SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3720

(SENATE AUTHORS: MCEWEN and Utke)

DATE	D-PG	OFFICIAL STATUS
02/19/2026	6344	Introduction and first reading
		Referred to Labor
04/14/2026	8033	Author added Utke
04/20/2026	8314a	Comm report: To pass as amended and re-refer to Finance
		Pursuant to Senate Concurrent Resolution No. 6, referred to Rules and Administration
04/21/2026	8858	Senate Concurrent Resolution 6 Suspended adopt previous committee report
05/07/2026	9982	Comm report: To pass
	10033	Second reading
05/11/2026	10382	Special Order
	10382	Third reading Passed
05/15/2026	10666	Returned from House
		Presentment date 05/15/26
	11758	Governor's action Approval 05/18/26
	11759	Secretary of State Chapter 103 05/18/26
		Effective date various dates

A bill for an act

relating to workers' compensation; adopting 2026 recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2024, sections 79.34, subdivisions 3, 4; 79.35; 79.36; 79.362; 79.38, subdivision 1; 175A.05, by adding a subdivision; 176.011, subdivision 15; 176.081, subdivision 9; 176.101, subdivision 2a; 176.155, subdivision 1; 176.221, subdivision 1; 176.322; repealing Minnesota Statutes 2024, sections 79.34, subdivision 2a; 79.361; 79.363.

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

Section 1. Minnesota Statutes 2024, section 79.34, subdivision 3, is amended to read:

Subd. 3. **Withdrawal from association.** An insurer may withdraw from the reinsurance association only upon ceasing to be authorized by license issued by the commissioner of commerce to transact workers' compensation insurance in this state and when all workers' compensation insurance policies issued by such insurer have expired; a self-insurer may withdraw from the reinsurance association only upon ceasing to be approved to self-insure workers' compensation liability in this state pursuant to section 176.181.

An insurer or self-insurer which withdraws or whose membership in the reinsurance association is terminated shall continue to be bound by the plan of operation. Upon withdrawal or termination, all unpaid premiums which have been charged to the withdrawing or terminated member and any other outstanding amounts owed shall be payable as of the effective date of the withdrawal or termination.

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

Sec. 2. Minnesota Statutes 2024, section 79.34, subdivision 4, is amended to read:

Subd. 4. **Liabilities of insolvent members.** An unsatisfied net liability to the reinsurance association of an insolvent member shall be ~~assumed by and apportioned among the remaining members of the reinsurance association as provided in the plan of operation~~ governed by the plan of operation effective at the time a member is declared insolvent by a state regulatory authority or a court of competent jurisdiction, whichever comes earlier. The reinsurance association shall have all rights allowed by law on behalf of the remaining members against the estate or funds of the insolvent member for sums due the reinsurance association.

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

Sec. 3. Minnesota Statutes 2024, section 79.35, is amended to read:

79.35 DUTIES; RESPONSIBILITIES; POWERS.

The reinsurance association shall do the following on behalf of its members:

(1) assume 100 percent of the liability as provided in section 79.34;

(2) establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(3) maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(4) calculate and charge to members a total premium sufficient to cover the expected liability which the reinsurance association will incur, together with incurred or estimated to be incurred operating and administrative expenses for the period to which this premium applies. Each member shall be charged a premium established by the board as sufficient to cover the reinsurance association's incurred liabilities and expenses in excess of the member's selected retention limit. Each member shall be charged a proportion of the total premium calculated for its selected retention limit in an amount equal to its proportion of the exposure base of all members during the period to which the reinsurance association premium will

apply. The exposure base shall be determined by the board and is subject to the approval of the commissioner of labor and industry. In determining the exposure base, the board shall consider, among other things, equity, administrative convenience, records maintained by members, amenability to audit, and degree of risk refinement. ~~Each member shall also be charged a premium determined by the board to equitably distribute excess or deficient premiums from previous periods including any excess or deficient premiums resulting from a retroactive change in the prefunded limit.~~ The premiums charged to members shall not be unfairly discriminatory as defined in section 79.074. All premiums shall be approved by the commissioner of labor and industry;

(5) require and accept the payment of premiums from members of the reinsurance association;

(6) receive and distribute all sums required by the operation of the reinsurance association;

(7) establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association. The reinsurance association may charge the cost of the adjustment under this paragraph to the member, except that any penalties or interest incurred under sections 176.183, 176.221, 176.225, and 176.82 as a result of actions by the reinsurance association after it has undertaken adjustment of the claim shall not be charged to the member but shall be included in the ultimate loss and listed as a separate item; ~~and~~

(8) provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify~~.~~;

(9) equitably distribute excess or deficient premiums from previous periods to members based on amounts determined by the board. All excess or deficient premiums shall be approved by the commissioner of labor and industry;

(10) distribute excess surplus as recommended by the board and approved by order of the commissioner of labor and industry consistent with section 79.362; and

(11) collect deficiency assessments as recommended by the board and approved by order of the commissioner of commerce consistent with section 79.362.

