured~~ client is terminated, the licensee shall notify the commissioner in writing within 30 days after termination. The licensee shall maintain copies of all records relating to the ~~self-insured~~ client for six years after the termination date of each contract, if the records are not returned to the client.

Subp. 5. **Notification of cessation of business activities.** If a licensee ceases doing business as a ~~self-insurance plan~~ an administrator, the license must be surrendered and the commissioner must be informed in writing of the name and address of the custodian and the location of any files of ~~self-insured~~ clients formerly administered by the licensee.

Subp. 6. [Unchanged.]

REPEALER. Minnesota Rules, parts 2767.0300; 2767.0500;

Approved

2767.0800; and 2767.0950 are repealed.

Approved by Revisor _____

Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Plan Administrators

AGENCY: Department of Commerce

MINNESOTA RULES: Chapter 2767

The attached rules are approved for publication
in the State Register

Paul M. Marinac
Assistant Deputy Revisor

State of Minnesota

STATE REGISTER

Department of Administration—Documents Division



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Contents

Minnesota Rules: Amendments & Additions

Issues 1-7 inclusive 268

Proposed Rules

Commerce Department

Auto nonrenewals 269
Joint health and disability self-insurance plans 270
Withdrawal of proposed rules on medical malpractice insurance (home health care aides) 272
Plan administrators 272
Worker's compensation self-insurance 275

Dentistry Board

Certain fees 276

Labor & Industry Department

Occupations and professions; fees 279

Adopted Rules

Agricultural Society—Minnesota State Fair

Operation and management of the Minnesota State Fair and Minnesota State Fairgrounds 283

Commerce Department

Insurance continuing education 283

Emergency Rules

Higher Education Coordinating Board

Education grants; dislocated rural workers 288

Official Notices

Agriculture Department

Special local need registration for:
Diquat herbicide H-A on potato vines 290
Diquat herbicide H-A on birdsfoot trefoil 291
Opinion sought for rules on chemigation 291
Opinion sought for rules on pesticide bulk storage 292

Commerce Department

Opinion sought on rules for interstate banking including the impact of the rules on small business 292
Opinion sought on rules for reciprocal interstate branching by saving and loans associations including the impact of the rules on small business 293

Commissioner of Commerce

Hearing on workers' compensation assigned risk plan rates for certain classes 293

Council on Disability

Semi-monthly meeting schedule 294

Health Department

Opinion sought for rules on licensure of laboratories for drug and alcohol testing in the workplace 294
Public forum on naturopathic physicians and contact lens technicians and opticians 294

Minnesota Historical Society

State review board regular meeting 295

Housing Finance Agency

Applications accepted for the federal low income housing tax credit program 295

Human Services Department

Comments and requests for hearings on rules for veterans home discharge provisions and fees 296

Metropolitan Council

Preliminary review schedule for revision to the water resources management policy plan 297

Pollution Control Agency

Opinion sought on rules for award of state and federal grants and loans for municipal wastewater treatment facilities 297

Public Safety Department

Meeting notice for a pipeline safety statewide notification center 298

State Retirement System

Board of directors meeting 298

Transportation Department

Nicollet County petitions for variance from state aid standards for roadway design criteria 298

Public Utilities Commission

Opinion sought for rules on telephone and utility customer service 299

State Contracts & Advertised Bids

Administration Department

Contracts & requisitions open for bid 300
Request for proposals for rental of office space 301

State Designer Selection Board

Request for proposals for three projects 301

Governor's Drug-Free Communities Program

Request for proposals for evaluation of alcohol drug abuse prevention programs 304

Office of Tourism

Request for graphic design services 304
Request for art direction and design services for rotogravure magazine insert 305

Vocational Technical Education Board

Withdrawal of request for proposal on sex equity programs 305

Non-State Public Contracts

Dakota County

Request for proposals to carry out a community-wide sectoral planning process 305

Supreme Court Calendar

Cases scheduled during September 1987 306

Supreme Court Decisions

Decisions filed Friday 14 August 1987 308

Tax Court

Regular Division: Docket Nos. 4662, 4802, 4846 310

Announcements 312

Subp. 2. and 3. [Unchanged.]

