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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2740

03/06/2014 Authored by Mahoney and Kieffer

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to workers' compensation insurance; limiting the insurer's permissible
1.3 administrative expenses; amending Minnesota Statutes 2012, section 79.561,
1.4 subdivision 1.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 79.561, subdivision 1, is amended to read:

1.7 Subdivision 1. **Disapproval; time period.** The commissioner may disapprove a rate
1.8 and rating plan or amendment thereto prior to its effective date, as provided under section
1.9 79.56, subdivision 1, if the commissioner determines that it is excessive, inadequate, or
1.10 unfairly discriminatory. If the commissioner disapproves any rate or rating plan filing or
1.11 amendment thereto, the commissioner shall advise the filing insurer what rate and rating
1.12 plan the commissioner has reason to believe would be in compliance with section 79.55,
1.13 and the reasons for that determination. An insurer may not implement a rate and rating
1.14 plan or amendment thereto which has been disapproved under this subdivision. If the
1.15 commissioner disapproves any rate and rating plan filing or amendment thereto, an insurer
1.16 may use its current rate and rating plan for writing any workers' compensation insurance in
1.17 this state. Following any disapproval, the commissioner and insurer may reach agreement
1.18 on a rate or rating plan filing or amendment thereto, provided that the insurer's expected
1.19 administrative expenses do not exceed 20 percent of the insurer's expected total revenues.
1.20 Notwithstanding any law to the contrary, in such cases, the rate or rating plan filing or
1.21 amendment thereto may be implemented by the insurer immediately.

1.22 **EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to rates
1.23 and rating plans filed on or after that date.