

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 2839

1.2 A bill for an act  
1.3 relating to commerce; regulating various licensees and other entities; modifying  
1.4 definitions, informational requirements, continuing education requirements,  
1.5 information reporting requirements, and notice requirements; making various  
1.6 housekeeping, technical, and clarifying changes; regulating securities;  
1.7 reorganizing and modifying various provisions relating to real estate brokers,  
1.8 salespersons, and closing agents; modifying the membership requirements  
1.9 of, and appointment authority to, the real estate appraiser advisory board;  
1.10 regulating certain workers' compensation self-insurers; amending Minnesota  
1.11 Statutes 2008, sections 45.0112; 60A.031, subdivision 4; 60A.084; 60A.204;  
1.12 60A.36, by adding a subdivision; 60K.31, subdivision 10; 61A.092, subdivision  
1.13 3; 62A.046, subdivision 6, by adding a subdivision; 62A.17, subdivision 5;  
1.14 62A.3099, subdivision 17; 62A.65, subdivision 2; 62E.02, subdivision 15;  
1.15 62E.14, subdivision 4c; 62L.05, subdivision 4; 62S.24, subdivision 8; 62S.266,  
1.16 subdivision 4; 62S.29, subdivision 1; 72A.08, subdivision 4; 72A.12, subdivision  
1.17 4; 72A.20, subdivisions 10, 36, 37; 72A.492, subdivision 2; 72A.51, subdivision  
1.18 2; 72B.01; 72B.08, subdivision 8; 79A.03, subdivision 8; 79A.06, subdivision  
1.19 5; 79A.21, subdivision 3; 80A.41; 80A.46; 80A.65, subdivision 6; 82.17,  
1.20 subdivision 15, by adding subdivisions; 82.19; 82.21, subdivision 2; 82.24,  
1.21 subdivision 3; 82.29, subdivisions 4, 5, 8; 82.31, subdivisions 1, 2; 82.33,  
1.22 subdivisions 1, 2, by adding a subdivision; 82.34, subdivisions 1, 2, 4, 5, 13;  
1.23 82.39; 82.41, subdivisions 1, 2, by adding a subdivision; 82.45, subdivision 3,  
1.24 by adding subdivisions; 82.48, subdivisions 2, 3; 82B.05, as amended; 82B.06;  
1.25 82B.14; 326.3382, subdivision 3; 326B.33, subdivision 16; 326B.56, subdivision  
1.26 2; 326B.86, subdivision 2; 326B.921, subdivision 6; 327B.04, subdivision  
1.27 4; 332.34; 340A.409, subdivision 1; Minnesota Statutes 2009 Supplement,  
1.28 sections 45.027, subdivision 1; 45.30, subdivision 4; 60A.39, subdivisions 1,  
1.29 4, 5; 60A.9572, subdivision 6; 60K.361; 62A.3099, subdivision 18; 65A.29,  
1.30 subdivision 13; 72B.03, subdivision 2; 72B.045, subdivision 1; 72B.06; 82.31,  
1.31 subdivision 4; 82.32; 326B.46, subdivision 2; Laws 2007, chapter 147, article  
1.32 12, section 14; proposing coding for new law in Minnesota Statutes, chapters  
1.33 82; 332; repealing Minnesota Statutes 2008, sections 72B.04; 82.19, subdivision  
1.34 3; 82.22, subdivisions 1, 6, 7, 8, 9; 82.31, subdivision 6; 82.34, subdivision 16;  
1.35 82.41, subdivisions 3, 7; 332.31, subdivision 7; 332.335; Minnesota Statutes  
1.36 2009 Supplement, sections 65B.133, subdivision 3; 72B.02, subdivision 11.

1.37 May 14, 2010

1.38 The Honorable James P. Metzen  
1.39 President of the Senate

1.40 The Honorable Margaret Anderson Kelliher

2.1 Speaker of the House of Representatives

2.2 We, the undersigned conferees for S.F. No. 2839 report that we have agreed upon  
2.3 the items in dispute and recommend as follows:

2.4 That the House recede from its amendments and that S.F. No. 2839 be further  
2.5 amended as follows:

2.6 Delete everything after the enacting clause and insert:

2.7 "Section 1. Minnesota Statutes 2008, section 45.0112, is amended to read:

2.8 **45.0112 STREET AND E-MAIL ADDRESSES REQUIRED.**

2.9 Licensees or applicants for licenses issued by the commissioner shall provide to the  
2.10 commissioner a residence telephone number, a street address where the licensee actually  
2.11 resides, ~~and~~ a street address where the licensee's business is physically located, and a  
2.12 current e-mail address for business use. ~~A post office box address is not sufficient to~~  
2.13 ~~satisfy this requirement.~~ The individual shall notify the department of any change in street  
2.14 address, e-mail address for business use, or residence telephone number within ten days.