Subp. 4. [See Repealer.]

Subp. 5. and 6. [Unchanged.]

REPEALER. *Minnesota Rules*, part 2765.1300, subpart 4, is repealed.

Department of Commerce

Notice of Withdrawal of Proposed Rules Relating to Medical Malpractice Insurance (Home Health Care Aides)

Notice is hereby given that the Department of Commerce withdraws the rules pertaining to Medical Malpractice Insurance (Home Health Care Aides) that were previously published in the *State Register* on July 14, 1986 at pages 29-30 (11 S.R. 29-30).

Michael A. Hatch
Commissioner of Commerce

Department of Commerce

Proposed Permanent Rules Relating to Plan Administrators

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in *Minnesota Statutes*, section 14.22-14.28. Authority for the adoption of these rules is contained in *Minnesota Statutes*, Sections 45.023 and 60A.23, subd. 8.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. 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 modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to *Minnesota Statutes*, sections 14.13 to 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
(612) 296-5689.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifying the data and information relied upon to support the proposed rules has been prepared and is available upon request from Richard Gomsrud.

Pursuant to *Minnesota Statutes* Section 14.115, 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.

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

A copy of the proposed rules is attached to this Notice. Copies of this Notice and proposed rules are available and may be obtained by contacting Richard G. Gomsrud at the above address.

Michael A. Hatch
Commissioner of Commerce

Rules as Proposed

2767.0100 DEFINITIONS.

Subpart 1. [Unchanged.]

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

Subp. 3. [Unchanged.]

Subp. 4. **Key employees.** "Key employees" means those persons who, notwithstanding their titles, are of substantial importance to the operation of the ~~self-insurance~~ plan administrator. Persons who have substantial discretionary, supervisory, or decision making authority which has a significant impact on the operation of the ~~self-insurance~~ plan administration are key employees. Officers and managers are presumptively included within this definition.

Subp. 5. and 6. [Unchanged.]

Subp. 7. **Services or risk management services.** "Services" or "risk management services" includes accounting and record retention, actuarial in conjunction with other services, claims administration, general administration, insurance, legal, loss control and safety, rehabilitation, risk management and analysis, and other services related to the establishment and maintenance of a program of self-insurance or a program of insurance.

2767.0200 PURPOSE AND SCOPE.

Parts 2767.0100 to 2767.0950 are designed to assure that ~~self-insurance plan~~ administrators are capable of providing risk management services, financially solvent, and able to process claims in a prompt and equitable manner; and to allow the commissioner to authorize qualified entities to engage in the business in a manner which is fair, equitable, and consistent with all applicable Minnesota statutes.

2767.0400 REQUIREMENTS FOR LICENSING.

Subpart 1. **Application procedure.** Any person or entity desiring to be licensed as ~~a self-insurance plan~~ an administrator pursuant to *Minnesota Statutes*, section 60A.23, subdivision 8, shall apply to the commissioner in writing and on forms available from the commissioner. The licensee shall designate areas of risk management services which the ~~self-insurance plan~~ administrator may perform. Any license granted is effective for a period of two years unless surrendered by the licensee, or unless the license is revoked or suspended by order of the commissioner. The license is transferable only upon prior written approval by the commissioner as to new ownership or new management of the ~~self-insurance plan~~ administrator.

Subp. 2. **Application contents.** Each application for a license as ~~a self-insurance plan~~ an administrator must:

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

B. Describe the specific areas of risk management services intended to be provided.

C. Identify the owners of the company, including all partners of a partnership and all officers of a corporation.

D. Describe the organization and staff, with specific information concerning their expertise to provide service in the areas stated. This information must include detailed resumes of the applicant's key employees and all officers of any subcontractor. Resumes must state each person's name, age, resident address, licensing history, and qualifications and experience relating to the work they are to perform. The information must include:

(1) the experience and history of accountants, if applicable;

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.

