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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2389

- 03/17/2025 Authored by Finke
- 03/24/2025 The bill was read for the first time and referred to the Committee on Commerce Finance and Policy
- 04/07/2025 Adoption of Report: Amended and re-referred to the Committee on Judiciary Finance and Civil Law
- 04/07/2025 Adoption of Report: Amended and re-referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act

1.2 relating to insurance; authorizing certain data calls; establishing group capital

1.3 calculations for insurers; requiring insurers to complete a NAIC liquidity stress

1.4 test; requiring insurers to file group capital calculations and results from the NAIC

1.5 liquidity stress test; requiring insurers to secure a deposit or bond; providing for

1.6 and regulating limited long-term care insurance; modifying various provisions

1.7 governing automobile insurance; classifying certain data; providing penalties;

1.8 making technical changes; amending Minnesota Statutes 2024, sections 45.027,

1.9 subdivisions 1, 2, by adding a subdivision; 60D.09, by adding a subdivision;

1.10 60D.15, subdivisions 4, 7, by adding subdivisions; 60D.16, subdivision 2; 60D.17,

1.11 subdivision 1; 60D.18, subdivision 3; 60D.19, subdivision 4, by adding

1.12 subdivisions; 60D.20, subdivision 1; 60D.217; 60D.22, subdivisions 1, 3, 6, by

1.13 adding a subdivision; 60D.24, subdivision 2; 60D.25; 65B.02, subdivision 7;

1.14 65B.05; 65B.06, subdivisions 1, 2, 3; 65B.10, subdivision 2; proposing coding for

1.15 new law in Minnesota Statutes, chapters 60D; 62A; repealing Minnesota Statutes

1.16 2024, section 65B.10, subdivision 3.

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

1.18 Section 1. Minnesota Statutes 2024, section 45.027, subdivision 1, is amended to read:

1.19 Subdivision 1. **General powers.** (a) In connection with the duties and responsibilities

1.20 entrusted to the commissioner, and Laws 1993, chapter 361, section 2, the commissioner

1.21 of commerce may:

1.22 (1) make public or private investigations within or without this state as the commissioner

1.23 considers necessary to determine whether any person has violated or is about to violate any

1.24 law, rule, or order related to the duties and responsibilities entrusted to the commissioner;

1.25 (2) require or permit any person to file a statement in writing, under oath or otherwise

1.26 as the commissioner determines, as to all the facts and circumstances concerning the matter

1.27 being investigated;

2.1 (3) hold hearings, upon reasonable notice, in respect to any matter arising out of the
2.2 duties and responsibilities entrusted to the commissioner;

2.3 (4) conduct investigations and hold hearings for the purpose of compiling information
2.4 related to the duties and responsibilities entrusted to the commissioner;

2.5 (5) examine the books, accounts, records, and files of every licensee, and of every person
2.6 who is engaged in any activity regulated; the commissioner or a designated representative
2.7 shall have free access during normal business hours to the offices and places of business of
2.8 the person, and to all books, accounts, papers, records, files, safes, and vaults maintained
2.9 in the place of business;

2.10 (6) publish information which is contained in any order issued by the commissioner;

2.11 (7) require any person subject to duties and responsibilities entrusted to the commissioner,
2.12 to report all sales or transactions that are regulated. The reports must be made within ten
2.13 days after the commissioner has ordered the report. The report is accessible only to the
2.14 respondent and other governmental agencies unless otherwise ordered by a court of competent
2.15 jurisdiction; ~~and~~

2.16 (8) assess a natural person or entity subject to the jurisdiction of the commissioner the
2.17 necessary expenses of the investigation performed by the department when an investigation
2.18 is made by order of the commissioner. The cost of the investigation shall be determined by
2.19 the commissioner and is based on the salary cost of investigators or assistants and at an
2.20 average rate per day or fraction thereof so as to provide for the total cost of the investigation.
2.21 All money collected must be deposited into the general fund. A natural person or entity
2.22 licensed under chapter 60K, 82, or 82B shall not be charged costs of an investigation if the
2.23 investigation results in no finding of a violation. This clause does not apply to a natural
2.24 person or entity already subject to the assessment provisions of sections 60A.03 and
2.25 60A.031; and

2.26 (9) issue data calls.

2.27 (b) For purposes of this section, "data call" means a written request from the
2.28 commissioner to two or more natural persons or entities subject to the commissioner's
2.29 jurisdiction to provide data or other information within a reasonable time period
2.30 commensurate with the volume and nature of the data required to be collected in the data
2.31 call for a specific, targeted regulatory oversight purpose. A data call is not market analysis,
2.32 as defined under section 60A.031, subdivision 4, paragraph (f), and is not subject to section
2.33 60A.033.

3.1 Sec. 2. Minnesota Statutes 2024, section 45.027, is amended by adding a subdivision to
3.2 read:

3.3 Subd. 1b. **Data calls.** (a) Information provided in response to a data call issued by the
3.4 commissioner: (1) must be treated as nonpublic data, as defined under section 13.02,
3.5 subdivision 9; and (2) is not subject to subpoena. If the commissioner performs a data call,
3.6 the commissioner may make the results available for public inspection in an aggregated
3.7 format and in such a manner as to not disclose the identity of a specific natural person or
3.8 entity, including the name of any natural person or entity who responded to the data call.
3.9 Prior to making the aggregated results of a data call available for public inspection, the
3.10 commissioner must provide all natural persons and entities that responded to the data call
3.11 15 days' notice of the information to be publicly released. Nothing in this subdivision requires
3.12 the commissioner to publicly release aggregated results from a data call. The results of a
3.13 data call that requests data for the National Association of Insurance Commissioners' Market
3.14 Conduct Annual Statement is subject to confidential treatment as provided under section
3.15 60A.031, subdivision 4, paragraph (f).

3.16 (b) The commissioner may grant access to data submitted by insurers in response to a
3.17 data call issued by the commissioner with other state, federal, and international regulatory
3.18 agencies; with the National Association of Insurance Commissioners and its affiliates and
3.19 subsidiaries; and with state, federal, and international law enforcement authorities, provided
3.20 that the recipient agrees in writing to maintain the data as nonpublic data and has the legal
3.21 authority to maintain the data as nonpublic data.

3.22 Sec. 3. Minnesota Statutes 2024, section 45.027, subdivision 2, is amended to read:

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

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

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

4.1 (2) pursuant to court order.

4.2 Sec. 4. Minnesota Statutes 2024, section 60D.09, is amended by adding a subdivision to
4.3 read:

4.4 Subd. 6. **Other violations.** If the commissioner believes a person has committed a
4.5 violation of section 60D.17 that prevents the full understanding of the enterprise risk to the
4.6 insurer by affiliates or by the insurance holding company system, the violation may serve
4.7 as an independent basis for disapproving dividends or distributions and for placing the
4.8 insurer under an order of supervision under chapter 60B.

4.9 Sec. 5. Minnesota Statutes 2024, section 60D.15, subdivision 4, is amended to read:

4.10 Subd. 4. **Control.** The term "control," including the terms "controlling," "controlled
4.11 by," and "under common control with," means the possession, direct or indirect, of the
4.12 power to direct or cause the direction of the management and policies of a person, whether
4.13 through the ownership of voting securities, by contract other than a commercial contract
4.14 for goods or nonmanagement services, or otherwise, unless the power is the result of an
4.15 official position with, or corporate office held by, ~~or court appointment of,~~ the person.
4.16 Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with
4.17 the power to vote, or holds proxies representing, ten percent or more of the voting securities
4.18 of any other person. This presumption may be rebutted by a showing made in the manner
4.19 provided by section 60D.19, subdivision 11, that control does not exist in fact. The
4.20 commissioner may determine, after furnishing all persons in interest notice and opportunity
4.21 to be heard and making specific findings of fact to support ~~such~~ the determination, that
4.22 control exists in fact, notwithstanding the absence of a presumption to that effect.

4.23 Sec. 6. Minnesota Statutes 2024, section 60D.15, is amended by adding a subdivision to
4.24 read:

4.25 Subd. 4c. **Group capital calculation instructions.** "Group capital calculation
4.26 instructions" means the group capital calculation instructions adopted by the NAIC and as
4.27 amended by the NAIC from time to time in accordance with procedures adopted by the
4.28 NAIC.

4.29 Sec. 7. Minnesota Statutes 2024, section 60D.15, is amended by adding a subdivision to
4.30 read:

4.31 Subd. 6b. **NAIC.** "NAIC" means the National Association of Insurance Commissioners.

5.1 Sec. 8. Minnesota Statutes 2024, section 60D.15, is amended by adding a subdivision to
5.2 read:

5.3 Subd. 6c. **NAIC liquidity stress test framework.** "NAIC liquidity stress test framework"
5.4 means a NAIC publication which includes a history of the NAIC's development of regulatory
5.5 liquidity stress testing, the scope criteria applicable for a specific data year, and the liquidity
5.6 stress test instructions and reporting templates for a specific data year, scope criteria,
5.7 instructions, and reporting template being adopted by the NAIC, and as amended by the
5.8 NAIC from time to time in accordance with the procedures adopted by the NAIC.

5.9 Sec. 9. Minnesota Statutes 2024, section 60D.15, subdivision 7, is amended to read:

5.10 Subd. 7. **Person.** A "person" is an individual, a corporation, a limited liability company,
5.11 a partnership, an association, a joint stock company, a trust, an unincorporated organization,
5.12 any similar entity or any combination of the foregoing acting in concert, but does not include
5.13 any joint venture partnership exclusively engaged in owning, managing, leasing, or
5.14 developing real or tangible personal property.

5.15 Sec. 10. Minnesota Statutes 2024, section 60D.15, is amended by adding a subdivision to
5.16 read:

5.17 Subd. 7a. **Scope criteria.** "Scope criteria," as detailed in the NAIC liquidity stress test
5.18 framework, means the designated exposure bases along with minimum magnitudes of the
5.19 designated exposure bases for the specified data year that are used to establish a preliminary
5.20 list of insurers considered scoped into the NAIC liquidity stress test framework for that data
5.21 year.