2.15 Sec. 2. Minnesota Statutes 2009 Supplement, section 45.027, subdivision 1, is  
2.16 amended to read:

2.17 Subdivision 1. **General powers.** In connection with the duties and responsibilities  
2.18 entrusted to the commissioner, and Laws 1993, chapter 361, section 2, the commissioner  
2.19 of commerce may:

2.20 (1) make public or private investigations within or without this state as the  
2.21 commissioner considers necessary to determine whether any person has violated or is  
2.22 about to violate any law, rule, or order related to the duties and responsibilities entrusted  
2.23 to the commissioner;

2.24 (2) require or permit any person to file a statement in writing, under oath or otherwise  
2.25 as the commissioner determines, as to all the facts and circumstances concerning the  
2.26 matter being investigated;

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

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

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

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

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

3.7 (8) assess a ~~licensee~~ natural person or entity subject to the jurisdiction of the  
3.8 commissioner the necessary expenses of the investigation performed by the department  
3.9 when an investigation is made by order of the commissioner. The cost of the investigation  
3.10 shall be determined by the commissioner and is based on the salary cost of investigators  
3.11 or assistants and at an average rate per day or fraction thereof so as to provide for the  
3.12 total cost of the investigation. All money collected must be deposited into the general  
3.13 fund. A natural person licensed under chapter 60K or 82 shall not be charged costs of  
3.14 an investigation if the investigation results in no finding of a violation. This clause  
3.15 does not apply to a natural person or entity already subject to the assessment provisions  
3.16 of sections 60A.03 and 60A.031.

3.17 Sec. 3. Minnesota Statutes 2009 Supplement, section 45.30, subdivision 4, is amended  
3.18 to read:

3.19 Subd. 4. **Credit earned.** (a) Upon completion of approved courses, students must  
3.20 earn one hour of continuing education credit for each hour approved by the commissioner.  
3.21 Continuing education courses must be attended in their entirety in order to receive credit  
3.22 for the number of approved hours.

3.23 (b) Qualified instructors will earn three hours of continuing education credit for  
3.24 each classroom hour of approved instruction that they deliver (1) independently, or (2)  
3.25 as part of a team presentation in a course of two hours or less, if they attend the course  
3.26 in its entirety. For licensees other than appraisers, no more than half of the continuing  
3.27 education hours required for renewal of a license may be earned as a qualified instructor at  
3.28 the rate of three hours of continuing education credit for each classroom hour of approved  
3.29 instruction. For licensed appraisers, no more than one-half of the continuing education  
3.30 hours required for renewal of a license may be earned as a qualified instructor. No credit  
3.31 will be earned if the licensee has previously obtained credit for the same course as either  
3.32 a student or instructor during the same licensing period.

3.33 (c) A licensee must not receive credit for more than eight hours of continuing  
3.34 education in one day.

4.1 Sec. 4. Minnesota Statutes 2008, section 60A.031, subdivision 4, is amended to read:

4.2 Subd. 4. **Examination report; foreign and domestic companies.** (a) The  
4.3 commissioner shall make a full and true report of every examination conducted pursuant  
4.4 to this chapter, which shall include (1) a statement of findings of fact relating to the  
4.5 financial status and other matters ascertained from the books, papers, records, documents,  
4.6 and other evidence obtained by investigation and examination or ascertained from  
4.7 the testimony of officers, agents, or other persons examined under oath concerning the  
4.8 business, affairs, assets, obligations, ability to fulfill obligations, and compliance with  
4.9 all the provisions of the law of the company, applicant, organization, or person subject  
4.10 to this chapter and (2) a summary of important points noted in the report, conclusions,  
4.11 recommendations and suggestions as may reasonably be warranted from the facts so  
4.12 ascertained in the examinations. The report of examination shall be verified by the oath  
4.13 of the examiner in charge thereof, and shall be prima facie evidence in any action or  
4.14 proceedings in the name of the state against the company, applicant, organization, or  
4.15 person upon the facts stated therein.