(2) if the applicant or its subcontractor intends to provide workers' compensation and other liability claims adjusting, a resume detailing the experience of the supervisor who shall possess at least three years' experience adjusting claims in the area of services to be provided; and

(3) a copy of the license of the adjuster responsible for adjusting workers' compensation or other liability claims, if applicable. The ~~self-insurance plan~~ administrator or its subcontractor shall have at least one adjuster who holds a license under Minnesota Statutes, chapter 72B and that adjuster shall be a resident of Minnesota.

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

F. Submit proof of coverage under a fidelity bond for all persons involved in collecting money and making claims payments, and all officers of the company. The bond must cover losses from dishonesty, theft, forgery or alteration, and misplacement or mysterious and unexplainable disappearance. The bond must cover the actions of the persons subject to the bond as to their handling of clients' money as well as the administrator's money.

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

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

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

2767.0600 LICENSE RENEWALS.

Subpart 1. [Unchanged.]

Subp. 2. **Required information.** In support of the application for license renewal, ~~a self-insurance plan~~ an administrator shall submit:

A. Any changes in the description of the administrative services intended to be provided.

B. Any changes in ownership of the company, including detailed information about the new owners.

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

D. An explanation of any changes of the responsibilities of any subcontractor, including changes in firms contracted with, services provided, or individuals providing services contracted for.

E. Financial statements for the previous two years, including a certified financial statement for the most recent fiscal year. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit signed by a company officer under oath describing any material change in the net worth or financial condition of the applicant since the date of the certified financial statement. If the company has a gross income of less than $15,000 per year so that the completion of the certified financial statement proves to be an undue financial burden, the applicant may have this requirement waived if:

(1) it has two years of operation within Minnesota on a solvent basis with no history of corporate bankruptcy or personal bankruptcy among chief officers and stockholders; and

(2) the administrator provides for a review audit by an independent certified public accountant or licensed public accountant, and provides to the department a copy of the review letter pursuant to the audit and corporate bank references.

F. Proof of coverage under a fidelity bond for all persons involved in making claims payments, and all officers of the company.

G. Information relating to any changes in personnel acting as resident agent for the ~~self-insurance plan~~ administrator.

2767.0700 LICENSE REPORTING REQUIREMENTS.

Subpart 1. **Time limit.** Within 30 days after signing ~~a self-insurance plan~~ an administrator contract, a licensee shall inform the department in writing of the name or names of the ~~self-insured~~ client under contract and the areas for which the client is self-insured; ~~excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration~~ or insured.

Subp. 2. [Unchanged.]

Subp. 3. **Report compliance.** Each licensee shall file or ensure that the ~~self-insurers~~ clients it services file all required reports

relating to those services which the administrator provides within the times established by statute, rule, or order of the commissioner. Required reports include:

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

(1) the name and address of ~~self-insurance~~ clients administered by the licensee in Minnesota during the previous calendar year~~, excepting qualified ERISA clients if this information is classified as nonpublic by the commissioner of administration~~;

(2) the area and type of service provided to each plan;

(3) the starting and/or termination date each client was serviced;

(4) the total number and total amount of claims paid and loss payments disbursed on behalf of each client; and

(5) the reserves established for each client;

B. loss information reports required by part 2780.0500;

C. any reports required by the Workers' Compensation Reinsurance Association, if applicable;

D. any report required by the Minnesota Department of Labor and Industry, if applicable; and

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

Subp. 4. **Notification of contract termination.** If the contract between a licensee and a ~~self-insured~~ client is terminated, the licensee shall notify the commissioner in writing within 30 days after termination. The licensee shall maintain copies of all records relating to the ~~self-insured~~ client for six years after the termination date of each contract, if the records are not returned to the client.

Subp. 5. **Notification of cessation of business activities.** If a licensee ceases doing business as ~~a self-insurance plan~~ an administrator, the license must be surrendered and the commissioner must be informed in writing of the name and address of the custodian and the location of any files of ~~self-insured~~ clients formerly administered by the licensee.

Subp. 6. [Unchanged.]

