

## HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **647**

02/18/2013 Authored by Atkins and Hoppe  
The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy  
03/13/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Civil Law  
04/02/2013 Adoption of Report: Pass as Amended and Read Second Time  
05/16/2013 Calendar for the Day, Amended  
Read Third Time as Amended  
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act  
1.2 relating to commerce; renaming the division of insurance fraud; regulating  
1.3 subpoenas issued by the commissioner; modifying certain continuing education  
1.4 requirements; requiring and regulating an annual statement of actuarial opinions  
1.5 of reserves and supporting documentation of property and casualty companies;  
1.6 modifying risk-based capital requirements for certain insurers; regulating  
1.7 certain coverages; prohibiting certain exclusions; modifying no-fault benefits  
1.8 and coverages, arbitration, and health claims appeals; modifying funding  
1.9 provisions for workers' compensation self-insurance plans; regulating real  
1.10 estate appraiser licenses; modifying service requests in connection with Public  
1.11 Utility Commission matters; modifying petroleum product specifications;  
1.12 repealing certain unnecessary laws; amending Minnesota Statutes 2012, sections  
1.13 45.0135; 45.027, subdivision 2; 45.307; 45.43; 60A.62, subdivision 1; 65B.44,  
1.14 subdivisions 3, 4; 65B.525, subdivision 1; 65B.54, by adding a subdivision;  
1.15 72A.327; 79A.04, subdivision 3a; 82B.08, by adding a subdivision; 82B.094;  
1.16 82B.095, subdivision 2; 82B.10, subdivision 1; 82B.13, subdivisions 1, 4,  
1.17 5, 8, by adding a subdivision; 216.17, subdivisions 2, 4; 216B.18; 239.761,  
1.18 subdivision 8, as amended; 299C.40, subdivision 1; proposing coding for new  
1.19 law in Minnesota Statutes, chapter 60A; repealing Minnesota Statutes 2012,  
1.20 sections 82B.095, subdivision 1; 115C.09, subdivision 3k; Laws 2000, chapter  
1.21 488, article 3, section 37.

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

1.23 Section 1. Minnesota Statutes 2012, section 45.0135, is amended to read:

1.24 **45.0135 ~~DIVISION OF INSURANCE~~ COMMERCE FRAUD PREVENTION**  
1.25 **BUREAU.**

1.26 Subd. 2a. **Authorization.** The commissioner may appoint peace officers, as defined  
1.27 in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as  
1.28 defined in section 626.84, subdivision 1, paragraph (f), known as the ~~Division of Insurance~~  
1.29 ~~Commerce Fraud Prevention Bureau~~ Commerce Fraud Prevention Bureau, to conduct investigations, and to make arrests under  
1.30 sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to  
1.31 offenses related to insurance fraud.

Subd. 2b. **Duties.** The ~~Division of Insurance~~ Commerce Fraud Prevention Bureau shall:

(1) review notices and reports of insurance fraud submitted by authorized insurers, their employees, and agents or producers;

(2) respond to notifications or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal governmental units, or any other person;

(3) initiate inquiries and conduct investigations when the ~~division~~ bureau has reason to believe that insurance fraud has been or is being committed; and

(4) report incidents of alleged insurance fraud disclosed by its investigations to appropriate law enforcement agencies, including, but not limited to, the attorney general, county attorneys, or any other appropriate law enforcement or regulatory agency, and shall assemble evidence, prepare charges, and otherwise assist any law enforcement authority having jurisdiction.

Subd. 2c. **Arrests and investigations.** The initial processing of a person arrested by the ~~Division of Insurance~~ Commerce Fraud Prevention Bureau for an offense within its jurisdiction is the responsibility of the ~~Division of Insurance Fraud Prevention bureau~~ unless otherwise directed by the law enforcement agency with primary jurisdiction.

Subsequent investigation shall be the responsibility of the ~~Division of Insurance Fraud Prevention bureau~~ unless otherwise directed by the law enforcement agency with primary jurisdiction. At the request of the primary jurisdiction, the ~~Division of Insurance Fraud Prevention bureau~~ may assist in a subsequent investigation being carried out by the primary jurisdiction.

Subd. 2d. **Policy for notice of investigations.** The ~~Division of Insurance~~ Commerce Fraud Prevention Bureau must develop a policy for notifying the law enforcement agency with primary jurisdiction when it has initiated investigation of any person within the jurisdiction of that agency.

Subd. 2e. **Chief law enforcement officer.** The commissioner shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the ~~Division of Insurance~~ Commerce Fraud Prevention Bureau. The chief law enforcement officer shall possess the necessary police and management experience to manage a law enforcement agency. The chief law enforcement officer may appoint, discipline, and discharge all employees of the ~~Division of Insurance Fraud Prevention bureau~~. All police managerial and supervisory personnel must be full-time employees of the ~~Division of Insurance Fraud Prevention bureau~~. Supervisory personnel must be on duty and available any time peace officers of the ~~Division of Insurance Fraud Prevention bureau~~ are on duty.

Subd. 2f. **Compliance.** Except as otherwise provided in this section, the ~~Division of Insurance Fraud Prevention~~ Commerce Fraud Bureau shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency.