5.22 Sec. 11. Minnesota Statutes 2024, section 60D.16, subdivision 2, is amended to read:

5.23 Subd. 2. **Additional investment authority.** In addition to investments in common stock,
5.24 preferred stock, debt obligations, and other securities otherwise permitted under this chapter,
5.25 a domestic insurer may also:

5.26 (a) Invest, in common stock, preferred stock, debt obligations, and other securities of
5.27 one or more subsidiaries, amounts that do not exceed the lesser of ten percent of the insurer's
5.28 assets or 50 percent of the insurer's surplus as regards policyholders, provided that after the
5.29 investments, the insurer's surplus as regards policyholders ~~will be~~ is reasonable in relation
5.30 to the insurer's outstanding liabilities and adequate to its financial needs. In calculating the
5.31 amount of these investments, investments in domestic or foreign insurance subsidiaries and
5.32 health maintenance organizations must be excluded, and there must be included:

6.1 (1) total net money or other consideration expended and obligations assumed in the
6.2 acquisition or formation of a subsidiary, including all organizational expenses and
6.3 contributions to capital and surplus of the subsidiary whether or not represented by the
6.4 purchase of capital stock or issuance of other securities; and

6.5 (2) all amounts expended in acquiring additional common stock, preferred stock, debt
6.6 obligations, and other securities; and all contributions to the capital or surplus, of a subsidiary
6.7 subsequent to its acquisition or formation.

6.8 (b) Invest any amount in common stock, preferred stock, debt obligations, and other
6.9 securities of one or more subsidiaries engaged or organized to engage exclusively in the
6.10 ownership and management of assets authorized as investments for the insurer provided
6.11 that the subsidiary agrees to limit its investments in any asset so that the investments ~~will~~
6.12 do not cause the amount of the total investment of the insurer to exceed any of the investment
6.13 limitations specified in paragraph (a) or other statutes applicable to the insurer. For the
6.14 purpose of this paragraph, "the total investment of the insurer" includes:

6.15 (1) any direct investment by the insurer in an asset; and

6.16 (2) the insurer's proportionate share of any investment in an asset by any subsidiary of
6.17 the insurer, which must be calculated by multiplying the amount of the subsidiary's
6.18 investment by the percentage of the ownership of the subsidiary.

6.19 (c) With the approval of the commissioner, invest any greater amount in common stock,
6.20 preferred stock, debt obligations, or other securities of one or more subsidiaries, if after the
6.21 investment the insurer's surplus as regards policyholders ~~will be~~ is reasonable in relation to
6.22 the insurer's outstanding liabilities and adequate to its financial needs.

6.23 Sec. 12. Minnesota Statutes 2024, section 60D.17, subdivision 1, is amended to read:

6.24 Subdivision 1. **Filing requirements.** (a) No person other than the issuer shall: (1) make
6.25 a tender offer for or a request or invitation for tenders of, or enter into any agreement to
6.26 exchange securities ~~or~~ for, seek to acquire, or acquire, in the open market or otherwise, any
6.27 voting security of a domestic insurer if, after the consummation thereof, the person would,
6.28 directly or indirectly, or by conversion or by exercise of any right to acquire, be in control
6.29 of the insurer; or (2) enter into an agreement to merge with or otherwise to acquire control
6.30 of a domestic insurer or any person controlling a domestic insurer unless, at the time the
6.31 offer, request, or invitation is made or the agreement is entered into, or before the acquisition
6.32 of the securities if no offer or agreement is involved, the person has filed with the
6.33 commissioner and has sent to the insurer, a statement containing the information required

7.1 by this section and the offer, request, invitation, agreement, or acquisition has been approved
 7.2 by the commissioner in the manner prescribed in this section.

7.3 (b) For purposes of this section, a controlling person of a domestic insurer seeking to
 7.4 divest its controlling interest in the domestic insurer, in any manner, shall file with the
 7.5 commissioner, with a copy to the insurer, confidential notice of its proposed divestiture at
 7.6 least 30 days before the cessation of control. The commissioner shall determine those
 7.7 instances in which the party or parties seeking to divest or to acquire a controlling interest
 7.8 in an insurer will be required to file for and obtain approval of the transaction. The
 7.9 information must remain confidential until the conclusion of the transaction unless the
 7.10 commissioner, in the commissioner's discretion, determines that confidential treatment
 7.11 interferes with the enforcement of this section. This paragraph does not apply if the statement
 7.12 referred to in paragraph (a) is otherwise filed.

7.13 (c) With respect to a transaction subject to this section, the acquiring person must also
 7.14 file a preacquisition notification with the commissioner, which must contain the information
 7.15 set forth in section 60D.18, subdivision 3, paragraph (b). A failure to file the notification
 7.16 may be subject to penalties specified in section 60D.18, subdivision 5.

7.17 (d) For purposes of this section, a domestic insurer includes a person controlling a
 7.18 domestic insurer unless the person, as determined by the commissioner, is either directly
 7.19 or through its affiliates primarily engaged in business other than the business of insurance.
 7.20 For the purposes of this section, "person" does not include any securities broker holding,
 7.21 in the usual and customary ~~brokers~~ broker's function, less than 20 percent of the voting
 7.22 securities of an insurance company or of any person that controls an insurance company.

7.23 ~~(e) The statement filed with the commissioner pursuant to subdivisions 1 and 2 must~~
 7.24 ~~remain confidential until the transaction is approved by the commissioner, except that all~~
 7.25 ~~attachments filed with the statement remain confidential after the approval unless the~~
 7.26 ~~commissioner, in the commissioner's discretion, determines that confidential treatment of~~
 7.27 ~~any of this information will interfere with enforcement of this section.~~

7.28 Sec. 13. Minnesota Statutes 2024, section 60D.18, subdivision 3, is amended to read:

7.29 Subd. 3. **Preacquisition notification; waiting period.** (a) An acquisition covered by
 7.30 subdivision 2 may be subject to an order pursuant to subdivision ~~4~~ 5 unless the acquiring
 7.31 person files a preacquisition notification and the waiting period has expired. The acquired
 7.32 person may file a preacquisition notification. The commissioner shall give confidential
 7.33 treatment to information submitted under this section in the same manner as provided in
 7.34 section 60D.22.

8.1 (b) The preacquisition notification must be in the form and contain the information as
8.2 prescribed by the National Association of Insurance Commissioners relating to those markets
8.3 that, under subdivision 2, paragraph (b), clause ~~(5)~~ (4), cause the acquisition not to be
8.4 exempted from the provisions of this section. The commissioner may require ~~the~~ additional
8.5 material and information as the commissioner deems necessary to determine whether the
8.6 proposed acquisition, if consummated, would violate the competitive standard of subdivision
8.7 4. The required information may include an opinion of an economist as to the competitive
8.8 impact of the acquisition in this state accompanied by a summary of the education and
8.9 experience of the person indicating that person's ability to render an informed opinion.

8.10 (c) The waiting period required begins on the date of receipt of the commissioner of a
8.11 preacquisition notification and ends on the earlier of the 30th day after the date of its receipt,
8.12 or termination of the waiting period by the commissioner. Before the end of the waiting
8.13 period, the commissioner on a onetime basis may require the submission of additional
8.14 needed information relevant to the proposed acquisition, in which event the waiting period
8.15 shall end on the earlier of the 30th day after receipt of the additional information by the
8.16 commissioner or termination of the waiting period by the commissioner.

8.17 Sec. 14. Minnesota Statutes 2024, section 60D.19, subdivision 4, is amended to read:

8.18 Subd. 4. **Materiality.** No information need be disclosed on the registration statement
8.19 filed pursuant to subdivision 2 if the information is not material for the purposes of this
8.20 section. Unless the commissioner by rule or order provides otherwise; sales, purchases,
8.21 exchanges, loans or extensions of credit, investments, or guarantees involving one-half of
8.22 one percent or less of an insurer's admitted assets as of the 31st day of December next
8.23 preceding shall not be deemed material for purposes of this section. The definition of
8.24 materiality provided in this subdivision does not apply for purposes of the group capital
8.25 calculation or the NAIC liquidity stress test framework.

8.26 Sec. 15. Minnesota Statutes 2024, section 60D.19, is amended by adding a subdivision to
8.27 read:

8.28 Subd. 11b. **Group capital calculation.** (a) Except as otherwise provided in this paragraph,
8.29 the ultimate controlling person of every insurer subject to registration must concurrently
8.30 file with the registration an annual group capital calculation as directed by the lead state
8.31 insurance commissioner. The report must be completed in accordance with the NAIC group
8.32 capital calculation instructions, which may permit the lead state insurance commissioner
8.33 to allow a controlling person that is not the ultimate controlling person to file the group

9.1 capital calculation. The report must be filed with the lead state insurance commissioner of
9.2 the insurance holding company system, as determined by the commissioner in accordance
9.3 with the procedures within the Financial Analysis Handbook adopted by the NAIC. The
9.4 following insurance holding company systems are exempt from filing the group capital
9.5 calculation:

9.6 (1) an insurance holding company system that (i) has only one insurer within the insurance
9.7 holding company system's holding company structure, (ii) only writes business and is only
9.8 licensed in the insurance holding company system's domestic state, and (iii) assumes no
9.9 business from any other insurer;

9.10 (2) an insurance holding company system that is required to perform a group capital
9.11 calculation specified by the United States Federal Reserve Board. The lead state insurance
9.12 commissioner must request the calculation from the Federal Reserve Board under the terms
9.13 of information sharing agreements in effect. If the Federal Reserve Board is unable to share
9.14 the calculation with the lead state insurance commissioner, the insurance holding company
9.15 system is not exempt from the group capital calculation filing;

9.16 (3) an insurance holding company system whose non-United States groupwide supervisor
9.17 is located within a reciprocal jurisdiction as described in section 60A.092, subdivision 10b,
9.18 that recognizes the United States state regulatory approach to group supervision and group
9.19 capital; or

9.20 (4) an insurance holding company system:

9.21 (i) that provides information to the lead state insurance commissioner that meets the
9.22 requirements for accreditation under the NAIC financial standards and accreditation program,
9.23 either directly or indirectly through the groupwide supervisor, that has determined the
9.24 information is satisfactory to allow the lead state insurance commissioner to comply with
9.25 the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook;
9.26 and

9.27 (ii) whose non-United States groupwide supervisor that is not in a reciprocal jurisdiction
9.28 recognizes and accepts, as specified by the commissioner in an administrative rule, the
9.29 group capital calculation as the worldwide group capital assessment for United States
9.30 insurance groups that operate in that jurisdiction.