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

Sec. 4. Minnesota Statutes 2024, section 79.36, is amended to read:

79.36 ADDITIONAL POWERS.

In addition to the powers granted in section 79.35, the reinsurance association may do the following:

(1) sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance association shall provide in the plan of operation for the indemnification, to the extent provided in the plan of operation, of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(2) reinsure all or any portion of its potential liability~~, including potential liability in excess of the prefunded limit,~~ with reinsurers licensed to transact insurance in this state or otherwise approved by the commissioner of labor and industry;

(3) provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(4) contract for goods and services, including but not limited to independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(5) adopt operating rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those operating rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(6) intervene in or prosecute at any time, including but not limited to intervention or prosecution as subrogee to the member's rights in a third-party action, any proceeding under this chapter or chapter 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be established, or the reinsurance association affected in any other way;

(7) the net proceeds derived from intervention or prosecution of any subrogation interest, or other recovery, shall first be used to reimburse the reinsurance association for amounts paid or payable pursuant to this chapter, together with any expenses of recovery, including attorney's fees, and any excess shall be paid to the member or other person entitled thereto, as determined by the board of directors of the reinsurance association, unless otherwise ordered by a court;

(8) hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(9) perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 79.34 to 79.40 or the plan of operation.

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

Sec. 5. Minnesota Statutes 2024, section 79.362, is amended to read:

79.362 WORKERS' COMPENSATION REINSURANCE ASSOCIATION EXCESS SURPLUS DISTRIBUTION OR DEFICIENCY ASSESSMENT.

Subdivision 1. **Scope.** This section governs excess surplus distributions and deficiency assessment of the reinsurance association. An excess surplus distribution is not a distribution of excess premiums to members. The reinsurance association may not distribute excess surplus or assess members due to a deficiency except as provided for in this section. For purposes of this section, "insured employers" includes employers insured by insurer members and employers insured by the assigned risk plan.

Subd. 2. **Declaration of distribution or assessment.** (a) The board may declare an excess surplus distribution to self-insurer members and insured employers. The board shall determine the amount of excess surplus and set a timeline, a distribution rate for self-insurer members, and a distribution rate for insured employers as applied to the distribution exposure bases of self-insurer members and insured employers. The board shall notify the commissioner of labor and industry of the amount of excess surplus and recommended distribution rates and, if the commissioner is in agreement with the board's recommendation, the commissioner shall issue an order approving the recommended distribution.

(b) An order of the commissioner of ~~the Department of~~ labor and industry relating to the ~~distribution of~~ excess surplus distribution of the Workers' Compensation Reinsurance Association shall be reviewed by the commissioner of commerce. The commissioner of commerce may amend, approve, or reject an order or issue further orders to accomplish the purposes of this section ~~79.361 and Laws 1993, chapter 361, section 2~~. The commissioner of commerce may not change the amount of the distribution ordered by the commissioner of labor and industry without agreement of the commissioner of labor and industry.

(c) If the board determines that an excess surplus distribution resulted in inadequate funds being available to pay claims that arose during the period upon which the distribution was calculated, the board shall determine the amount of the deficiency. The board shall

notify the commissioner of commerce of the amount of deficiency and recommend assessment rates and the time period for an assessment for self-insurer members and insured employers. The commissioner of commerce shall order an assessment at the rates and for the time period necessary to eliminate the deficiency with consideration of potential financial hardship to employers. The assessment rates shall be applied to the exposure bases of self-insured employers and insured employers. All assessments under this section are payable to the association. The commissioner of commerce may issue orders necessary to administer this section.

Subd. 3. **Administration of distribution or assessment.** The reinsurance association may consider the actual and reasonable costs of distribution or assessment in determining the amount to be distributed or assessed. The excess surplus distribution or deficiency assessment may not be retroactive and applies only prospectively. Self-insurer members, insurer members, and the Minnesota Workers' Compensation Insurers Association must provide any information to the reinsurance association that the association determines necessary to administer this section. Any part of the excess surplus distribution not distributed within one year due to the inability to identify or locate insured employers remains with the reinsurance association and must not be distributed to its members.