Subd. 3. **Evidence, documentation, and related materials.** If the ~~division~~ bureau seeks evidence, documentation, and related materials pertinent to an investigation, and the matter is located outside of this state, the ~~division~~ bureau may designate representatives, including officials of the state where the matter is located, to secure the matter or inspect the matter on its behalf.

Subd. 4. **Confidentiality and immunity.** The provisions of chapter 13, including, but not limited to, section 13.82, apply to the classification, disclosure, and collection of data relating to the ~~Division of Insurance~~ Commerce Fraud Prevention Bureau.

Subd. 5. **Annual report on activities and cost-effectiveness.** The ~~Division of Insurance~~ Commerce Fraud Prevention Bureau shall maintain records and information in order to produce an annual report of its activities as may be prescribed by the commissioner of commerce. The commissioner shall report annually to the house of representatives and senate standing committees with jurisdiction over insurance issues as to the activities of the ~~division~~ bureau and the cost-effectiveness of the programs established by the ~~division~~ bureau.

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Subd. 7. **Assessment.** Each insurer authorized to sell insurance in the state of Minnesota, including surplus lines carriers, and having Minnesota earned premium the previous calendar year shall remit an assessment to the commissioner for deposit in the insurance fraud prevention account on or before June 1 of each year. The amount of the assessment shall be based on the insurer's total assets and on the insurer's total written Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13. The assessment is calculated to be an amount up to the following:

Total Assets		Assessment
Less than \$100,000,000		\$ 200
\$100,000,000 to \$1,000,000,000		\$ 750
Over \$1,000,000,000		\$ 2,000
Minnesota Written Premium		Assessment
Less than \$10,000,000		\$ 200
\$10,000,000 to \$100,000,000		\$ 750
Over \$100,000,000		\$ 2,000

For purposes of this subdivision, the following entities are not considered to be insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or township mutuals organized under chapter 67A.

Subd. 8. **Investigations; health-related boards.** (a) ~~The Division of Insurance Commerce Fraud Prevention Bureau~~ may consult with the appropriate health-related board when a licensee, licensed under chapter 144E, 147, 148, 148B, or 150A, is suspected of insurance fraud.

(b) ~~The division bureau~~ shall, for any conviction involving or related to insurance, send copies of all public data in its possession to the appropriate health-related licensing board.

Sec. 2. Minnesota Statutes 2012, section 45.027, subdivision 2, is amended to read:

Subd. 2. **Power to compel production of evidence.** For the purpose of any investigation, hearing, proceeding, or inquiry related to the duties and responsibilities entrusted to the commissioner, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

A subpoena issued pursuant to this subdivision must state that the person to whom the subpoena is directed may not disclose the fact that the subpoena was issued or the fact that the requested records have been given to law enforcement personnel except:

(1) insofar as the disclosure is necessary to find and disclose the records; or

(2) pursuant to court order.

Sec. 3. Minnesota Statutes 2012, section 45.307, is amended to read:

**45.307 EDUCATION PROVIDER.**

Subdivision 1. **Duty to make records and data available to commissioner.** A person applying for approval as an education provider must make available upon request such records and data required by the commissioner to administer the provisions and further the purposes of this chapter.

Subd. 2. **Responsibility for actions of coordinators and instructors.** An education provider is responsible for any actions taken by one or more of its coordinators or instructors in the course of performing activities associated with license education courses provided under this chapter.

5.1        Subd. 3. **Responsibility for approval of coordinator.** An education provider  
5.2        must ensure that an individual acting as a coordinator on its behalf under this chapter has  
5.3        received prior approval from the commissioner to act as a coordinator.

5.4        Sec. 4. Minnesota Statutes 2012, section 45.43, is amended to read:

5.5        **45.43 REPORTING REQUIREMENTS.**

5.6        Subdivision 1. **Course completions.** Required education must be reported in a  
5.7        manner prescribed by the commissioner within ten days of the course completion.

5.8        Subd. 2. **Violations and penalties.** (a) Each failure to report an individual licensee's  
5.9        course completion in the manner prescribed by subdivision 1 constitutes a separate  
5.10       violation.

5.11       (b) The commissioner may impose a civil penalty not to exceed \$500 per violation  
5.12       upon an education provider that violates subdivision 1, provided that the total amount  
5.13       of such civil penalties imposed upon an education provider must not exceed \$10,000  
5.14       per course offering.

5.15       Sec. 5. **[60A.0812] PROHIBITED EXCLUSION; CERTAIN PROPERTY AND**  
5.16       **CASUALTY POLICIES.**

5.17       An automobile insurance policy, personal excess liability policy, or personal  
5.18       umbrella policy must not contain an exclusion of, or limitation on, liability for damages  
5.19       for bodily injury solely because the injured person is a resident or member of the insured's  
5.20       household, or is related to the insured by blood or marriage.

5.21       **EFFECTIVE DATE.** This section is effective January 1, 2014, and applies to  
5.22       policies issued, renewed, or continued on or after that date.

5.23       Sec. 6. **[60A.1295] ACTUARIAL OPINION OF RESERVES AND SUPPORTING**  
5.24       **DOCUMENTATION.**

5.25       Subdivision 1. **Statement of actuarial opinion.** Every property and casualty  
5.26       insurance company doing business in this state, unless otherwise exempted by the  
5.27       domiciliary commissioner, shall annually submit the opinion of an appointed actuary  
5.28       entitled "Statement of Actuarial Opinion." This opinion must be filed in accordance with  
5.29       the appropriate National Association of Insurance Commissioners (NAIC) Property and  
5.30       Casualty Annual Statement Instructions.