9.31 (b) Notwithstanding paragraph (a), clauses (3) and (4), a lead state insurance
9.32 commissioner must require the group capital calculation for the United States operations
9.33 of any non-United States based insurance holding company system where, after any necessary
9.34 consultation with other supervisors or officials, requiring the group capital calculation is

10.1 deemed appropriate by the lead state insurance commissioner for prudential oversight and
10.2 solvency monitoring purposes or for ensuring the competitiveness of the insurance
10.3 marketplace.

10.4 (c) Notwithstanding the exemptions from filing the group capital calculation under
10.5 paragraph (a), the lead state insurance commissioner may exempt the ultimate controlling
10.6 person from filing the annual group capital calculation or accept a limited group capital
10.7 filing or report in accordance with criteria specified by the commissioner in an administrative
10.8 rule.

10.9 (d) If the lead state insurance commissioner determines that an insurance holding company
10.10 system no longer meets one or more of the requirements for an exemption from filing the
10.11 group capital calculation under this subdivision, the insurance holding company system
10.12 must file the group capital calculation at the next annual filing date unless given an extension
10.13 by the lead state insurance commissioner based on reasonable grounds shown.

10.14 Sec. 16. Minnesota Statutes 2024, section 60D.19, is amended by adding a subdivision to
10.15 read:

10.16 Subd. 11c. **Liquidity stress test.** (a) The ultimate controlling person of every insurer
10.17 subject to registration and also scoped into the NAIC liquidity stress test framework must
10.18 file the results of a specific year's liquidity stress test. The filing must be made to the lead
10.19 state insurance commissioner of the insurance holding company system, as determined by
10.20 the procedures within the Financial Analysis Handbook adopted by the NAIC.

10.21 (b) The NAIC liquidity stress test framework includes scope criteria applicable to a
10.22 specific data year. The scope criteria must be reviewed at least annually by the NAIC
10.23 Financial Stability Task Force or the NAIC Financial Stability Task Force's successor. Any
10.24 change made to the NAIC liquidity stress test framework or to the data year for which the
10.25 scope criteria must be measured is effective January 1 of the year following the calendar
10.26 year in which the change is adopted. An insurer meeting at least one threshold of the scope
10.27 criteria is scoped into the NAIC liquidity stress test framework for the specified data year
10.28 unless the lead state insurance commissioner, in consultation with the NAIC Financial
10.29 Stability Task Force or the NAIC Financial Stability Task Force's successor, determines
10.30 the insurer should not be scoped into the framework for that data year. An insurer that does
10.31 not trigger at least one threshold of the scope criteria is scoped out of the NAIC liquidity
10.32 stress test framework for the specified data year unless the lead state insurance commissioner,
10.33 in consultation with the NAIC Financial Stability Task Force or the NAIC Financial Stability

11.1 Task Force's successor, determines the insurer should be scoped into the framework for the
11.2 specified data year.

11.3 (c) The commissioner and other state insurance commissioners must avoid scoping
11.4 insurers in and out of the NAIC liquidity stress test framework on a frequent basis. The lead
11.5 state insurance commissioner, in consultation with the NAIC Financial Stability Task Force
11.6 or the NAIC Financial Stability Task Force's successor, must assess irregular scope status
11.7 as part of an insurer's determination.

11.8 (d) The performance of and filing of the results from a specific year's liquidity stress
11.9 test must comply with (1) the NAIC liquidity stress test framework's instructions and
11.10 reporting templates for the specific year, and (2) any lead state insurance commissioner
11.11 determinations, in consultation with the NAIC Financial Stability Task Force or the NAIC
11.12 Financial Stability Task Force's successor, provided within the framework.

11.13 **Sec. 17. [60D.195] GROUP CAPITAL CALCULATION.**

11.14 Subdivision 1. **Annual group capital calculation; exemption permitted.** The lead
11.15 state insurance commissioner may exempt the ultimate controlling person from filing the
11.16 annual group capital calculation if the lead state insurance commissioner makes a
11.17 determination that the insurance holding company system meets the following criteria:

11.18 (1) has annual direct written and unaffiliated assumed premium, including international
11.19 direct and assumed premium but excluding premiums reinsured with the Federal Crop
11.20 Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000;

11.21 (2) has no insurers within the insurance holding company's structure that are domiciled
11.22 outside of the United States or a United States territory;

11.23 (3) has no banking, depository, or other financial entity that is subject to an identified
11.24 regulatory capital framework within the insurance holding company's structure;

11.25 (4) attests that no material changes in the transactions between insurers and noninsurers
11.26 in the group have occurred since the last annual group capital filing; and

11.27 (5) the noninsurers within the holding company system do not pose a material financial
11.28 risk to the insurer's ability to honor policyholder obligations.

11.29 Subd. 2. **Limited group capital filing.** The lead state insurance commissioner may
11.30 accept a limited group capital filing in lieu of the group capital calculation if:

11.31 (1) the insurance holding company system has annual direct written and unaffiliated
11.32 assumed premium, including international direct and assumed premium but excluding

12.1 premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program,
12.2 of less than \$1,000,000,000; and

12.3 (2) the insurance holding company system:

12.4 (i) has no insurers within the insurance holding company's structure that are domiciled
12.5 outside of the United States or a United States territory;

12.6 (ii) does not include a banking, depository, or other financial entity that is subject to an
12.7 identified regulatory capital framework; and

12.8 (iii) attests that no material changes in transactions between insurers and noninsurers in
12.9 the group have occurred and the noninsurers within the holding company system do not
12.10 pose a material financial risk to the insurer's ability to honor policyholder obligations.

12.11 **Subd. 3. Previous exemption; required filing.** For an insurance holding company that
12.12 has previously met an exemption with respect to the group capital calculation under
12.13 subdivision 1 or 2, the lead state insurance commissioner may at any time require the ultimate
12.14 controlling person to file an annual group capital calculation, completed in accordance with
12.15 the NAIC group capital calculation instructions, if:

12.16 (1) an insurer within the insurance holding company system is in a risk-based capital
12.17 action level event under section 60A.62 or a similar standard for a non-United States insurer;

12.18 (2) an insurer within the insurance holding company system meets one or more of the
12.19 standards of an insurer deemed to be in hazardous financial condition, as defined under
12.20 section 60E.02, subdivision 5; or

12.21 (3) an insurer within the insurance holding company system otherwise exhibits qualities
12.22 of a troubled insurer, as determined by the lead state insurance commissioner based on
12.23 unique circumstances, including but not limited to the type and volume of business written,
12.24 ownership and organizational structure, federal agency requests, and international supervisor
12.25 requests.

12.26 **Subd. 4. Non-United States jurisdictions; recognition and acceptance.** A non-United
12.27 States jurisdiction is deemed to recognize and accept the group capital calculation if the
12.28 non-United States jurisdiction:

12.29 (1) with respect to section 60D.19, subdivision 11b, paragraph (a), clause (4):

12.30 (i) recognizes the United States state regulatory approach to group supervision and group
12.31 capital by providing confirmation by a competent regulatory authority in the non-United
12.32 States jurisdiction that insurers and insurance groups whose lead state is accredited by the

13.1 NAIC under the NAIC accreditation program: (A) are subject only to worldwide prudential
13.2 insurance group supervision, including worldwide group governance, solvency and capital,
13.3 and reporting, as applicable, by the lead state; and (B) are not subject to group supervision,
13.4 including worldwide group governance, solvency and capital, and reporting, at the level of
13.5 the worldwide parent undertaking of the insurance or reinsurance group by the non-United
13.6 States jurisdiction; or

13.7 (ii) if no United States insurance group operates in the non-United States jurisdiction,
13.8 indicates formally in writing to the lead state with a copy to the International Association
13.9 of Insurance Supervisors that the group capital calculation is an acceptable international
13.10 capital standard. The formal indication under this item serves as the documentation otherwise
13.11 required under item (i); and

13.12 (2) provides confirmation by a competent regulatory authority in the non-United States
13.13 jurisdiction that information regarding an insurer and the insurer's parent, subsidiary, or
13.14 affiliated entities, if applicable, must be provided to the lead state insurance commissioner
13.15 in accordance with a memorandum of understanding or similar document between the
13.16 commissioner and the non-United States jurisdiction, including but not limited to the
13.17 International Association of Insurance Supervisors Multilateral Memorandum of
13.18 Understanding or other multilateral memoranda of understanding coordinated by the NAIC.
13.19 The commissioner must determine, in consultation with the NAIC committee process, if
13.20 the information sharing agreement requirements are effective.

13.21 Subd. 5. **Non-United States jurisdiction; publication.** (a) A list of non-United States
13.22 jurisdictions that recognize and accept the group capital calculation under section 60D.19,
13.23 subdivision 11b, paragraph (a), clause (4), must be published through the NAIC committee
13.24 process to assist the lead state insurance commissioner determine what insurers must file
13.25 an annual group capital calculation. The list must clarify the situations in which a jurisdiction
13.26 is exempt from filing under section 60D.19, subdivision 11b, paragraph (a), clause (4). To
13.27 assist with a determination under section 60D.19, subdivision 11b, paragraph (b), the list
13.28 must also identify whether a jurisdiction that is exempt under section 60D.19, subdivision
13.29 11b, paragraph (a), clause (3) or (4), requires a group capital filing for any United States
13.30 insurance group's operations in the non-United States jurisdiction.

13.31 (b) For a non-United States jurisdiction where no United States insurance group operates,
13.32 the confirmation provided to comply with subdivision 4, clause (1), item (ii), serves as
13.33 support for a recommendation to be published that the non-United States jurisdiction is a
13.34 jurisdiction that recognizes and accepts the group capital calculation pursuant to the NAIC
13.35 committee process.

14.1 (c) If the lead state insurance commissioner makes a determination pursuant to section
14.2 60D.19, subdivision 11b, that differs from the NAIC list, the lead state insurance
14.3 commissioner must provide thoroughly documented justification to the NAIC and other
14.4 states.