Subd. 4. **Plan of operation.** The reinsurance association's plan of operation must provide the method for determining rates and exposure bases, the method for excess surplus distribution, and the method of collecting a deficiency assessment. For multiyear distributions or assessments, the exposure bases and rates shall be recalculated for each policy year of the excess surplus distribution or deficiency assessment.

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

Sec. 6. Minnesota Statutes 2024, section 79.38, subdivision 1, is amended to read:

Subdivision 1. **Provisions.** The plan of operation shall provide for all of the following:

(a) the establishment of necessary facilities;

(b) the management and operation of the reinsurance association;

(c) a preliminary premium, payable by each member in proportion to its total premium in the year preceding the inauguration of the reinsurance association, for initial expenses necessary to commence operation of the reinsurance association;

(d) procedures to be utilized in charging premiums~~, including adjustments from excess or deficient premiums from prior periods~~;

(e) procedures governing the actual payment of premiums to the reinsurance association;

(f) reimbursement of each member of the board by the reinsurance association for actual and necessary expenses incurred on reinsurance association business;

(g) the composition, terms, compensation and other necessary rules consistent with section 79.37 for boards of directors of the reinsurance association;

(h) the investment policy of the reinsurance association; ~~and~~

(i) the method for determining rates and exposure bases, the method for excess surplus distribution, and the method of collecting a deficiency assessment; and

~~(i)~~ (j) any other matters required by or necessary to effectively implement sections 79.34 to 79.40.

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

Sec. 7. Minnesota Statutes 2024, section 175A.05, is amended by adding a subdivision to read:

Subd. 4. **Active compensation judges.** If the number of Workers' Compensation Court of Appeals judges available to hear a case is insufficient to constitute a quorum and retired judges are not available to meet the quorum requirement, the chief judge of the Workers' Compensation Court of Appeals may, with the consent of the chief judge of the Court of Administrative Hearings, assign an active compensation judge from that court to hear any case properly assigned to a judge of the Workers' Compensation Court of Appeals. The compensation judge assigned to the case may act on that case with the full powers of a judge of the Workers' Compensation Court of Appeals. A compensation judge performing this service shall receive pay and expenses, calculated on an hourly basis, in the amount and manner provided by law for judges serving on the Workers' Compensation Court of Appeals. This compensation will be paid as an adjustment to the judge's normal compensation from the Court of Administrative Hearings. The Workers' Compensation Court of Appeals will reimburse the Court of Administrative Hearings based on the number of hours spent performing this service and any other expenditures incurred.

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

Sec. 8. Minnesota Statutes 2024, section 176.011, subdivision 15, is amended to read:

Subd. 15. **Occupational disease.** (a) "Occupational disease" means a mental impairment as defined in paragraph (d) or physical disease arising out of and in the course of employment

peculiar to the occupation in which the employee is engaged and due to causes in excess of the hazards ordinary of employment and shall include undulant fever. Physical stimulus resulting in mental injury and mental stimulus resulting in physical injury shall remain compensable. Mental impairment is not considered a disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer. Ordinary diseases of life to which the general public is equally exposed outside of employment are not compensable, except where the diseases follow as an incident of an occupational disease, or where the exposure peculiar to the occupation makes the disease an occupational disease hazard. A disease arises out of the employment only if there be a direct causal connection between the conditions under which the work is performed and if the occupational disease follows as a natural incident of the work as a result of the exposure occasioned by the nature of the employment. An employer is not liable for compensation for any occupational disease which cannot be traced to the employment as a direct and proximate cause and is not recognized as a hazard characteristic of and peculiar to the trade, occupation, process, or employment or which results from a hazard to which the worker would have been equally exposed outside of the employment.

(b) If immediately preceding the date of disablement or death, an employee was employed on active duty with an organized fire or police department of any municipality, as a member of the Minnesota State Patrol, conservation officer service, state crime bureau, as a forest officer by the Department of Natural Resources, correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility, or sheriff or full-time deputy sheriff of any county, and the disease is that of myocarditis, coronary sclerosis, pneumonia or its sequel, and at the time of employment such employee was given a thorough physical examination by a licensed doctor of medicine, and a written report thereof has been made and filed with such organized fire or police department, with the Minnesota State Patrol, conservation officer service, state crime bureau, Department of Natural Resources, Department of Corrections, or sheriff's department of any county, which examination and report negatived any evidence of myocarditis, coronary sclerosis, pneumonia or its sequel, the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment. If immediately preceding the date of disablement or death, any individual who by nature of their position provides emergency medical care, or an employee who was employed as a licensed police officer under section 626.84, subdivision 1; firefighter; paramedic; correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; emergency medical technician; or licensed nurse providing

emergency medical care; and who contracts an infectious or communicable disease to which the employee was exposed in the course of employment outside of a hospital, then the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of employment and the presumption may be rebutted by substantial factors brought by the employer or insurer. Any substantial factors which shall be used to rebut this presumption and which are known to the employer or insurer at the time of the denial of liability shall be communicated to the employee on the denial of liability.