5.31       Subd. 2. **Actuarial opinion summary.** (a) Every property and casualty insurance  
5.32       company domiciled in this state that is required to submit a statement of actuarial opinion

shall annually submit an actuarial opinion summary, written by the company's appointed actuary. This actuarial opinion summary must be filed in accordance with the appropriate NAIC Property and Casualty Annual Statement Instructions and must be considered as a document supporting the actuarial opinion required in subdivision 1.

(b) A company licensed but not domiciled in this state shall provide the actuarial opinion summary upon request.

**Subd. 3. Actuarial report and workpapers.** (a) An actuarial report and its underlying workpapers as required by the appropriate NAIC Property and Casualty Annual Statement Instructions must be prepared to support each actuarial opinion.

(b) If the insurance company fails to provide a supporting actuarial report and/or workpapers at the request of the commissioner or the commissioner determines that the supporting actuarial report or workpapers provided by the insurance company are otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting actuarial report or workpapers.

**Subd. 4. Liability.** The appointed actuary shall not be liable for damages to any person, other than the insurance company and the commissioner, for any act, error, omission, decision, or conduct with respect to the actuary's opinion, except in cases of fraud or willful misconduct on the part of the appointed actuary.

**EFFECTIVE DATE.** This section is effective December 31, 2013.

## Sec. 7. **[60A.1296] CONFIDENTIALITY.**

**Subdivision 1. Actuarial opinion; public document.** The statement of actuarial opinion must be provided with the annual statement in accordance with the appropriate National Association of Insurance Commissioners (NAIC) Property and Casualty Annual Statement Instructions and must be treated as a public document.

**Subd. 2. Supporting materials; confidential and privileged.** (a) Documents, materials, or other information in the possession or control of the Department of Commerce that are considered an actuarial report, workpapers, or actuarial opinion summary provided in support of the opinion, and any other material provided by the company to the commissioner in connection with the actuarial report, workpapers, or actuarial opinion summary, shall be confidential by law and privileged, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

(b) This provision shall not be construed to limit the commissioner's authority to:

(1) release the documents to the Actuarial Board for Counseling and Discipline (ABCD) so long as the material is required for the purpose of professional disciplinary

proceedings and the ABCD establishes procedures satisfactory to the commissioner for preserving the confidentiality of the documents; or

(2) use the documents, materials, or other information in furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

**Subd. 3. Protections.** Neither the commissioner nor any person who received the documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subdivision 2.

**Subd. 4. Exceptions.** In order to assist in the performance of the commissioner's duties, the commissioner:

(1) may share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 2 with other state, federal, and international regulatory agencies; with the NAIC and its affiliates and subsidiaries; and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information and has the legal authority to maintain confidentiality;

(2) may receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from NAIC and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(3) may enter into agreements governing sharing and use of information consistent with subdivisions 2 to 4.

**Subd. 5. Nonwaiver.** No waiver of applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 4.

**EFFECTIVE DATE.** This section is effective December 31, 2013.

Sec. 8. Minnesota Statutes 2012, section 60A.62, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "Company action level event" means any of the following events:

(1) the filing of a risk-based capital report by an insurer which indicates that:

(i) the insurer's total adjusted capital is greater than or equal to its regulatory action level risk-based capital but less than its company action level risk-based capital; or

(ii) if a life and/or health insurer, the insurer has total adjusted capital that is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and ~~2.5~~ 3.0 and has a negative trend; or

(iii) if a property and casualty insurer, the insurer has total adjusted capital which is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the property and casualty risk-based capital instructions;

(2) the notification by the commissioner to the insurer of an adjusted risk-based capital report that indicates an event in clause (1), provided the insurer does not challenge the adjusted risk-based report under section 60A.66; or

(3) if, pursuant to section 60A.66, an insurer challenges an adjusted risk-based capital report that indicates the event in clause (1), the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

**EFFECTIVE DATE.** This section is effective December 31, 2013.

Sec. 9. Minnesota Statutes 2012, section 65B.44, subdivision 3, is amended to read:

Subd. 3. **Disability and income loss benefits.** (a) Disability and income loss benefits shall provide compensation for 85 percent of the injured person's loss of present and future gross income from inability to work proximately caused by the nonfatal injury subject to a maximum of ~~\$250~~ \$500 per week. Loss of income includes the costs incurred by a self-employed person to hire substitute employees to perform tasks which are necessary to maintain the income of the injured person, which are normally performed by the injured person, and which cannot be performed because of the injury.

(b) If the injured person is unemployed at the time of injury and is receiving or is eligible to receive unemployment benefits under chapter 268, but the injured person loses eligibility for those benefits because of inability to work caused by the injury, disability and income loss benefits shall provide compensation for the lost benefits in an amount equal to the unemployment benefits which otherwise would have been payable, subject to a maximum of ~~\$250~~ \$500 per week.