14.5 (d) Upon a determination by the lead state insurance commissioner that a non-United
14.6 States jurisdiction no longer meets one or more of the requirements to recognize and accept
14.7 the group capital calculation, the lead state insurance commissioner may provide a
14.8 recommendation to the NAIC that the non-United States jurisdiction be removed from the
14.9 list of jurisdictions that recognize and accept the group capital calculation.

14.10 Sec. 18. Minnesota Statutes 2024, section 60D.20, subdivision 1, is amended to read:

14.11 **Subdivision 1. Transactions within an insurance holding company system. (a)**
14.12 Transactions within an insurance holding company system to which an insurer subject to
14.13 registration is a party are subject to the following standards:

14.14 (1) the terms shall be fair and reasonable;

14.15 (2) agreements for cost-sharing services and management shall include the provisions
14.16 required by rule issued by the commissioner;

14.17 (3) charges or fees for services performed shall be reasonable;

14.18 (4) expenses incurred and payment received shall be allocated to the insurer in conformity
14.19 with customary insurance accounting practices consistently applied;

14.20 (5) the books, accounts, and records of each party to all such transactions shall be so
14.21 maintained as to clearly and accurately disclose the nature and details of the transactions
14.22 including this accounting information as is necessary to support the reasonableness of the
14.23 charges or fees to the respective parties; ~~and~~

14.24 (6) the insurer's surplus as regards policyholders following any dividends or distributions
14.25 to shareholder affiliates shall be reasonable in relation to the insurer's outstanding liabilities
14.26 and adequate to its financial needs;

14.27 (7) if the commissioner determines an insurer subject to this chapter is in a hazardous
14.28 financial condition, as defined under section 60E.02, subdivision 5, or a condition that would
14.29 be grounds for supervision, conservation, or a delinquency proceeding, the commissioner
14.30 may require the insurer to secure and maintain either a deposit, held by the commissioner,
14.31 or a bond, as determined by the insurer at the insurer's discretion, to protect the insurer for
14.32 the duration of the contract, agreement, or the existence of the condition for which the

15.1 commissioner required the deposit or bond. When determining whether a deposit or bond
15.2 is required, the commissioner must consider whether concerns exist with respect to the
15.3 affiliated person's ability to fulfill the contract or agreement if the insurer entered into
15.4 liquidation. Once the insurer is deemed to be in a hazardous financial condition or a condition
15.5 that would be grounds for supervision, conservation, or a delinquency proceeding, and a
15.6 deposit or bond is necessary, the commissioner may determine the amount of the deposit
15.7 or bond, not to exceed the value of the contract or agreement in any one year, and whether
15.8 the deposit or bond is required for a single contract, multiple contracts, or a contract only
15.9 with a specific person or persons;

15.10 (8) all of an insurer's records and data held by an affiliate are and remain the property
15.11 of the insurer, are subject to control of the insurer, are identifiable, and are segregated or
15.12 readily capable of segregation, at no additional cost to the insurer, from all other persons'
15.13 records and data. For purposes of this clause, records and data include all records and data
15.14 that are otherwise the property of the insurer in whatever form maintained, including but
15.15 not limited to claims and claim files, policyholder lists, application files, litigation files,
15.16 premium records, rate books, underwriting manuals, personnel records, financial records,
15.17 or similar records within the affiliate's possession, custody, or control. At the request of the
15.18 insurer, the affiliate must provide that the receiver may (i) obtain a complete set of all records
15.19 of any type that pertain to the insurer's business, (ii) obtain access to the operating systems
15.20 on which the data are maintained, (iii) obtain the software that runs the operating systems
15.21 either through assumption of licensing agreements or otherwise, and (iv) restrict the use of
15.22 the data by the affiliate if the affiliate is not operating the insurer's business. The affiliate
15.23 must provide a waiver of any landlord lien or other encumbrance to provide the insurer
15.24 access to all records and data in the event the affiliate defaults under a lease or other
15.25 agreement; and

15.26 (9) premiums or other funds belonging to the insurer that are collected or held by an
15.27 affiliate are the exclusive property of the insurer and are subject to the control of the insurer.
15.28 Any right of offset in the event an insurer is placed into receivership is subject to chapter
15.29 576.

15.30 (b) The following transactions involving a domestic insurer and any person in its
15.31 insurance holding company system, including amendments or modifications of affiliate
15.32 agreements previously filed pursuant to this section, which are subject to any materiality
15.33 standards contained in clauses (1) to (7), may not be entered into unless the insurer has
15.34 notified the commissioner in writing of its intention to enter into the transaction at least 30
15.35 days prior thereto, or a shorter period the commissioner permits, and the commissioner has

16.1 not disapproved it within this period. The notice for amendments or modifications must
16.2 include the reasons for the change and the financial impact on the domestic insurer. Informal
16.3 notice must be reported, within 30 days after a termination of a previously filed agreement,
16.4 to the commissioner for determination of the type of filing required, if any:

16.5 (1) sales, purchases, exchanges, loans or extensions of credit, guarantees, or investments
16.6 provided the transactions are equal to or exceed: (i) with respect to nonlife insurers, the
16.7 lesser of three percent of the insurer's admitted assets, or 25 percent of surplus as regards
16.8 policyholders; (ii) with respect to life insurers, three percent of the insurer's admitted assets;
16.9 each as of the 31st day of December next preceding;

16.10 (2) loans or extensions of credit to any person who is not an affiliate, where the insurer
16.11 makes the loans or extensions of credit with the agreement or understanding that the proceeds
16.12 of the transactions, in whole or in substantial part, are to be used to make loans or extensions
16.13 of credit to, to purchase assets of, or to make investments in, any affiliate of the insurer
16.14 making such loans or extensions of credit provided the transactions are equal to or exceed:
16.15 (i) with respect to nonlife insurers, the lesser of three percent of the insurer's admitted assets
16.16 or 25 percent of surplus as regards policyholders; (ii) with respect to life insurers, three
16.17 percent of the insurer's admitted assets; each as of the 31st day of December next preceding;

16.18 (3) reinsurance agreements or modifications to those agreements, including: (i) all
16.19 reinsurance pooling agreements; and (ii) agreements in which the reinsurance premium or
16.20 a change in the insurer's liabilities, or the projected reinsurance premium or a change in the
16.21 insurer's liabilities in any of the next three years, equals or exceeds five percent of the
16.22 insurer's surplus as regards policyholders, as of the 31st day of December next preceding,
16.23 including those agreements which may require as consideration the transfer of assets from
16.24 an insurer to a nonaffiliate, if an agreement or understanding exists between the insurer and
16.25 nonaffiliate that any portion of ~~such~~ the assets will be transferred to one or more affiliates
16.26 of the insurer;

16.27 (4) all management agreements, service contracts, tax allocation agreements, guarantees,
16.28 and all cost-sharing arrangements;

16.29 (5) guarantees when made by a domestic insurer; provided, however, that a guarantee
16.30 which is quantifiable as to amount is not subject to the notice requirements of this paragraph
16.31 unless it exceeds the lesser of one-half of one percent of the insurer's admitted assets or ten
16.32 percent of surplus as regards policyholders as of the 31st day of December next preceding.
16.33 Further, all guarantees which are not quantifiable as to amount are subject to the notice
16.34 requirements of this paragraph;

17.1 (6) direct or indirect acquisitions or investments in a person that controls the insurer or
17.2 in an affiliate of the insurer in an amount which, together with its present holdings in the
17.3 investments, exceeds 2-1/2 percent of the insurer's surplus to policyholders. Direct or indirect
17.4 acquisitions or investments in subsidiaries acquired pursuant to section 60D.16, as otherwise
17.5 authorized under this chapter, or in nonsubsidiary insurance affiliates that are subject to the
17.6 provisions of sections 60D.15 to 60D.29, are exempt from this requirement; and

17.7 (7) any material transactions, specified by regulation, which the commissioner determines
17.8 may adversely affect the interests of the insurer's policyholders.

17.9 Nothing contained in this section authorizes or permits any transactions that, in the case
17.10 of an insurer not a member of the same insurance holding company system, would be
17.11 otherwise contrary to law.

17.12 (c) A domestic insurer may not enter into transactions which are part of a plan or series
17.13 of like transactions with persons within the insurance holding company system if the purpose
17.14 of those separate transactions is to avoid the statutory threshold amount and thus avoid the
17.15 review that would occur otherwise. If the commissioner determines that the separate
17.16 transactions were entered into over any 12-month period for the purpose, the commissioner
17.17 may exercise the authority under section 60D.25.

17.18 (d) The commissioner, in reviewing transactions pursuant to paragraph (b), shall consider
17.19 whether the transactions comply with the standards set forth in paragraph (a), and whether
17.20 they may adversely affect the interests of policyholders.

17.21 (e) The commissioner shall be notified within 30 days of any investment of the domestic
17.22 insurer in any one corporation if the total investment in the corporation by the insurance
17.23 holding company system exceeds ten percent of the corporation's voting securities.

17.24 (f) An affiliate that is party to an agreement or contract with a domestic insurer that is
17.25 subject to paragraph (b), clause (4), is subject to the jurisdiction of any supervision, seizure,
17.26 conservatorship, or receivership proceedings against the insurer and to the authority of a
17.27 supervisor, conservator, rehabilitator, or liquidator for the insurer appointed pursuant to
17.28 chapters 60B and 576 for the purpose of interpreting, enforcing, and overseeing the affiliate's
17.29 obligations under the agreement or contract to perform services for the insurer that are: (1)
17.30 an integral part of the insurer's operations, including but not limited to management,
17.31 administrative, accounting, data processing, marketing, underwriting, claims handling,
17.32 investment, or any other similar functions; or (2) essential to the insurer's ability to fulfill
17.33 the insurer's obligations under insurance policies. The commissioner may require that an
17.34 agreement or contract pursuant to paragraph (b), clause (4), to provide the services described

18.1 in clauses (1) and (2) must specify that the affiliate consents to the jurisdiction as provided
18.2 under this paragraph.