(c) A firefighter on active duty with an organized fire department who is unable to perform duties in the department by reason of a disabling cancer of a type caused by exposure to heat, radiation, or a known or suspected carcinogen, as defined by the International Agency for Research on Cancer, and the carcinogen is reasonably linked to the disabling cancer, is presumed to have an occupational disease under paragraph (a). If a firefighter who enters the service after August 1, 1988, is examined by a physician prior to being hired and the examination discloses the existence of a cancer of a type described in this paragraph, the firefighter is not entitled to the presumption unless a subsequent medical determination is made that the firefighter no longer has the cancer.

(d) For the purposes of this chapter, "mental impairment" means a diagnosis of post-traumatic stress disorder by a licensed psychiatrist ~~or~~, psychologist, or psychiatric mental health nurse practitioner. For the purposes of this chapter, "post-traumatic stress disorder" means the condition as described in the most recently published edition of the Diagnostic and Statistical Manual of Mental Disorders by the American Psychiatric Association. For purposes of section 79.34, subdivision 2, one or more compensable mental impairment claims arising out of a single event or occurrence shall constitute a single loss occurrence.

(e) If, preceding the date of disablement or death, an employee who was employed on active duty as: a licensed police officer; a firefighter; a paramedic; an emergency medical technician; a licensed nurse employed to provide emergency medical services outside of a medical facility; a public safety dispatcher; a correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; a sheriff or full-time deputy sheriff of any county; or a member of the Minnesota State Patrol is diagnosed with a mental impairment as defined in paragraph (d), and had not been diagnosed with the mental impairment previously, then the mental impairment is presumptively an occupational disease and shall be presumed to have been due to the nature of employment. This presumption may be rebutted by substantial factors brought by the employer or insurer. Any substantial factors that are used to rebut this presumption and that

are known to the employer or insurer at the time of the denial of liability shall be communicated to the employee on the denial of liability. The mental impairment is not considered an occupational disease if it results from a disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action taken in good faith by the employer.

EFFECTIVE DATE. This section is effective for dates of injury on or after October 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 176.081, subdivision 9, is amended to read:

Subd. 9. **Retainer agreement.** An attorney who is hired by an employee to provide legal services with respect to a claim for compensation made pursuant to this chapter shall prepare a retainer agreement in which the provisions of this section are specifically set out and provide a copy of this agreement to the employee. The retainer agreement shall provide a space for the signature of the employee. A signed agreement shall raise a conclusive presumption that the employee has read and understands the statutory fee provisions. No fee shall be awarded pursuant to this section in the absence of a signed retainer agreement.

The retainer agreement shall contain a notice to the employee regarding the maximum fee allowed under this section in ten-point type, which shall read:

Notice of Maximum Fee

The maximum fee allowed by law for legal services is 20 percent of the first ~~$130,000~~ $275,000 of compensation awarded to the employee subject to a cumulative maximum fee of ~~$26,000~~ $55,000 for fees related to the same injury.

The employee shall take notice that the employee is under no legal or moral obligation to pay any fee for legal services in excess of the foregoing maximum fee.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to dates of injury on or after October 1, 2024.

Sec. 10. Minnesota Statutes 2024, section 176.101, subdivision 2a, is amended to read:

Subd. 2a. **Permanent partial disability.** (a) Compensation for permanent partial disability is as provided in this subdivision. Permanent partial disability must be rated as a percentage of the whole body in accordance with rules adopted by the commissioner under section 176.105. During the 2026 regular legislative session, and every even-year legislative session thereafter, the Workers' Compensation Advisory Council must consider whether the

permanent partial disability schedule in paragraph (b) represents adequate compensation for permanent impairment.