(c) Compensation under this subdivision shall be reduced by any income from substitute work actually performed by the injured person or by income the injured person would have earned in available appropriate substitute work which the injured person was capable of performing but unreasonably failed to undertake.



(d) For the purposes of this section "inability to work" means disability which prevents the injured person from engaging in any substantial gainful occupation or employment on a regular basis, for wage or profit, for which the injured person is or may by training become reasonably qualified. If the injured person returns to employment and is unable by reason of the injury to work continuously, compensation for lost income shall be reduced by the income received while the injured person is actually able to work. The weekly maximums may not be prorated to arrive at a daily maximum, even if the injured person does not incur loss of income for a full week.

(e) For the purposes of this section, an injured person who is "unable by reason of the injury to work continuously" includes, but is not limited to, a person who misses time from work, including reasonable travel time, and loses income, vacation, or sick leave benefits, to obtain medical treatment for an injury arising out of the maintenance or use of a motor vehicle.

Sec. 10. Minnesota Statutes 2012, section 65B.44, subdivision 4, is amended to read:

Subd. 4. **Funeral and burial expenses.** Funeral and burial benefits shall be reasonable expenses not in excess of ~~\$2,000~~ \$5,000, including expenses for cremation or delivery under the Darlene Luther Revised Uniform Anatomical Gift Act, chapter 525A.

Sec. 11. Minnesota Statutes 2012, section 65B.525, subdivision 1, is amended to read:

Subdivision 1. **Mandatory submission to binding arbitration.** (a) Except as otherwise provided in section 72A.327, the Supreme Court and the several courts of general trial jurisdiction of this state shall by rules of court or other constitutionally allowable device, provide for the mandatory submission to binding arbitration of all cases at issue where the claim at the commencement of arbitration is in an amount of \$10,000 or less against any insured's reparation obligor for no-fault benefits or comprehensive or collision damage coverage.

(b) If assigned claims against a reparation obligor are submitted pursuant to this section, the aggregate amount of the claims is considered to be one claim for purposes of the jurisdictional dollar limitation in paragraph (a). Aggregated or consolidated claims in excess of \$10,000 must be recovered in an action in district court.

Sec. 12. Minnesota Statutes 2012, section 65B.54, is amended by adding a subdivision to read:

10.1            Subd. 8. **Health care provider claims arbitration limited.** A health care provider  
10.2            shall not submit any medical benefit claims to arbitration pursuant to section 65B.525 as  
10.3            an assignment of benefits assignee.

10.4            Sec. 13. Minnesota Statutes 2012, section 72A.327, is amended to read:

10.5            **72A.327 HEALTH CLAIMS; RIGHTS OF APPEAL.**

10.6            (a) An insured whose claim for medical benefits under chapter 65B is denied because  
10.7            the treatment or services for which the claim is made is claimed to be experimental,  
10.8            investigative, not medically necessary, or otherwise not generally accepted by licensed  
10.9            health care providers and for which the insured has financial responsibility in excess of  
10.10           applicable co-payments and deductibles may appeal the denial to the commissioner. For  
10.11           purposes of this section, "insured" does not include an assignment of benefits assignee.

10.12           (b) This section does not apply to claims for health benefits which have been  
10.13           arbitrated under section 65B.525, subdivision 1.

10.14           (c) A three-member panel shall review the denial of the claim and report to the  
10.15           commissioner. The commissioner shall establish a list of qualified individuals who are  
10.16           eligible to serve on the panel. In establishing the list, the commissioner shall consult with  
10.17           representatives of the contributing members as defined in section 65B.01, subdivision 2,  
10.18           and professional societies. Each panel must include: one person with medical expertise as  
10.19           identified by the contributing members; one person with medical expertise as identified by  
10.20           the professional societies; and one public member. The commissioner, upon initiation of an  
10.21           arbitration, shall select from each list three potential arbitrators and shall notify the issuer  
10.22           and the claimant of the selection. Each party shall strike one of the potential arbitrators and  
10.23           an arbitrator shall be selected by the commissioner from the remaining names of potential  
10.24           arbitrators if more than one potential arbitrator is left. In the event of multiparty arbitration,  
10.25           the commissioner may increase the number of potential arbitrators and divide the strikes  
10.26           so as to afford an equal number of strikes to each adverse interest. If the selected arbitrator  
10.27           is unable or unwilling to serve for any reason, the commissioner may appoint an arbitrator,  
10.28           which will be subject to challenge only for cause. The party that denied the coverage has  
10.29           the burden of proving that the services or treatment are experimental, investigative, not  
10.30           medically necessary, or not generally accepted by licensed health care professionals. In  
10.31           determining whether the burden has been met, the panel may consider expert testimony,  
10.32           medical literature, and any other relevant sources. If the party fails to sustain its burden,  
10.33           the commissioner may order the immediate payment of the claim. All proceedings of the  
10.34           panel and any documents received or developed by the review process are nonpublic.

(d) A person aggrieved by an order under this section may appeal the order. The appeal shall be pursuant to section 65B.525 where appropriate, or to the district court for a trial de novo, in all other cases. In nonemergency situations, if the insurer has an internal grievance or appeal process, the insured must exhaust that process before the external appeal. In no event shall the internal grievance process exceed the time limits described in section 72A.201, subdivision 4a.

(e) If prior authorization is required before services or treatment can be rendered, an appeal of the denial of prior authorization may be made as provided in this section.