18.3 Sec. 19. Minnesota Statutes 2024, section 60D.217, is amended to read:

18.4 **60D.217 GROUPWIDE SUPERVISION OF INTERNATIONALLY ACTIVE**
18.5 **INSURANCE GROUPS.**

18.6 (a) The commissioner is authorized to act as the groupwide supervisor for any
18.7 internationally active insurance group in accordance with the provisions of this section.
18.8 However, the commissioner may otherwise acknowledge another regulatory official as the
18.9 groupwide supervisor where the internationally active insurance group:

18.10 (1) does not have substantial insurance operations in the United States;

18.11 (2) has substantial insurance operations in the United States, but not in this state; or

18.12 (3) has substantial insurance operations in the United States and this state, but the
18.13 commissioner has determined pursuant to the factors set forth in ~~subsections~~ paragraphs (b)
18.14 and (f) that the other regulatory official is the appropriate groupwide supervisor.

18.15 An insurance holding company system that does not otherwise qualify as an internationally
18.16 active insurance group may request that the commissioner make a determination or
18.17 acknowledgment as to a groupwide supervisor pursuant to this section.

18.18 (b) In cooperation with other state, federal, and international regulatory agencies, the
18.19 commissioner ~~will~~ must identify a single groupwide supervisor for an internationally active
18.20 insurance group. The commissioner may determine that the commissioner is the appropriate
18.21 groupwide supervisor for an internationally active insurance group that conducts substantial
18.22 insurance operations concentrated in this state. However, the commissioner may acknowledge
18.23 that a regulatory official from another jurisdiction is the appropriate groupwide supervisor
18.24 for the internationally active insurance group. The commissioner shall consider the following
18.25 factors when making a determination or acknowledgment under this ~~subsection~~ paragraph:

18.26 (1) the place of domicile of the insurers within the internationally active insurance group
18.27 that hold the largest share of the group's written premiums, assets, or liabilities;

18.28 (2) the place of domicile of the top-tiered ~~insurer(s)~~ insurer or insurers in the insurance
18.29 holding company system of the internationally active insurance group;

18.30 (3) the location of the executive offices or largest operational offices of the internationally
18.31 active insurance group;

19.1 (4) whether another regulatory official is acting or is seeking to act as the groupwide
19.2 supervisor under a regulatory system that the commissioner determines to be:

19.3 (i) substantially similar to the system of regulation provided under the laws of this state;

19.4 or

19.5 (ii) otherwise sufficient in terms of providing for groupwide supervision, enterprise risk
19.6 analysis, and cooperation with other regulatory officials; and

19.7 (5) whether another regulatory official acting or seeking to act as the groupwide
19.8 supervisor provides the commissioner with reasonably reciprocal recognition and cooperation.

19.9 However, a commissioner identified under this section as the groupwide supervisor may
19.10 determine that it is appropriate to acknowledge another supervisor to serve as the groupwide
19.11 supervisor. The acknowledgment of the groupwide supervisor shall be made after
19.12 consideration of the factors listed in clauses (1) to (5), and shall be made in cooperation
19.13 with and subject to the acknowledgment of other regulatory officials involved with
19.14 supervision of members of the internationally active insurance group, and in consultation
19.15 with the internationally active insurance group.

19.16 (c) Notwithstanding any other provision of law, when another regulatory official is acting
19.17 as the groupwide supervisor of an internationally active insurance group, the commissioner
19.18 shall acknowledge that regulatory official as the groupwide supervisor. However, in the
19.19 event of a material change in the internationally active insurance group that results in:

19.20 (1) the internationally active insurance group's insurers domiciled in this state holding
19.21 the largest share of the group's premiums, assets, or liabilities; or

19.22 (2) this state being the place of domicile of the top-tiered ~~insurer(s)~~ insurer or insurers
19.23 in the insurance holding company system of the internationally active insurance group,
19.24 the commissioner shall make a determination or acknowledgment as to the appropriate
19.25 groupwide supervisor for such an internationally active insurance group pursuant to
19.26 ~~subsection~~ paragraph (b).

19.27 (d) Pursuant to section 60D.21, the commissioner is authorized to collect from any
19.28 insurer registered pursuant to section 60D.19 all information necessary to determine whether
19.29 the commissioner may act as the groupwide supervisor of an internationally active insurance
19.30 group or if the commissioner may acknowledge another regulatory official to act as the
19.31 groupwide supervisor. Prior to issuing a determination that an internationally active insurance
19.32 group is subject to groupwide supervision by the commissioner, the commissioner shall
19.33 notify the insurer registered pursuant to section 60D.19 and the ultimate controlling person

20.1 within the internationally active insurance group. The internationally active insurance group
20.2 shall have not less than 30 days to provide the commissioner with additional information
20.3 pertinent to the pending determination. The commissioner shall publish in the State Register
20.4 and on the department's website the identity of internationally active insurance groups that
20.5 the commissioner has determined are subject to groupwide supervision by the commissioner.

20.6 (e) If the commissioner is the groupwide supervisor for an internationally active insurance
20.7 group, the commissioner is authorized to engage in any of the following groupwide
20.8 supervision activities:

20.9 (1) assess the enterprise risks within the internationally active insurance group to ensure
20.10 that:

20.11 (i) the material financial condition and liquidity risks to the members of the internationally
20.12 active insurance group that are engaged in the business of insurance are identified by
20.13 management; and

20.14 (ii) reasonable and effective mitigation measures are in place; or

20.15 (2) request, from any member of an internationally active insurance group subject to the
20.16 commissioner's supervision, information necessary and appropriate to assess enterprise risk,
20.17 including but not limited to information about the members of the internationally active
20.18 insurance group regarding:

20.19 (i) governance, risk assessment, and management;

20.20 (ii) capital adequacy; and

20.21 (iii) material intercompany transactions;

20.22 (3) coordinate and, through the authority of the regulatory officials of the jurisdictions
20.23 where members of the internationally active insurance group are domiciled, compel
20.24 development and implementation of reasonable measures designed to ensure that the
20.25 internationally active insurance group is able to timely recognize and mitigate enterprise
20.26 risks to members of ~~such~~ the internationally active insurance group that are engaged in the
20.27 business of insurance;

20.28 (4) communicate with other state, federal and international regulatory agencies for
20.29 members within the internationally active insurance group and share relevant information
20.30 subject to the confidentiality provisions of section 60D.22, through supervisory colleges as
20.31 set forth in section 60D.215 or otherwise;

21.1 (5) enter into agreements with or obtain documentation from any insurer registered under
21.2 section 60D.19, any member of the internationally active insurance group, and any other
21.3 state, federal, and international regulatory agencies for members of the internationally active
21.4 insurance group, providing the basis for or otherwise clarifying the commissioner's role as
21.5 groupwide supervisor, including provisions for resolving disputes with other regulatory
21.6 officials. ~~Such~~ Agreements or documentation under this clause shall not serve as evidence
21.7 in any proceeding that any insurer or person within an insurance holding company system
21.8 not domiciled or incorporated in this state is doing business in this state or is otherwise
21.9 subject to jurisdiction in this state; and

21.10 (6) other groupwide supervision activities, consistent with the authorities and purposes
21.11 enumerated above, as considered necessary by the commissioner.

21.12 (f) If the commissioner acknowledges that another regulatory official from a jurisdiction
21.13 that is not accredited by the NAIC is the groupwide supervisor, the commissioner is
21.14 authorized to reasonably cooperate, through supervisory colleges or otherwise, with
21.15 groupwide supervision undertaken by the groupwide supervisor, provided that:

21.16 (1) the commissioner's cooperation is in compliance with the laws of this state; and

21.17 (2) the regulatory official acknowledged as the groupwide supervisor also recognizes
21.18 and cooperates with the commissioner's activities as a groupwide supervisor for other
21.19 internationally active insurance groups where applicable. Where ~~such~~ recognition and
21.20 cooperation by the groupwide supervisor is not reasonably reciprocal, the commissioner is
21.21 authorized to refuse recognition and cooperation.

21.22 (g) The commissioner is authorized to enter into agreements with or obtain documentation
21.23 from any insurer registered under section 60D.19, any affiliate of the insurer, and other
21.24 state, federal, and international regulatory agencies for members of the internationally active
21.25 insurance group, that provide the basis for or otherwise clarify a regulatory official's role
21.26 as groupwide supervisor.

21.27 (h) A registered insurer subject to this section shall be liable for and shall pay the
21.28 reasonable expenses of the commissioner's participation in the administration of this section,
21.29 including the engagement of attorneys, actuaries, and any other professionals and all
21.30 reasonable travel expenses.

21.31 Sec. 20. Minnesota Statutes 2024, section 60D.22, subdivision 1, is amended to read:

21.32 Subdivision 1. **Classification protection and use of information by commissioner.** (a)
21.33 Documents, materials, or other information in the possession or control of the department

22.1 that are obtained by or disclosed to the commissioner or any other person in the course of
 22.2 an examination or investigation made pursuant to section 60D.21 and all information reported
 22.3 pursuant to sections 60D.17, except as provided in section 60D.17, subdivision 1, paragraph
 22.4 (e); ~~60D.18; 60D.19; and 60D.20;~~ and 60D.217, are classified as confidential or protected
 22.5 nonpublic or both, are not subject to subpoena, and are not subject to discovery or admissible
 22.6 in evidence in a private civil action. However, the commissioner may use the documents,
 22.7 materials, or other information in the furtherance of any regulatory or legal action brought
 22.8 as a part of the commissioner's official duties. The commissioner shall not otherwise make
 22.9 the documents, materials, or other information public without the prior written consent of
 22.10 the insurer to which it pertains unless the commissioner, after giving the insurer and its
 22.11 affiliates who would be affected by this action notice and opportunity to be heard, determines
 22.12 that the interest of policyholders, shareholders, or the public ~~will be~~ is served by the
 22.13 publication of it, in which event the commissioner may publish all or any part in the manner
 22.14 the commissioner deems appropriate.

22.15 (b) For purposes of the information reported and provided to the department pursuant
 22.16 to section 60D.19, subdivision 11b, the commissioner must maintain the confidentiality of
 22.17 the group capital calculation and group capital ratio produced within the calculation and
 22.18 any group capital information received from an insurance holding company supervised by
 22.19 the Federal Reserve Board or any United States groupwide supervisor.

22.20 (c) For purposes of the information reported and provided to the department pursuant
 22.21 to section 60D.19, subdivision 11c, the commissioner must maintain the confidentiality of
 22.22 the liquidity stress test results and supporting disclosures and any liquidity stress test
 22.23 information received from an insurance holding company supervised by the Federal Reserve
 22.24 Board and non-United States groupwide supervisors.