4.16 (b) No later than 60 days following completion of the examination, the examiner  
4.17 in charge shall file with the department a verified written report of examination under  
4.18 oath. Upon receipt of the verified report, the department shall transmit the report to the  
4.19 company examined, together with a notice which provides the company examined with a  
4.20 reasonable opportunity of not more than 30 days to make a written submission or rebuttal  
4.21 with respect to matters contained in the examination report.

4.22 (c) Within 30 days of the end of the period allowed for the receipt of written  
4.23 submissions or rebuttals, the commissioner shall fully consider and review the report,  
4.24 together with the written submissions or rebuttals and the relevant portions of the  
4.25 examiner's workpapers and enter an order:

4.26 (1) adopting the examination report as filed or with modification or corrections. If  
4.27 the examination report reveals that the company is operating in violation of any law, rule,  
4.28 or prior order of the commissioner, the commissioner may order the company to take any  
4.29 action the commissioner considers necessary and appropriate to cure the violation;

4.30 (2) rejecting the examination report with directions to the examiners to reopen the  
4.31 examination for purposes of obtaining additional data, documentation, or information,  
4.32 and refile the report as required under paragraph (b); or

4.33 (3) calling for an investigatory hearing with no less than 20 days' notice to the  
4.34 company for purposes of obtaining additional documentation, data, information, and  
4.35 testimony.

5.1 (d)(1) All orders entered under paragraph (c), clause (1), must be accompanied by  
5.2 findings and conclusions resulting from the commissioner's consideration and review of  
5.3 the examination report, relevant examiner workpapers, and any written submissions or  
5.4 rebuttals. The order is a final administrative decision and may be appealed as provided  
5.5 under chapter 14. The order must be served upon the company by certified mail, together  
5.6 with a copy of the adopted examination report. Within 30 days of the issuance of the  
5.7 adopted report, the company shall file affidavits executed by each of its directors stating  
5.8 under oath that they have received a copy of the adopted report and related orders.

5.9 (2) A hearing conducted under paragraph (c), clause (3), by the commissioner or  
5.10 authorized representative, must be conducted as a nonadversarial confidential investigatory  
5.11 proceeding as necessary for the resolution of inconsistencies, discrepancies, or disputed  
5.12 issues apparent upon the face of the filed examination report or raised by or as a result of  
5.13 the commissioner's review of relevant workpapers or by the written submission or rebuttal  
5.14 of the company. Within 20 days of the conclusion of the hearing, the commissioner shall  
5.15 enter an order as required under paragraph (c), clause (1).

5.16 (3) The commissioner shall not appoint an examiner as an authorized representative  
5.17 to conduct the hearing. The hearing must proceed expeditiously. Discovery by the  
5.18 company is limited to the examiner's workpapers which tend to substantiate assertions in a  
5.19 written submission or rebuttal. The commissioner or the commissioner's representative  
5.20 may issue subpoenas for the attendance of witnesses or the production of documents  
5.21 considered relevant to the investigation whether under the control of the department, the  
5.22 company, or other persons. The documents produced must be included in the record.  
5.23 Testimony taken by the commissioner or the commissioner's representative must be under  
5.24 oath and preserved for the record.

5.25 This section does not require the department to disclose information or records  
5.26 which would indicate or show the existence or content of an investigation or activity of a  
5.27 criminal justice agency.

5.28 (4) The hearing must proceed with the commissioner or the commissioner's  
5.29 representative posing questions to the persons subpoenaed. Thereafter, the company and  
5.30 the department may present testimony relevant to the investigation. Cross-examination  
5.31 may be conducted only by the commissioner or the commissioner's representative. The  
5.32 company and the department shall be permitted to make closing statements and may  
5.33 be represented by counsel of their choice.

5.34 (e)(1) Upon the adoption of the examination report under paragraph (c), clause (1),  
5.35 the commissioner shall continue to hold the content of the examination report as private  
5.36 and confidential information for a period of 30 days except as otherwise provided in

6.1 paragraph (b). Thereafter, the commissioner may open the report for public inspection if a  
6.2 court of competent jurisdiction has not stayed its publication.