(f) The commissioner shall adopt procedural rules for the conduct of appeals.

~~(g) The permanent rulemaking authority granted in this section is effective June 2, 1989, regardless of the actual effective date of January 1, 1990.~~

Sec. 14. Minnesota Statutes 2012, section 79A.04, subdivision 3a, is amended to read:

Subd. 3a. **Acceptable securities.** The following are acceptable securities and surety bonds for the purpose of funding self-insurance plans and group self-insurance plans:

(1) direct obligations of the United States government except mortgage-backed securities of ~~the Government National Mortgage Association~~ any kind;

(2) bonds, notes, debentures, and other instruments which are obligations of agencies and instrumentalities of the United States ~~including, but not limited to, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Student Loan Marketing Association, and the Farm Credit System, and their successors,~~ but not including collateralized mortgage obligations or mortgage pass-through instruments;

(3) bonds or securities that are issued by the state of Minnesota and that are secured by the full faith and credit of the state;

(4) certificates of deposit which are insured by the Federal Deposit Insurance Corporation ~~and are issued by a Minnesota depository institution~~ and approved by the commissioner;

(5) obligations of, or instruments unconditionally guaranteed by, ~~Minnesota depository~~ financial institutions whose long-term debt rating is at least AA-, Aa3, or their equivalent, by at least two nationally recognized rating agencies;

(6) surety bonds issued by a corporate surety authorized by the commissioner of commerce to transact such business in the state;

(7) obligations of or instruments unconditionally guaranteed by Minnesota insurance companies, whose long-term debt rating is at least AA-, Aa3, or their equivalent, by at least two nationally recognized rating agencies and whose rating is A+ by A. M. Best, Inc.; and

~~(8) any guarantee from the United States government whereby the payment of the workers' compensation liability of a self-insurer is guaranteed; and bonds which are the general obligation of the Minnesota Housing Finance Agency.~~

(8) cash;

(9) time deposits that are fully insured by any federal agency; and

(10) letters of credit issued by a financial institution approved by the commissioner.

Sec. 15. Minnesota Statutes 2012, section 82B.08, is amended by adding a subdivision to read:

Subd. 2a. **Criminal history record check; fingerprints.** (a) An applicant for a license must:

(1) consent to a criminal history record check;

(2) submit a fingerprint card in a form acceptable to the commissioner; and

(3) pay the fee required to perform criminal history record checks with the Minnesota Bureau of Criminal Apprehension and the Federal Bureau of Investigation.

(b) The commissioner may contract for the collection and transmission of fingerprints required under this chapter and may order the fee for collecting and transmitting fingerprints to be payable directly to the contractor by the applicant. The commissioner may agree to a reasonable fingerprinting fee to be charged by the contractor.

(c) The commissioner shall submit the applicant's fingerprints and consent and the required fee to the superintendent of the Bureau of Criminal Apprehension. The superintendent shall perform a check of the state criminal history repository and is authorized to exchange the applicant's fingerprints with the Federal Bureau of Investigation to obtain the national criminal history record. The superintendent shall return the results of the state and national criminal history records checks to the commissioner.

(d) This subdivision applies to an applicant for an initial license or a renewal license.

**EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to persons applying for a license pursuant to Minnesota Statutes, chapter 82B, on or after that date who were not previously fingerprinted in compliance with the terms of this subdivision.

Sec. 16. Minnesota Statutes 2012, section 82B.094, is amended to read:

**82B.094 SUPERVISION OF TRAINEE REAL PROPERTY APPRAISERS.**

(a) A certified residential real property appraiser or a certified general real property appraiser, in good standing, may engage a trainee real property appraiser to assist in the

13.1 performance of real estate appraisals, provided that the certified residential real property  
13.2 appraiser or a certified general real property appraiser:

13.3 (1) has been licensed in good standing as either a certified residential real property  
13.4 appraiser or a certified general real property appraiser for a total of at least three years;

13.5 (2) has completed a course that is specifically oriented to the requirements and  
13.6 responsibilities of supervisory appraisers and trainee appraisers;

13.7 (3) has not been the subject of any license or certificate suspension or revocation or  
13.8 has not been prohibited from supervising activities in this state or any other state within  
13.9 the previous two years;

13.10 ~~(2)~~ (4) has no more than three trainee real property appraisers working under  
13.11 supervision at any one time;

13.12 ~~(3)~~ (5) actively and personally supervises the trainee real property appraiser, which  
13.13 includes ensuring that research of general and specific data has been adequately conducted  
13.14 and properly reported, application of appraisal principles and methodologies has been  
13.15 properly applied, that the analysis is sound and adequately reported, and that any analyses,  
13.16 opinions, or conclusions are adequately developed and reported so that the appraisal  
13.17 report is not misleading;

13.18 ~~(4)~~ (6) discusses with the trainee real property appraiser any necessary and  
13.19 appropriate changes that are made to a report, involving any trainee appraiser, before it is  
13.20 transmitted to the client. Changes not discussed with the trainee real property appraiser  
13.21 that are made by the supervising appraiser must be provided in writing to the trainee real  
13.22 property appraiser upon completion of the appraisal report;

13.23 ~~(5)~~ (7) accompanies the trainee real property appraiser on the inspections of the  
13.24 subject properties and drive-by inspections of the comparable sales on all appraisal  
13.25 assignments for which the trainee will perform work until the trainee appraiser is  
13.26 determined to be competent, in accordance with the competency rule of USPAP for the  
13.27 property type;

13.28 ~~(6)~~ (8) accepts full responsibility for the appraisal report by signing and certifying  
13.29 that the report complies with USPAP; and

13.30 ~~(7)~~ (9) reviews and signs the trainee real property appraiser's appraisal report or  
13.31 reports or if the trainee appraiser is not signing the report, states in the appraisal the name  
13.32 of the trainee and scope of the trainee's significant contribution to the report.