(b) The percentage determined pursuant to the rules adopted under section 176.105 must be multiplied by the corresponding amount in the following table:

Impairment Rating (percent)	Amount
less than 5.5	~~114,260~~ $ 137,240
5.5 to less than 10.5	~~121,800~~ 146,297
10.5 to less than 15.5	~~129,485~~ 155,527
15.5 to less than 20.5	~~137,025~~ 164,584
20.5 to less than 25.5	~~139,720~~ 167,821
25.5 to less than 30.5	~~147,000~~ 176,565
30.5 to less than 35.5	~~150,150~~ 180,348
35.5 to less than 40.5	~~163,800~~ 196,744
40.5 to less than 45.5	~~177,450~~ 213,139
45.5 to less than 50.5	~~177,870~~ 213,643
50.5 to less than 55.5	~~181,965~~ 218,562
55.5 to less than 60.5	~~209,475~~ 251,605
60.5 to less than 65.5	~~237,090~~ 284,774
65.5 to less than 70.5	~~264,600~~ 317,817
70.5 to less than 75.5	~~292,215~~ 350,986
75.5 to less than 80.5	~~347,340~~ 417,197
80.5 to less than 85.5	~~402,465~~ 483,409
85.5 to less than 90.5	~~457,590~~ 549,621

		~~512,715~~
	90.5 to less than 95.5	615,833
		~~567,840~~
	95.5 up to and including 100	682,045

An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(c) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee requests payment in a lump sum, then the compensation must be paid within 30 days. This lump-sum payment may be discounted to the present value calculated up to a maximum five percent basis. If the employee does not choose to receive the compensation in a lump sum, then the compensation is payable in installments at the same intervals and in the same amount as the employee's temporary total disability rate on the date of injury. Permanent partial disability is not payable while temporary total compensation is being paid.

EFFECTIVE DATE. This section is effective for dates of injury on or after October 1, 2026.

Sec. 11. Minnesota Statutes 2024, section 176.155, subdivision 1, is amended to read:

Subdivision 1. **Employer's physician.** (a) The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. Examinations shall not be conducted in hotel or motel facilities. The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the office to order an examination at a location further from the employee's residence. The employee is entitled upon request to have a personal physician or unpaid witness present at any such examination. Each party shall defray the cost of that party's physician or witness.

(b) Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury or whether litigation is pending, must be served upon the employee and the attorney representing the employee, if any, no later than 14 calendar days within the issuance of the report or written statement.

(c) The employer shall pay reasonable travel expenses incurred by the employee in attending the examination including mileage, parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination.

(d) A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition. Any request for a good cause extension pursuant to paragraph (e) must be made within 120 days of service of the claim petition, except that a request may be made after 120 days of service of a claim petition in the following circumstances:

(1) a change to the employee's claim regarding the nature and extent of the injury;

(2) a change to the permanency benefits claimed by the employee, including a change in permanent partial disability percentage;

(3) a new claim for indemnity benefits; or

(4) the employment relationship is not admitted by the uninsured employer.

(e) No evidence relating to the examination or report shall be received or considered by the commissioner, a compensation judge, or the court of appeals in determining any issues unless the report has been served and filed as required by this section, unless a written extension has been granted by the commissioner or compensation judge. The commissioner or a compensation judge shall extend the time for completing the adverse examination and filing the report upon good cause shown. The extension must not be for the purpose of delay and the insurer must make a good faith effort to comply with this subdivision. Good cause shall include but is not limited to:

(1) that the extension is necessary because of the limited number of physicians or health care providers available with expertise in the particular injury or disease, or that the extension is necessary due to the complexity of the medical issues, or

(2) that the extension is necessary to gather additional information which was not included on the petition as required by section 176.291.

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

Sec. 12. Minnesota Statutes 2024, section 176.221, subdivision 1, is amended to read:

Subdivision 1. **Commencement of payment.** Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an

employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner and served on the employee within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~60~~ 90 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~60~~ 90 days of notice or knowledge. After the ~~60-day~~ 90-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail the facts forming the basis for the denial and specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

EFFECTIVE DATE. This section is effective for dates of injury on or after October 1, 2026.

Sec. 13. Minnesota Statutes 2024, section 176.322, is amended to read:

176.322 DECISIONS BASED ON STIPULATED FACTS.

If the parties agree to a stipulated set of facts and only legal issues remain, the commissioner or compensation judge may determine the matter without a hearing based

upon the stipulated facts and the determination is appealable to the court of appeals pursuant to sections 176.421 and 176.442. In any case where a stipulated set of facts has been submitted to the Court of Administrative Hearings pursuant to this section, upon receipt of the file or the stipulated set of facts the chief administrative law judge shall immediately assign the case to a compensation judge for a determination. The commissioner or compensation judge shall issue a determination within 60 days after receipt of the stipulated facts.