REPEALER. *Minnesota Rules*, parts 2767.0300; 2767.0500; 2767.0800; and 2767.0950 are repealed.

Department of Commerce

Proposed Permanent Rules Relating to Workers' Compensation Self-Insurance

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Department of Commerce intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedures Act for adopted rules without a public hearing in *Minnesota Statutes*, section 14.22-14.28. Authority for the adoption of these rules is contained in *Minnesota Statutes*, Sections 45.023 and 176.181.

All persons have 30 days to submit comments in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. 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 modifications are supported by the data and views submitted to the Department and do not result in a substantial change.

Any person may make a written request for a public hearing within the 30 day comment period. If 25 or more persons submit a written request for a public hearing within the 30 day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the department will proceed pursuant to *Minnesota Statutes*, sections 14.13 to 14.20.

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

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption of Rules Relating to Plan Administrators

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

Notice of the Commissioner's intent to adopt the above-entitled rule was published in the State Register on August 17, 1987 and was sent by United States mail to all persons on the list maintained by the department pursuant to Minnesota Statutes, section 14.14, subdivision 1a and 14.22 on August 6, 1987. The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking list and published in the State Register and was available to the public.

All persons were given the apportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the department.

Based on the comments and evidence in the record before the agency, I find the following:

The above-captioned rule is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rule identified as Plan Administrators is adopted this 18th day of September, 1987, pursuant to authority vested in me by Minnesota Statutes, sections 45.023 and 60A.23, subd. 8.

MICHAEL A. HATCH
Commissioner of Commerce

Dated this 18th day of September 1987.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

In the Matter of the Proposed Adoption
Workers Compensation Self-Insurance Rules

DECLARATION OF
ATTORNEY GENERAL

I, LOUIS HOFFMAN, Special Assistant Attorney General, do hereby declare that I have examined the rules and all related documents and that, I have examined the above-captioned rule, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules, chapter 2010 have been followed. Any exceptions are listed below. For Attorney General billing purposes, the four-digit docket client code is 0120 .

Louis Hoffman
Special Assistant Attorney General

Dated: September 24, 1987

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the Matter of the Proposed Rules
Regarding Plan Administrators

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 August 1987.

Jane Schaub

Linda L. Lanam, V.P. & Chief Coun.
Union Fidelity Life Insurance Co.
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Trevose, PA 19049

Cheryl Chatin
United Hospital Business Office
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SF-00006-05 (4/86)

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT : of Commerce

DATE : September 23, 1987

TO : Martha Casserly

FROM : Richard G. Gomsrud

PHONE : 296-5689

SUBJECT : Plan Administrators

Enclosed are copies of the following materials regarding the above captioned rules:

1. Notice of Intent to Solicit Outside Opinion (2010.0300 A)
2. Copy of the Proposed Rules with Revisor's Certificate (2010.0300 D)
3. Notice of Intent to Adopt Rule Without Public Hearing (2010.0300 E)
4. Statement of Need and Reasonableness (2010.0300 F)
5. Affidavit of Mailing Notice of Intent to Adopt Rule Without Public Hearing (2010.0300 G)
6. Copy of Notice of Intent to Adopt Rule Without Public Hearing and Rules as published in the State Register (2010.0300 H)
7. Four copies of Rule as adopted (2010.0300 I)
8. Findings of Fact, Conclusions & Order Adopting Rule (2010.0300 K)
9. Written Comments, Submission & Requests on Rule (2010.0300 L)
10. Declaration of Attorney General (2010.0300 M)
11. Notice of Submission to Attorney General (2010.0300 N)
12. Affidavit of Mailing Notice of Submission to Attorney General (2010.0300 O)

RECEIVED
ATTORNEY GENERAL'S OFFICE
SEP 23 1987
204 ADMINISTRATION BLDG.
50 SHERBURNE AVENUE
ST. PAUL, MN 55155

Declaration of Atty

will be in the mail ✓

Notice to Solicit

received - published 4/22/87

Will Call by the date published.

Rule

See proposed. Not all new material.

Authority

45.023 ok