22.25 Sec. 21. Minnesota Statutes 2024, section 60D.22, subdivision 3, is amended to read:

22.26 Subd. 3. **Sharing of information.** In order to assist in the performance of the
 22.27 commissioner's duties, the commissioner:

22.28 (1) may share documents, materials, or other information, including the confidential,
 22.29 protected nonpublic, and privileged documents, materials, or information subject to this
 22.30 section, including proprietary and trade secret documents and materials, with: (i) other state,
 22.31 federal, and international regulatory agencies; ~~with;~~ (ii) the NAIC and its affiliates and
 22.32 subsidiaries; ~~and~~ (iii) any third-party consultants designated by the commissioner; and with
 22.33 (iv) state, federal, and international law enforcement authorities, including members of any
 22.34 supervisory college described in section 60D.215, provided that the recipient agrees in

23.1 writing to maintain the confidentiality and privileged status of the document, material, or
23.2 other information, and has verified in writing the legal authority to maintain confidentiality;

23.3 (2) notwithstanding clause (1), may only share confidential, protected nonpublic, and
23.4 privileged documents, materials, or information reported pursuant to section 60D.19,
23.5 subdivision 11a, with commissioners of states having statutes or regulations substantially
23.6 similar to subdivision 1 and who have agreed in writing not to disclose this information;

23.7 (3) may receive documents, materials, or information, including otherwise confidential
23.8 and privileged documents, materials, or information from the NAIC and ~~its~~ the NAIC's
23.9 affiliates and subsidiaries and from regulatory and law enforcement officials of other foreign
23.10 or domestic jurisdictions, and shall maintain as confidential, protected nonpublic, or
23.11 privileged any document, material, or information received with notice or the understanding
23.12 that it is confidential or privileged under the laws of the jurisdiction that is the source of the
23.13 document, material, or information; and

23.14 (4) shall enter into written agreements with the NAIC and a third-party consultant
23.15 designated by the commissioner governing sharing and use of information provided pursuant
23.16 to sections 60D.15 to 60D.29 consistent with this clause that shall:

23.17 (i) specify procedures and protocols regarding the confidentiality and security of
23.18 information shared with the NAIC ~~and its affiliates and subsidiaries~~ or a third-party consultant
23.19 designated by the commissioner pursuant to sections 60D.15 to 60D.29, including procedures
23.20 and protocols for sharing by the NAIC with other state, federal, or international regulators.
23.21 The agreement must provide that the recipient agrees in writing to maintain the confidentiality
23.22 and privileged status of the documents, materials, or other information, and has verified in
23.23 writing the legal authority to maintain confidentiality;

23.24 (ii) specify that ownership of information shared with the NAIC ~~and its affiliates and~~
23.25 ~~subsidiaries~~ or a third-party consultant pursuant to sections 60D.15 to 60D.29 remains with
23.26 the commissioner and the NAIC's or a third-party consultant's, as designated by the
23.27 commissioner, use of the information is subject to the direction of the commissioner;

23.28 (iii) excluding documents, material, or information reported pursuant to section 60D.19,
23.29 subdivision 11c, prohibit the NAIC or a third-party consultant designated by the
23.30 commissioner from storing the information shared pursuant to sections 60D.15 to 60D.29
23.31 in a permanent database after the underlying analysis is completed;

23.32 ~~(iii)~~ (iv) require prompt notice to be given to an insurer whose confidential or protected
23.33 nonpublic information in the possession of the NAIC or a third-party consultant designated
23.34 by the commissioner pursuant to sections 60D.15 to 60D.29 is subject to a request or

24.1 subpoena to the NAIC or a third-party consultant designated by the commissioner for
24.2 disclosure or production; ~~and~~

24.3 ~~(iv)~~ (v) require the NAIC and its affiliates and subsidiaries or a third-party consultant
24.4 designated by the commissioner to consent to intervention by an insurer in any judicial or
24.5 administrative action in which the NAIC and its affiliates and subsidiaries or a third-party
24.6 consultant designated by the commissioner may be required to disclose confidential or
24.7 protected nonpublic information about the insurer shared with the NAIC and its affiliates
24.8 and subsidiaries or a third-party consultant designated by the commissioner pursuant to
24.9 sections 60D.15 to 60D.29; and

24.10 (vi) for documents, material, or information reported pursuant to section 60D.19,
24.11 subdivision 11c, in the case of an agreement involving a third-party consultant, provide for
24.12 notification of the identity of the consultant to the applicable insurers.

24.13 Sec. 22. Minnesota Statutes 2024, section 60D.22, subdivision 6, is amended to read:

24.14 Subd. 6. **Classification protection and use by others.** Documents, materials, or other
24.15 information in the possession or control of the NAIC or a third-party consultant designated
24.16 by the commissioner pursuant to sections 60D.15 to 60D.29 are confidential, protected
24.17 nonpublic, or privileged, are not subject to subpoena, and are not subject to discovery or
24.18 admissible in evidence in a private civil action.

24.19 Sec. 23. Minnesota Statutes 2024, section 60D.22, is amended by adding a subdivision to
24.20 read:

24.21 Subd. 7. **Certain disclosures or publication prohibited.** (a) The group capital calculation
24.22 and resulting group capital ratio required under section 60D.19, subdivision 11b, and the
24.23 liquidity stress test along with the liquidity stress test's results and supporting disclosures
24.24 required under section 60D.19, subdivision 11c, are regulatory tools to assess group risks
24.25 and capital adequacy and group liquidity risks, respectively, and are not intended as a means
24.26 to rank insurers or insurance holding company systems generally.

24.27 (b) Except as otherwise required under sections 60D.09 to 60D.29, making, publishing,
24.28 disseminating, circulating, or placing before the public, or causing directly or indirectly to
24.29 be made, published, disseminated, circulated, or placed before the public in a newspaper,
24.30 magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster,
24.31 or over any radio, television station, or any electronic means of communication available
24.32 to the public, or in any other way as an advertisement, announcement, or statement containing
24.33 a representation or statement with regard to the group capital calculation, group capital ratio,

25.1 the liquidity stress test results, or supporting disclosures for the liquidity stress test of any
25.2 insurer or any insurer group, or of any component derived in the calculation by any insurer,
25.3 broker, or other person engaged in any manner in the insurance business is misleading and
25.4 is prohibited.

25.5 (c) Notwithstanding paragraph (b), an insurer may publish an announcement in a written
25.6 publication if any materially false statement with respect to the group capital calculation,
25.7 resulting group capital ratio, an inappropriate comparison of any amount to an insurer's or
25.8 insurance group's group capital calculation or resulting group capital ratio, liquidity stress
25.9 test result, supporting disclosures for the liquidity stress test, or an inappropriate comparison
25.10 of any amount to an insurer's or insurance group's liquidity stress test result or supporting
25.11 disclosures is published in any written publication and the insurer is able to demonstrate to
25.12 the commissioner with substantial proof the statement's falsity or inappropriateness. The
25.13 sole purpose of an announcement under this paragraph must be to rebut the materially false
25.14 statement.

25.15 Sec. 24. Minnesota Statutes 2024, section 60D.24, subdivision 2, is amended to read:

25.16 Subd. 2. **Voting of securities; when prohibited.** No security that is the subject of any
25.17 agreement or arrangement regarding acquisition, or that is acquired or to be acquired, in
25.18 contravention of the provisions of this chapter or of any rule or order issued by the
25.19 commissioner may be voted at any shareholder's meeting, or may be counted for quorum
25.20 purposes, and any action of shareholders requiring the affirmative vote of a percentage of
25.21 shares may be taken as though the securities were not issued and outstanding. No action
25.22 taken at the meeting shall be invalidated by the voting of the securities, unless the action
25.23 would materially affect control of the insurer or unless the courts of this state have so
25.24 ordered. If an insurer or the commissioner has reason to believe that any security of the
25.25 insurer has been or is about to be acquired in contravention of the provisions of this chapter
25.26 or of any rule or order issued by the commissioner, the insurer or the commissioner may
25.27 apply to the district court for the county in which the insurer has its principal place of
25.28 business to enjoin any offer, request, invitation, agreement, or acquisition made in
25.29 contravention of section ~~60D.16~~ 60D.17 or any rule or order issued by the commissioner
25.30 to enjoin the voting of any security so acquired, to void any vote of the security already cast
25.31 at any meeting of shareholders and for other equitable relief as the nature of the case and
25.32 the interest of the insurer's policyholders or the public requires.

26.1 Sec. 25. Minnesota Statutes 2024, section 60D.25, is amended to read:

26.2 **60D.25 RECEIVERSHIP.**

26.3 Whenever it appears to the commissioner that any person has committed a violation of
26.4 this chapter that so impairs the financial condition of a domestic insurer as to threaten
26.5 insolvency or make the further transaction of business by it hazardous to its policyholders,
26.6 creditors, shareholders, or the public, then the commissioner may proceed as provided in
26.7 chapter 60B to take possessions of the property of the domestic insurer and to conduct the
26.8 business of that the domestic insurer.

26.9 Sec. 26. [62A.481] LIMITED LONG-TERM CARE INSURANCE.

26.10 Subdivision 1. Short title. This section may be known and cited as the "Limited
26.11 Long-Term Care Insurance Act."

26.12 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the
26.13 meanings given.

26.14 (b) "Applicant" means:

26.15 (1) in the case of an individual limited long-term care insurance policy, the individual
26.16 who seeks to contract for benefits; or

26.17 (2) in the case of a group limited long-term care insurance policy, the proposed group
26.18 policy holder.

26.19 (c) "Elimination period" means the length of time between meeting the eligibility for
26.20 benefit payment and receiving benefit payments from an insurer.