13.33 (b) The supervising appraiser must review and sign the applicable experience log  
13.34 required to be kept by the trainee real property appraiser.

(c) The supervising appraiser must notify the commissioner within ten days when the supervision of a trainee real property appraiser has terminated or when the trainee appraiser is no longer under the supervision of the supervising appraiser.

(d) The supervising appraiser must maintain a separate work file for each appraisal assignment.

(e) The supervising appraiser must verify that any trainee real property appraiser that is subject to supervision is properly licensed and in good standing with the commissioner.

Sec. 17. Minnesota Statutes 2012, section 82B.095, subdivision 2, is amended to read:

Subd. 2. **Components on or after January 1, 2009** Conformance to Appraiser Qualifications Board criteria. ~~(a) On or after January 1, 2009, an applicant for a class of license must document that the applicant has met the education, experience, and examination components in effect after January 1, 2008.~~

~~(b)~~ Qualifications for all levels of licensing must conform to the Real Property Qualification Criteria established by the Appraisal Qualifications Board for implementation effective January 1, ~~2008~~ 2015.

Sec. 18. Minnesota Statutes 2012, section 82B.10, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) An applicant for a license must pass an examination conducted by the commissioner. The examinations must be of sufficient scope to establish the competency of the applicant to act as a real estate appraiser and must conform with the current National Uniform Exam Content Outlines published by the Appraiser Qualifications Board.

(b) A passing grade for a real estate appraiser licensing examination must be the cut score defined by the Appraiser Qualifications Board criteria.

(c) To qualify for a license as a trainee real property appraiser, an applicant must pass a current trainee real property appraiser examination. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(d) To qualify for a license as a licensed real property appraiser, an applicant must pass a current uniform licensed real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(e) To qualify for a license as a certified residential real property appraiser, an applicant must pass a current uniform certified residential real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test

15.1 the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided  
15.2 in this chapter.

15.3 (f) To qualify for a license as a certified general real property appraiser, an applicant  
15.4 must pass a current uniform certified general real property appraiser examination approved  
15.5 by the Appraiser Qualifications Board. The examination must test the applicant's  
15.6 knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

15.7 (g) An applicant must complete the applicable education prerequisites in section  
15.8 82B.13 and the experience requirements in section 82B.14 before the applicant takes the  
15.9 examination required under this section.

15.10 **EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to an  
15.11 applicant for a license on or after that date.

15.12 Sec. 19. Minnesota Statutes 2012, section 82B.13, subdivision 1, is amended to read:

15.13 Subdivision 1. **Trainee real property appraiser ~~or licensed real property~~**  
15.14 **appraiser.** (a) As a prerequisite for licensing as a trainee real property appraiser ~~or~~  
15.15 ~~licensed real property appraiser~~, an applicant must present evidence satisfactory to the  
15.16 commissioner that the person has successfully completed:

15.17 (1) at least 90 classroom 75 hours of prelicense courses approved by the  
15.18 commissioner. The courses must consist Fifteen of the 75 hours must include successful  
15.19 completion of general real estate appraisal principles and the 15-hour national USPAP  
15.20 course; and

15.21 (2) in addition to the required hours under clause (1), a course that is specifically  
15.22 oriented to the requirements and responsibilities of supervisory appraisers and trainee  
15.23 appraisers.

15.24 (a) ~~After January 1, 2008, a trainee real property appraiser applicant must present~~  
15.25 ~~evidence satisfactory to the commissioner that the person has successfully completed at~~  
15.26 ~~least 75 hours of prelicense courses approved by the commissioner.~~

15.27 (b) ~~After January 1, 2008, a licensed real property appraiser applicant must present~~  
15.28 ~~evidence satisfactory to the commissioner that the person has successfully completed~~  
15.29 ~~at least 150 hours of prelicense courses approved by the commissioner~~ All qualifying  
15.30 education must be completed within the five-year period prior to the date of submission of  
15.31 a trainee real property appraiser license application.

15.32 Sec. 20. Minnesota Statutes 2012, section 82B.13, is amended by adding a subdivision  
15.33 to read:

Subd. 1a. **Licensed real property appraiser.** As a prerequisite for licensing as a licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least 150 hours of prelicense courses approved by the commissioner. The courses must consist of 75 hours of general real estate appraisal principles and the 15-hour national USPAP course; and

(2) an associate degree or higher from an accredited college or university. In lieu of the required degree, the applicant may present satisfactory documentation of successful completion of 30 semester credit hours of instruction from an accredited college or university.