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

Sec. 14. **REPEALER.**

Minnesota Statutes 2024, sections 79.34, subdivision 2a; 79.361; and 79.363, are repealed.

79.34 CREATION OF REINSURANCE ASSOCIATION.

Subd. 2a. **Deficiency.** If the board determines that a distribution of excess surplus resulted in inadequate funds being available to pay claims that arose during the period upon which that distribution was calculated, the board shall determine the amount of the deficiency. The deficiency shall be made up by imposing an assessment rate against self-insured members and policyholders of insurer members. The board shall notify the commissioner of commerce of the amount of the deficiency and recommend an assessment rate. The commissioner shall order an assessment at a rate and for the time period necessary to eliminate the deficiency. The assessment rate shall be applied to the exposure base of self-insured employers and insured employers. The assessment may not be retroactive and applies only prospectively. The assessment may be spread over a period of time that will cause the least financial hardship to employers. All assessments under this subdivision are payable to the association. The commissioner may issue orders necessary to administer this section.

79.361 POST-1992 DISTRIBUTION OF WORKERS' COMPENSATION REINSURANCE ASSOCIATION SURPLUS.

Subdivision 1. **Scope.** This section governs the distribution of excess surplus of the Workers' Compensation Reinsurance Association declared after January 1, 1993. A distribution of excess surplus is declared on the date the board votes to make a distribution. No distribution of excess surplus other than that provided by this section may be made.

Subd. 2. **Self-insured.** A self-insurer shall receive a distribution of excess surplus in an amount equal to the self-insurer's share of the premiums paid to the Workers' Compensation Reinsurance Association for the period and for each retention layer for which the distribution is made.

Subd. 3. **Insured employers.** A policyholder, other than a policyholder insured by the assigned risk plan or the State Fund Mutual Insurance Company, shall receive a refund of a share of the distribution equal to the policyholder's share of the annual total earned Minnesota workers' compensation insurance premium, as reported to the commissioner of commerce in the most recent annual statements of insurers, including the assigned risk plan and the State Fund Mutual Insurance Company.

Subd. 4. **Assigned risk plan.** A policyholder of the assigned risk plan shall receive a refund of a share of the distribution equal to the policyholder's share of the annual total earned Minnesota workers' compensation insurance premium, as reported to the commissioner of commerce in the most recent annual statements of insurers, including the assigned risk plan and the State Fund Mutual Insurance Company.

Subd. 5. **State Fund Mutual Insurance Company.** A policyholder of the State Fund Mutual Insurance Company shall receive a refund of a share of the distribution equal to the policyholder's share of the annual total earned Minnesota workers' compensation insurance premium, as reported to the commissioner of commerce in the most recent annual statements of insurers, including the assigned risk plan and the state fund mutual insurance company.

Subd. 6. **Distribution defined.** For the purpose of subdivisions 3 to 5, "distribution" means a distribution described in subdivision 1 minus a distribution to self-insurers under subdivision 2.

Subd. 7. **Policyholder.** For the purpose of this section "policyholder" means a workers' compensation insurance policyholder in the calendar year preceding a declaration of excess surplus by the board of the reinsurance association.

Subd. 8. **Information required.** Insurers and the Workers' Compensation Insurers Rating Association of Minnesota must provide the Workers' Compensation Reinsurance Association with information necessary to administer and calculate the refunds to policyholders governed by this section within 60 days of a request by the association. For the purpose of this subdivision, "insurer" includes the assigned risk plan.

Subd. 9. **Refund due date.** Policyholders must receive the refund within 60 days of the day the reinsurance association receives the information required to be provided by subdivision 8.

Subd. 10. **Unclaimed refund.** Any part of the refund not distributed within one year after the due date of a refund under this section due to the inability to identify or locate policyholders remains with the Workers' Compensation Reinsurance Association.

Subd. 11. **Costs of distribution.** The reinsurance association may pay the actual and reasonable costs of the refunds made under this section from earnings on a declared excess surplus prior to its distribution.

79.363 DISTRIBUTION OF EXCESS SURPLUS.

The distribution of excess surplus of the Workers' Compensation Reinsurance Association is not a distribution of excess premiums to members. Any excess surplus not refunded according to Laws 1993, chapter 361, section 2, must be returned to the association and must not be distributed to its members. Any excess surplus not distributed or refunded according to section 79.361 must be retained by the association and must not be distributed to members.