26.21 (d) "Group limited long-term care insurance policy" means a limited long-term care
26.22 insurance policy that is delivered or issued for delivery in this state and issued to:

26.23 (1) one or more employers or labor organizations, a trust or the trustees of a fund
26.24 established by one or more employers, labor organizations, or a combination of employers
26.25 and labor organizations for: (i) employees, former employees, or a combination of employees
26.26 or former employees; or (ii) members, former members, or a combination of members or
26.27 former members of the labor organizations;

26.28 (2) a professional, trade, or occupational association for the association's members,
26.29 former members, retired members, or a combination of members, former members, or retired
26.30 members, if the association:

- 27.1 (i) is composed of individuals, all of whom are or were actively engaged in the same
27.2 profession, trade, or occupation; and
- 27.3 (ii) has been maintained in good faith for purposes other than obtaining insurance;
- 27.4 (3) an association, a trust, or the trustees of a fund established, created, or maintained
27.5 for the benefit of members of one or more associations. Prior to advertising, marketing, or
27.6 offering the policy within Minnesota, an association, or the insurer of an association, must
27.7 file evidence with the commissioner that the association has at the outset: (i) a minimum
27.8 of 100 individuals; (ii) been organized and maintained in good faith for purposes other than
27.9 obtaining insurance; (iii) been in active existence for at least one year; and (iv) a constitution
27.10 and bylaws that provide:
- 27.11 (A) the association holds regular meetings not less than annually to further purposes of
27.12 the members;
- 27.13 (B) except for credit unions, the association collects dues or solicits contributions from
27.14 members; and
- 27.15 (C) the members have voting privileges and representation on the governing board and
27.16 committees.
- 27.17 Thirty days after the filing, an association is deemed to satisfy the organizational requirements
27.18 unless the commissioner makes a finding that an association does not satisfy the
27.19 organizational requirements; or
- 27.20 (4) a group other than a group described in clauses (1) to (3), subject to the commissioner
27.21 finding that:
- 27.22 (i) issuing the policy is not contrary to the public interest;
- 27.23 (ii) issuing the policy results in acquisition or administrative economies; and
- 27.24 (iii) the policy's benefits are reasonable in relation to the premiums charged.
- 27.25 (e) "Limited long-term care insurance policy" means a policy, contract, subscriber
27.26 agreement, certificate, rider, or endorsement:
- 27.27 (1) delivered or issued for delivery in this state by: an insurance company licensed under
27.28 chapter 60A; a nonprofit health service plan corporation operating under chapter 62C; a
27.29 health maintenance organization operating under chapter 62D; or a fraternal benefit society
27.30 operating under chapter 64B;

28.1 (2) advertised, marketed, offered, or designed to provide coverage for less than 12
28.2 consecutive months for each insured individual on an expense-incurred, indemnity, prepaid,
28.3 or other basis; and

28.4 (3) for one or more necessary or medically necessary diagnostic, preventive, therapeutic,
28.5 rehabilitative, maintenance, or personal care service provided in a setting other than a
28.6 hospital's acute care unit.

28.7 Limited long-term care insurance policy includes a group limited long-term care insurance
28.8 policy. Limited long-term care insurance includes a policy that provides for payment of
28.9 benefits based upon cognitive impairment or the loss of functional capacity. A limited
28.10 long-term care insurance policy does not include an insurance policy that is offered primarily
28.11 to provide basic Medicare supplement coverage, basic hospital expense coverage, basic
28.12 medical-surgical expense coverage, hospital confinement indemnity coverage, major medical
28.13 expense coverage, disability income or related asset-protection coverage, accident-only
28.14 coverage, specified disease or specified accident coverage, or limited benefit health coverage.

28.15 (f) "Waiting period" means the time an insured individual must wait before some or all
28.16 of the insured individual's coverage becomes effective.

28.17 Subd. 3. **Group limited long-term care insurance; extra-territorial jurisdiction.** Group
28.18 limited long-term care insurance coverage must not be offered to a Minnesota resident under
28.19 a group policy issued in another state to a group described in subdivision 2, paragraph (d),
28.20 clause (4), unless the commissioner makes a determination that the statutory limited long-term
28.21 care insurance requirements of this section have been met.

28.22 Subd. 4. **Limited long-term care insurance; disclosure and performance**
28.23 standards. (a) A limited long-term care insurance policy must not:

28.24 (1) cancel, not renew, or otherwise terminate on the basis of the insured individual's or
28.25 certificate holder's age, gender, or deterioration of mental or physical health;

28.26 (2) contain a provision that establishes a new waiting period in the event existing coverage
28.27 is converted to or replaced by a new or other form of coverage by the same issuer, except
28.28 with respect to an increase in benefits voluntarily selected by the insured individual or group
28.29 policyholder; or

28.30 (3) provide coverage for only skilled nursing care or provide significantly more coverage
28.31 for skilled nursing care in a facility than coverage provided for lower levels of care.

28.32 (b) A group limited long-term care insurance policy is prohibited from: (1) using a
28.33 definition for preexisting condition that is more restrictive than or excludes a condition for

29.1 which medical advice or treatment was recommended by or received from a health care
29.2 services provider within the six months preceding the date an insured individual's coverage
29.3 is effective; and (2) excluding coverage for a loss or confinement that is the result of a
29.4 preexisting condition unless the loss or confinement begins within six months of the date
29.5 an insured individual's coverage is effective. The commissioner may extend the limitation
29.6 periods established in clauses (1) and (2) with respect to specific age group categories in
29.7 specific policy forms upon a finding that the extension is in the public interest. The definition
29.8 of preexisting condition required under clause (1) does not prohibit the policy issuer from
29.9 using an application form designed to elicit the complete health history of an applicant and,
29.10 on the basis of the applicant's answers on the application, from underwriting in accordance
29.11 with established underwriting standards. Unless otherwise provided in the policy, an issuer
29.12 is not required to cover a preexisting condition, regardless of whether the preexisting
29.13 condition is disclosed on the application, until the waiting period under clause (2) expires.
29.14 A limited long-term care insurance policy is prohibited from excluding or using waivers or
29.15 riders of any kind to exclude, limit, or reduce coverage or benefits for specifically named
29.16 or described preexisting diseases or physical conditions beyond the waiting period established
29.17 in clause (2).

29.18 (c) A limited long-term care insurance policy must not be delivered or issued for delivery
29.19 in this state if the policy conditions eligibility: (1) for any benefits, on a prior hospitalization
29.20 requirement; (2) for benefits provided in an institutional care setting, on the receipt of a
29.21 higher level of institutional care; or (3) for any benefits other than waiver of premium,
29.22 post-confinement, post-acute care, or recuperative benefits, on a prior institutionalization
29.23 requirement. A limited long-term care insurance policy is prohibited from conditioning
29.24 eligibility for noninstitutional benefits on the prior or continuing receipt of skilled care
29.25 services.

29.26 (d) An applicant has the right to:

29.27 (1) return the policy to the issuer within 30 days of its receipt; and

29.28 (2) have the premium refunded if, after examination, the applicant is not satisfied with
29.29 the policy for any reason.

29.30 (e) A limited long-term care insurance policy must have the below notice prominently
29.31 printed on its first page. This requirement does not apply to a group limited long-term care
29.32 insurance policy.

29.33 "You have 30 days from the date you receive this policy, certificate, or rider to review
29.34 and return it to the company if you decide not to keep it. You do not have to tell the company

30.1 why you are returning it. If you decide to not keep the policy, certificate, or rider, simply
30.2 return it to the company at the company's administrative office, or you may return it to the
30.3 agent that you bought it from. You must return the policy, certificate, or rider within 30
30.4 days of the date you first received it. The company must refund the full amount of any
30.5 premium paid within 30 days of the date the company receives the returned policy, certificate,
30.6 or rider. The premium refund is sent directly to the person who paid it. A returned policy,
30.7 certificate, or rider is void, as if it never was issued."

30.8 (f) A coverage outline must be delivered to a prospective applicant for a limited long-term
30.9 care insurance policy at the time an initial solicitation is made, using a means that prominently
30.10 directs the recipient's attention to the coverage outline and the coverage outline's purpose.
30.11 The commissioner must prescribe: (1) a standard format, including style, arrangement, and
30.12 overall appearance; and (2) the content that must be contained on a coverage outline. With
30.13 respect to an insurance producer solicitation, the insurance producer must deliver the coverage
30.14 outline before presenting an application or enrollment form. With respect to a direct response
30.15 solicitation, the coverage outline must be provided in conjunction with an application or
30.16 enrollment form. Delivery of a coverage outline is not required for a group limited long-term
30.17 care insurance policy if the information described in paragraph (g) is contained in other
30.18 materials relating to enrollment. A copy of the other materials must be made available to
30.19 the commissioner upon request.

30.20 (g) The coverage outline provided under paragraph (f) must include:

30.21 (1) a description of the principal benefits and coverage provided in the policy;

30.22 (2) a description of the eligibility triggers for benefits and how the eligibility triggers
30.23 are met;

30.24 (3) a statement identifying the principal exclusions, reductions, and limitations contained
30.25 in the policy;

30.26 (4) a statement describing the terms under which the policy may be continued in force
30.27 or discontinued, including any reservation in the policy of a right to change premium. A
30.28 continuation or conversion provision for a group limited long-term care insurance policy
30.29 specifically described;

30.30 (5) a statement indicating that coverage outline is a summary only and not an insurance
30.31 contract, and that the policy or group master policy contains the governing contractual
30.32 provisions;

31.1 (6) a description of the terms under which the policy may be returned and premium
31.2 refunded;

31.3 (7) a brief description of the relationship between cost of care and benefits; and

31.4 (8) a statement that discloses to the policyholder or group policyholder that the policy
31.5 is not long-term care insurance.

31.6 (h) A group limited long-term care policy must include:

31.7 (1) a description of the principal benefits and coverage provided in the policy;

31.8 (2) a statement identifying the principal exclusions, reductions, and limitations contained
31.9 in the policy; and

31.10 (3) a statement indicating that the group master policy determines governing contractual
31.11 provisions.

31.12 (i) If an application for a limited long-term care insurance policy is approved, the issuer
31.13 must deliver the policy to the applicant no later than 30 days after the date the application
31.14 is approved.

31.15 (j) If a claim under a limited long-term care insurance policy is denied, the issuer must,
31.16 within 60 days of the date the policyholder or their representative submits a written request:

31.17 (1) provide a written explanation detailing the reasons for the denial; and

31.18 (2) make available all information directly related to the denial.

31.19 (k) A disclosure, statement, or written information and explanation required in this
31.20 section, whether in print or electronic form, must accommodate the communication needs
31.21 of individuals with disabilities and persons with limited English proficiency, as required by
31.22 law.

