

A bill for an act

relating to insurance; regulating claims processing for insurance on portable electronics products; permitting use of an automated claims processing system subject to certain requirements and safeguards; amending Minnesota Statutes 2010, sections 72B.02, by adding a subdivision; 72B.03, subdivision 1, by adding a subdivision; 72B.041, subdivision 2, by adding a subdivision.

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

Section 1. Minnesota Statutes 2010, section 72B.02, is amended by adding a subdivision to read:

Subd. 23. **Automated claims adjudication system.** "Automated claims adjudication system" means a preprogrammed computer system designed for the collection, data entry, calculation, and final resolution of portable electronics insurance claims relating to coverage regulated by section 60K.381, which:

(1) may be utilized only by a licensed independent adjuster; licensed insurance producer as defined in section 60K.31, subdivision 6; or a supervised individual operating under section 72B.03, subdivision 1, paragraph (a), clause (14);

(2) must comply with all claims payment requirements of the insurance laws of this state; and

(3) must be certified as compliant with this section by a licensed independent adjuster that is an officer of a business entity licensed under this chapter.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2010, section 72B.03, subdivision 1, is amended to read:

Subdivision 1. **Requirement; exceptions.** (a) A person shall not act or hold out as an independent adjuster, public adjuster, or public adjuster solicitor unless the person

is licensed as an independent adjuster, public adjuster, or public adjuster solicitor in accordance with this chapter, or is exempt from licensure as an independent adjuster, public adjuster, or public adjuster solicitor under this chapter.

(b) The definition of adjuster does not include, and a license as an adjuster is not required of, the following:

(1) attorneys-at-law admitted to practice in this state, when acting in the attorney's professional capacity as an attorney;

(2) a person employed solely to obtain facts surrounding a claim or to furnish technical assistance to a licensed adjuster;

(3) an individual who is employed to investigate suspected fraudulent insurance claims but who does not adjust losses or determine claims payments;

(4) a person who solely performs executive, administrative, managerial, or clerical duties or any combination of these duties and who does not investigate, negotiate, or settle claims with policyholders, claimants, or their legal representative;

(5) a licensed health care provider or its employee who provides managed care services so long as the services do not include the determination of compensability;

(6) a managed care organization or any of its employees or an employee of any organization providing managed care services so long as the services do not include the determination of compensability;

(7) a person who settles only reinsurance or subrogation claims;

(8) an officer, director, manager, or employee of an authorized insurer, a surplus lines insurer, a risk retention group, or an attorney-in-fact of a reciprocal insurer;

(9) a United States manager of the United States branch of an alien insurer;

(10) a person who investigates, negotiates, or settles life, accident and health, annuity, or disability insurance claims;

(11) an individual employee, under a self-insured arrangement, who adjusts claims on behalf of the employee's employer;

(12) a licensed insurance producer, attorney-in-fact of a reciprocal insurer, or managing general agent of the insurer to whom claim authority has been granted by the insurer;

(13) a person authorized to adjust workers' compensation or disability claims under the authority of a third-party administrator license pursuant to section 60A.23, subdivision 8; or

(14) an individual who:

(i) collects claim information from, or furnishes claim information to, insureds or claimants; and

(ii) conducts data entry including entering data into an automated claims adjudication system, provided that the individual is an employee of a licensed independent adjuster or its affiliate where no more than 25 such persons are under the supervision of one licensed independent adjuster or licensed insurance producer who is exempt from licensure under clause (12).

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2010, section 72B.03, is amended by adding a subdivision to read:

**Subd. 4. Residents of Canada.** An individual resident of Canada may be licensed pursuant to section 72B.041 and may designate Minnesota as the individual's home state, complying with the requirements of that section applicable to resident adjusters, and by submitting to the jurisdiction of the commissioner. An individual resident of Canada licensed as a resident adjuster under the law of another state must be granted nonresident independent adjuster licensure in Minnesota if the individual's designated home state grants licensure to residents of this state on the same basis.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2010, section 72B.041, subdivision 2, is amended to read:

**Subd. 2. Criminal history record check; fingerprints.** (a) An individual applying for a resident independent or public adjuster 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 must treat and maintain an applicant's fingerprints and any criminal history record information obtained under this chapter as confidential and must apply security measures consistent with the standards specified by the Criminal Justice Information Services Division of the Federal Bureau of Investigation for the electronic storage of fingerprints and necessary identifying information. The commissioner must limit the use of records solely to the purposes authorized in this chapter. The fingerprints

and any criminal history record information must not be subject to subpoena, other than one issued in a criminal action or investigation.

(d) The commissioner may receive criminal history record information from another government agency in lieu of the Minnesota Bureau of Criminal Apprehension.

(e) The commissioner may require any documents reasonably necessary to verify the information contained in the application.

(f) All applicants for a license as a public adjuster must attach to their application evidence that the bonding requirement in subdivision 3 has been satisfied.

(g) A business entity applying for a resident independent adjuster license shall submit the names, addresses, Social Security numbers, criminal and administrative history, background checks, biographical statement, and fingerprints, of all executive officers and directors of the applicant and of all executive officers and directors of entities owning and any individuals owning, directly or indirectly, more than 50 percent of the outstanding voting securities of the applicant.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2010, section 72B.041, is amended by adding a subdivision to read:

Subd. 10. **Business entity.** A business entity applying for a nonresident independent adjuster license shall submit the names, addresses, Social Security numbers, criminal and administrative history, background checks, biographical statement, and fingerprints, of all executive officers and directors of the applicant and of all executive officers and directors of entities owning and any individuals owning, directly or indirectly, more than 50 percent of outstanding voting securities of the applicant. Any such nonresident business entity applicant whose home state complies with all of the provisions of this subdivision is not required to submit a criminal and administrative history, background check, biographical statement, and fingerprints for its executive officers, directors, and owners of outstanding voting securities.

**EFFECTIVE DATE.** This section is effective the day following final enactment.