Sec. 21. Minnesota Statutes 2012, section 82B.13, subdivision 4, is amended to read:

Subd. 4. **Certified residential real property appraiser.** As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least 120 classroom 200 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of one to four unit residential properties. Fifteen of the 120 200 hours must include successful completion of the 15-hour national USPAP course; and

~~After January 1, 2008, A certified residential real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

~~(1) 200 hours of prelicense courses approved by the commissioner; and~~

~~(2) an associate a bachelor's degree or higher from an accredited college or university. In lieu of the required degree the applicant may present satisfactory documentation of completion of 21 semester credit hours from an accredited college or university covering the following subject matter courses: English composition; principles of economics (micro or macro); finance; algebra, geometry, or higher mathematics; statistics; computer science; and business or real estate law. If an applicant has completed education requirements before January 1, 2008, no college degree is required.~~

**EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 22. Minnesota Statutes 2012, section 82B.13, subdivision 5, is amended to read:



Subd. 5. **Certified general real property appraiser.** As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least 180 classroom 300 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of nonresidential properties. Fifteen of the ~~180~~ 300 hours must include successful completion of the 15-hour national USPAP course; and

~~After January 1, 2008, A certified general real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

~~(1) 300 hours of prelicense courses approved by the commissioner; and~~

~~(2) a bachelor's degree or higher from an accredited college or university. In lieu of the required degree the applicant may present satisfactory documentation of completion of 30 semester credit hours from an accredited college or university covering the following subject matters courses: English composition; micro economics; macro economics; finance; algebra, geometry, or higher mathematics; statistics; computer science; business or real estate law; and two elective courses in accounting, geography, ag-economics, business management, or real estate. If an applicant has complete education requirements before January 1, 2008, no college degree is required.~~

**EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 23. Minnesota Statutes 2012, section 82B.13, subdivision 8, is amended to read:

Subd. 8. **Appraiser prelicense education.** (a) Credit toward the qualifying education requirements of this section may also be obtained via the completion of a degree in real estate from an accredited degree-granting college or university approved by the Association to Advance Collegiate Schools of Business, or a regional or national accreditation agency recognized by the United States Secretary of Education, provided that the college or university has had its curriculum reviewed and approved by the Appraiser Qualifications Board.

(b) Notwithstanding section 45.22, a college or university real estate course may be approved retroactively by the commissioner for appraiser prelicense education credit if:

(1) the course was offered by a college or university physically located in Minnesota;

(2) the college or university was an approved education provider at the time the course was offered; and

18.1 (3) the commissioner's approval is made to the same extent in terms of courses and  
18.2 hours and with the same time limits as those specified by the Appraiser Qualifications  
18.3 Board.

18.4 Sec. 24. Minnesota Statutes 2012, section 216.17, subdivision 2, is amended to read:

18.5 Subd. 2. **Service of notice, order, or other document from commission.** Service of  
18.6 all notices, orders, and other documents by the commission may be made by mail, personal  
18.7 delivery, or electronic service upon any person or firm, or upon the president, general  
18.8 manager, or other proper executive officer of any corporation interested. If any party has  
18.9 appeared by attorney, such service must be made upon the attorney. Notwithstanding  
18.10 section 14.62, orders and decisions may be served by mail, by personal delivery, or by  
18.11 electronic service. The commission may provide electronic service to any person who has  
18.12 provided an electronic address to the commission for service purposes. For purposes of this  
18.13 section, the term "person" includes a natural person or an organization, whether for profit  
18.14 or not for profit. Regulated utilities and state agencies must provide an electronic address  
18.15 for electronic service purposes and must accept electronic service as official service.

18.16 Sec. 25. Minnesota Statutes 2012, section 216.17, subdivision 4, is amended to read:

18.17 Subd. 4. **Service by a party, participant, or other interested person.** When an  
18.18 applicable statute or commission rule requires service of a filing or other document by a  
18.19 party, participant, or other interested person upon persons on a service list maintained by the  
18.20 commission, service may be made by personal delivery, mail, or electronic service, except  
18.21 that electronic service may only be made upon persons on the official service list who have  
18.22 previously agreed in writing to accept electronic service at an electronic address provided  
18.23 to the commission for electronic service purposes. This section does not apply to the extent  
18.24 another provision of this chapter or chapter 216A requires a specific method of service.  
18.25 Regulated utilities and state agencies must provide an electronic address to the commission  
18.26 for electronic service purposes and agree to accept electronic service as official service.

18.27 Sec. 26. Minnesota Statutes 2012, section 216B.18, is amended to read:

18.28 **216B.18 SERVICE OF NOTICE.**

18.29 Service of notice of all hearings, investigations, and proceedings pending before  
18.30 the commission and of complaints, reports, orders, and other documents must be  
18.31 made personally, by electronic service as provided in section 216.17, or by mail as the  
18.32 commission may direct. Regulated utilities and state agencies must provide an electronic

19.1 address to the commission for electronic service purposes and agree to accept electronic  
19.2 service as official service.

19.3 Sec. 27. Minnesota Statutes 2012, section 299C.40, subdivision 1, is amended to read:

19.4 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this  
19.5 section.

19.6 (b) "CIBRS" means the Comprehensive Incident-Based Reporting System, located  
19.7 in the Department of Public Safety and managed by the Bureau of Criminal Apprehension.  
19.8 A reference in this section to "CIBRS" includes the Bureau of Criminal Apprehension.