31.23 Subd. 5. **Incontestability period.** (a) An issuer may (1) rescind a limited long-term care
31.24 insurance policy, or (2) deny an otherwise valid limited long-term care insurance claim, for
31.25 a policy that has been in force for less than six months upon a showing of misrepresentation
31.26 that is material to the coverage acceptance.

31.27 (b) An issuer may (1) rescind a limited long-term care insurance policy, or (2) deny an
31.28 otherwise valid limited long-term care insurance claim, for a policy that has been in force
31.29 for at least six months but less than two years upon a showing of misrepresentation that is
31.30 both material to the coverage acceptance and that pertains to the condition for which benefits
31.31 are sought.

32.1 (c) A limited long-term care policy that has been in force for two years is not contestable
32.2 upon the grounds of misrepresentation alone. A limited long-term care policy that has been
32.3 in force for two years may be contested only upon a showing that the insured individual
32.4 knowingly and intentionally misrepresented relevant facts relating to the insured individual's
32.5 health.

32.6 (d) A limited long-term care insurance policy may be field issued if compensation to
32.7 the field issuer is not based on the number of policies issued. For purposes of this paragraph,
32.8 "field issued" means a policy issued by an insurance producer or a third-party administrator
32.9 (1) pursuant to the underwriting authority granted to the producer or third-party administrator
32.10 by an issuer, and (2) using the issuer's underwriting guidelines.

32.11 (e) If an issuer paid benefits under the limited long-term care insurance policy, the benefit
32.12 payments are not recoverable by the issuer if the policy is rescinded.

32.13 Subd. 6. **Nonforfeiture benefits.** (a) A limited long-term care insurance policy may
32.14 offer the option to purchase a policy that includes a nonforfeiture benefit. A nonforfeiture
32.15 benefit may be offered in the form of a rider that is attached to the policy. If the insured
32.16 individual does not purchase the nonforfeiture benefit, the issuer must provide a contingent
32.17 benefit upon lapse that must be available for a specified period of time after a substantial
32.18 increase in premium rates.

32.19 (b) When a group limited long-term care insurance policy is issued, a nonforfeiture
32.20 benefit offer must be made to the group policyholder. If the group limited long-term care
32.21 insurance policy is issued to an entity other than a continuing care retirement community
32.22 or other similar entity, a nonforfeiture benefit offer must be made to each proposed insured
32.23 individual.

32.24 Subd. 7. **Penalties.** In addition to any other penalties provided by the laws of Minnesota,
32.25 a policy issuer or insurance producer that violates any requirement of this section is subject
32.26 to an administrative fine of up to three times the amount of commissions paid for each policy
32.27 involved in the violation or up to \$10,000, whichever is greater.

32.28 **EFFECTIVE DATE.** This section is effective January 1, 2026.

32.29 Sec. 27. Minnesota Statutes 2024, section 65B.02, subdivision 7, is amended to read:

32.30 Subd. 7. **Participation ratio.** "Participation ratio" means the ratio of the member's
32.31 Minnesota premiums, or other measure of business written approved by the commissioner,
32.32 in relation to the comparable statewide totals for all members.

33.1 (1) For private passenger nonfleet automobile insurance coverages the participation ratio
 33.2 shall be based on voluntary car years written in this state for the calendar year ending
 33.3 December 31 of the second prior year, as reported by the statistical agent of each member
 33.4 as private passenger nonfleet exposures.

33.5 (2) For insurance coverages on all other automobiles, including insurance for fleets,
 33.6 commercial vehicles, public vehicles and garages, the ratio shall be based on the total
 33.7 Minnesota gross, direct automobile insurance premiums written, including both policy and
 33.8 membership fees less return premiums and premiums on policies not taken, without including
 33.9 reinsurance assumed and without deducting reinsurance ceded, and less the amount of such
 33.10 premiums reported as received for insurance on private passenger nonfleet vehicles, for the
 33.11 calendar year ending December 31 of the second prior year.

33.12 (3) For the purpose of determining each member's responsibility for expenses and
 33.13 assessments to operate the facility, the ratio shall be based on each member's total Minnesota
 33.14 car years and gross, direct premiums written, including both policy and membership fees
 33.15 less return premiums and premiums on policies not taken, without including reinsurance
 33.16 assumed and without deducting reinsurance ceded, for the calendar year ending December
 33.17 31 of the second prior year, provided, however, that the preliminary determination of each
 33.18 member's responsibility for expenses and assessments may use the calendar year ending
 33.19 December 31 of the third prior year.

33.20 Sec. 28. Minnesota Statutes 2024, section 65B.05, is amended to read:

33.21 **65B.05 POWER OF FACILITY, GOVERNING COMMITTEE.**

33.22 (a) The facility is authorized to: (1) issue or cause to be issued insurance policies in the
 33.23 name of the Minnesota automobile insurance plan to applicants for the types of insurance
 33.24 available under the plan, subject to limits specified in the plan of operation; (2) underwrite
 33.25 the insurance and adjust and pay losses with respect to the plan; and (3) retain, hire, or
 33.26 appoint an individual or company to perform a function under clause (1) or (2).

33.27 (b) The governing committee shall have the power to direct the operation of the facility
 33.28 in all pursuits consistent with the purposes and terms of sections 65B.01 to 65B.12, including
 33.29 but not limited to ~~the following~~:

33.30 (1) ~~To~~ sue and be sued in the name of the facility and ~~to~~ assess each member in accord
 33.31 with its participation ratio to pay any judgment against the facility as an entity, provided,
 33.32 however, that no judgment against the facility shall create any liabilities in one or more

34.1 members disproportionate to their participation ratio or an individual representing members
34.2 on the governing committee;

34.3 (2) ~~To~~ delegate ministerial duties, ~~to~~ hire a manager, and ~~to~~ contract for goods and
34.4 services from others;

34.5 (3) ~~To~~ assess members on the basis of participation ratios to cover anticipated costs of
34.6 operation and administration of the facility; and

34.7 (4) ~~To~~ impose limitations on cancellation or nonrenewal by members of insureds covered
34.8 pursuant to placement through the facility in addition to the limitations imposed by chapter
34.9 72A and sections 65B.1311 to 65B.21.

34.10 Sec. 29. Minnesota Statutes 2024, section 65B.06, subdivision 1, is amended to read:

34.11 Subdivision 1. **Distribution of private passenger, nonfleet auto risks.** With respect
34.12 to private passenger, nonfleet automobiles, the facility shall provide for ~~the equitable~~
34.13 ~~distribution of qualified applicants to members to~~ share premium, losses, costs, and expenses
34.14 in accordance with the participation ratio ~~or among these insurance companies as selected~~
34.15 ~~under the provisions of the plan of operation.~~

34.16 Sec. 30. Minnesota Statutes 2024, section 65B.06, subdivision 2, is amended to read:

34.17 Subd. 2. **Private passenger; nonfleet auto coverage.** With respect to private passenger,
34.18 nonfleet automobiles, the facility shall provide for the issuance of policies of automobile
34.19 insurance ~~by members~~ with coverage as follows:

34.20 (1) bodily injury liability and property damage liability coverage in the minimum amounts
34.21 specified in section 65B.49, subdivision 3;

34.22 (2) uninsured and underinsured motorist coverages as required by section 65B.49,
34.23 subdivisions 3a and 4a;

34.24 (3) a reasonable selection of higher limits of liability coverage up to \$50,000 because
34.25 of bodily injury to or death of one person in any one accident and, subject to such limit for
34.26 one person, up to \$100,000 because of bodily injury to or death of two or more persons in
34.27 any one accident, and up to \$25,000 because of injury to or destruction of property of others
34.28 in any one accident, or higher limits of liability coverage as recommended by the governing
34.29 committee and approved by the commissioner;

35.1 (4) basic economic loss benefits, as required by section 65B.44, and other optional
35.2 coverages as recommended by the governing committee and approved by the commissioner;
35.3 and

35.4 (5) automobile physical damage coverage, including coverage of loss by collision, subject
35.5 to deductible options.

35.6 Sec. 31. Minnesota Statutes 2024, section 65B.06, subdivision 3, is amended to read:

35.7 Subd. 3. **Other auto coverage.** With respect to all automobiles not included in
35.8 subdivisions 1 and 2, the facility shall provide:

35.9 (1) the minimum limits of coverage required by section 65B.49, subdivisions 2, 3, 3a,
35.10 and 4a, or higher limits of liability coverage as recommended by the governing committee
35.11 and approved by the commissioner;

35.12 (2) for the equitable ~~distribution of qualified applicants~~ sharing of premium, losses,
35.13 costs, and expenses for this coverage among the members in ~~accord~~ accordance with the
35.14 applicable participation ratio, ~~or among these insurance companies as selected under the~~
35.15 ~~provisions of the plan of operation;~~ and

35.16 (3) for a school district or contractor transporting school children under contract with a
35.17 school district, that amount of automobile liability insurance coverage, not to exceed
35.18 \$1,000,000, required by the school district by resolution or contract, or that portion of such
35.19 \$1,000,000 of coverage for which the school district or contractor applies and for which it
35.20 is eligible under section 65B.10.

35.21 Sec. 32. Minnesota Statutes 2024, section 65B.10, subdivision 2, is amended to read:

35.22 Subd. 2. **Termination of eligibility.** Eligibility for placement through the facility will
35.23 terminate if an insured is offered equivalent coverage in the voluntary market at a rate lower
35.24 than the facility rate. ~~If the member that is required to provide coverage by the facility makes~~
35.25 ~~such an offer after giving 30 days' advance written notice to the agent of record before~~
35.26 ~~making the offer, the member shall have no further obligation to the agent of record.~~

35.27 Sec. 33. **REPEALER.**

35.28 Minnesota Statutes 2024, section 65B.10, subdivision 3, is repealed.

65B.10 ELIGIBILITY.

Subd. 3. **Review of insureds.** At least annually, every member shall review every private passenger nonfleet applicant which it insures through the facility and determine whether or not such applicant is acceptable for voluntary insurance at a rate lower than the facility rate. If such applicant is acceptable, the member shall make an offer to insure the applicant under voluntary coverage at such lower rate.