19.9 (c) "Law enforcement agency" means a Minnesota municipal police department,  
19.10 the Metropolitan Transit Police, the Metropolitan Airports Police, the University of  
19.11 Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit,  
19.12 a Minnesota county sheriff's department, the Enforcement Division of the Department of  
19.13 Natural Resources, the Commerce Fraud Bureau, the Bureau of Criminal Apprehension,  
19.14 or the Minnesota State Patrol.

19.15 Sec. 28. Minnesota Statutes 2012, section 239.761, subdivision 8, as amended by 2013  
19.16 House File 634, section 7, if enacted, is amended to read:

19.17 Subd. 8. **Diesel fuel oil.** (a) When diesel fuel oil is not blended with biodiesel, it  
19.18 must comply with ASTM specification D975-12a.

19.19 (b) When diesel fuel oil is a blend of up to five volume percent biodiesel, the diesel  
19.20 component must comply with ASTM specification D975-12a and the biodiesel component  
19.21 must comply with ASTM specification ~~D675-11b~~ D6751-11b.

19.22 **EFFECTIVE DATE.** This section is effective on the same date that Minnesota  
19.23 Statutes 2012, section 239.761, subdivision 8, as amended by 2013 House File 634,  
19.24 section 7, if enacted, is effective.

19.25 Sec. 29. **REVISOR INSTRUCTION.**

19.26 Consistent with the name change in section 1, the revisor of statutes shall change  
19.27 the term "Division of Insurance Fraud Prevention" or similar term to "Commerce Fraud  
19.28 Bureau" or similar term wherever it appears in Minnesota Statutes and Minnesota Rules.

19.29 Sec. 30. **REPEALER.**

19.30 Subdivision 1. **Petroleum tank release cleanup; PVC piping at residential**  
19.31 **locations.** Minnesota Statutes 2012, section 115C.09, subdivision 3k, is repealed.

20.1            Subd. 2. **Agricultural storage tank removal.** Laws 2000, chapter 488, article  
20.2 3, section 37, is repealed.

20.3            Subd. 3. **Prior appraiser qualification requirements.** Minnesota Statutes 2012,  
20.4 section 82B.095, subdivision 1, is repealed.

20.5            Sec. 31. **EFFECTIVE DATE; APPLICATION.**

20.6            Sections 9 to 13 are effective January 1, 2014, and apply to plans of reparation  
20.7 security issued or renewed on or after that date.

**82B.095 APPRAISER QUALIFICATION COMPONENTS.**

Subdivision 1. **Components before January 1, 2009.** The three components required for a real property appraiser license are education, experience, and examination. Applicants for a class of license must document that they have met at least the component criteria that were in effect at the time they completed that component, provided that at a minimum, the January 1, 2003, criteria has been met.

**115C.09 REIMBURSEMENT.**

Subd. 3k. **PVC piping at residential locations.** (a) This subdivision is to assist homeowners who have installed PVC fill piping as part of the heating oil system at their residences. Replacement of the PVC piping with metal piping is intended to avoid the catastrophic release of heating oil, as well as the ensuing cleanup costs, that can occur at residences where the PVC piping fails.

(b) As used in this subdivision:

(1) "residential locations" means a storage tank and appurtenances for heating oil that are used to heat a single-family residence; and

(2) "qualified person" means someone who is registered as a contractor under section 115C.11 and, as part of the person's trade or business, installs or repairs nonpressure piping, heating systems, air conditioning systems, or storage tank systems.

(c) Notwithstanding any other provision of this chapter or any rules adopted under this chapter, the board shall reimburse a qualified person 90 percent of the cost for replacing PVC fill piping with metal piping at residential locations between May 1, 2008, and September 1, 2011, provided that the board determines the costs were incurred and reasonable. The reimbursement may not exceed \$250 per residential location. The maximum expenditure from the fund may not exceed \$1,500,000.

(d) A heating oil vendor is not a responsible person for a heating oil spill inside a residential location if the spill was caused solely by the failure of a tank or appurtenance to a tank owned by the homeowner.

APPENDIX  
Repealed Minnesota Session Laws: H0647-3

***Laws 2000, chapter 488, article 3, section 37***

**Sec. 37. AGRICULTURAL STORAGE TANK REMOVAL; REIMBURSEMENT.**

Subdivision 1. **Definition.** As used in this section, "agricultural storage tank" means an underground petroleum storage tank with a capacity of more than 1,100 gallons that has been registered with the pollution control agency by January 1, 2000, and is located on a farm where the contents of the tank are used by the tank owner or operator predominantly for farming purposes and are not commercially distributed.

Subd. 2. **Reimbursement.** Notwithstanding Minnesota Statutes, section 115C.09, subdivision 1, paragraph (b), clause (1), and pursuant to the remaining provisions of Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall reimburse an owner or operator of an agricultural storage tank for 90 percent of the total reimbursable cost of removal project costs incurred for the tank prior to January 1, 2001, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility restoration costs, regardless of whether a release has occurred at the site. Notwithstanding Minnesota Statutes, section 115C.09, subdivision 3, the board may not reimburse an eligible applicant under this section for more than \$7,500 of costs per tank.