6.3 (2) Nothing contained in this subdivision prevents or shall be construed as  
6.4 prohibiting the commissioner from disclosing the content of an examination report,  
6.5 preliminary examination report or results, or any matter relating to the reports, to the  
6.6 Commerce Department or the insurance department of another state or country, or to law  
6.7 enforcement officials of this or another state or agency of the federal government at any  
6.8 time, if the agency or office receiving the report or matters relating to the report agrees in  
6.9 writing to hold it confidential and in a manner consistent with this subdivision.

6.10 (3) If the commissioner determines that regulatory action is appropriate as a result of  
6.11 an examination, the commissioner may initiate proceedings or actions as provided by law.

6.12 (f) All working papers, recorded information, documents and copies thereof  
6.13 produced by, obtained by, or disclosed to the commissioner or any other person in the  
6.14 course of an examination made under this subdivision, or in the course of market analysis,  
6.15 must be given confidential treatment and are not subject to subpoena and may not be made  
6.16 public by the commissioner or any other person, except to the extent provided in paragraph  
6.17 (e). Access may also be granted to the National Association of Insurance Commissioners  
6.18 (NAIC), the National Association of Securities Dealers Financial Industry Regulatory  
6.19 Authority, and any national securities association registered under the Securities Exchange  
6.20 Act of 1934. The parties must agree in writing prior to receiving the information to  
6.21 provide to it the same confidential treatment as required by this section, unless the prior  
6.22 written consent of the company to which it pertains has been obtained. For purposes of  
6.23 this section, "market analysis" means a process whereby market conduct surveillance  
6.24 personnel collect and analyze information from filed schedules, surveys, required reports,  
6.25 such as the NAIC Market Conduct Annual Statement, or other sources in order to develop  
6.26 a baseline profile of an insurer, review the operation or activity of an insurer, or to  
6.27 identify patterns or practices of insurers licensed to do business in this state that deviate  
6.28 significantly from the norm or that may pose a potential risk to the insurance consumer.

6.29 Sec. 5. Minnesota Statutes 2008, section 60A.084, is amended to read:

6.30 **60A.084 NOTIFICATION ON GROUP POLICIES.**

6.31 An employer providing life or health benefits may not change benefits, limit  
6.32 coverage, or otherwise restrict participation until the certificate holder or enrollee has  
6.33 been notified of any changes, limitations, or restrictions. Notice in a format which  
6.34 meets the requirements of the ~~Employee Retirement Income Security Act, United States~~

7.1 ~~Code Annotated, title 29, sections 1001 to 1461, United States Department of Labor is~~  
7.2 ~~satisfactory for compliance with this section.~~

7.3 Sec. 6. Minnesota Statutes 2008, section 60A.204, is amended to read:

7.4 **60A.204 ADDITIONAL CHARGES AND FEES AND COMMISSIONS.**

7.5 ~~Subdivision 1. **Placement fees.** A surplus lines licensee may charge, in addition to~~  
7.6 ~~the premium charged by an eligible or ineligible surplus lines insurer, a fee to cover the~~  
7.7 ~~cost incurred in the placement of the policy which exceeds \$25, but only to the extent that~~  
7.8 ~~the actual additional cost incurred for services performed by persons or entities unrelated~~  
7.9 ~~to the licensee exceeds that amount.~~

7.10 ~~Subd. 2. **Regulation of fees.** A surplus lines licensee may charge a fee charged~~  
7.11 ~~pursuant to subdivision 1 shall and commission, in addition to the premium, that is not be~~  
7.12 ~~excessive or discriminatory. The licensee shall maintain complete documentation of all~~  
7.13 ~~fees and commissions charged. Those fees shall not be included as part of the premium for~~  
7.14 ~~purposes of the computation of the premium taxes.~~

7.15 ~~Subd. 3. **Commission charges.** Notwithstanding the provisions of subdivision 1, a~~  
7.16 ~~licensee may add a commission charge if the insurer quotes a rate net of commission and~~  
7.17 ~~the commission is not excessive or discriminatory.~~

7.18 Sec. 7. Minnesota Statutes 2008, section 60A.36, is amended by adding a subdivision  
7.19 to read:

7.20 Subd. 2a. **Third-party notices.** An insurer shall provide notice to a third party if:

7.21 (1) the policyholder has, separately from the certificate, notified the insurer of the  
7.22 identity of the third party; and

7.23 (2) the third party is a licensing authority authorized by statute to receive the notice or  
7.24 a state, city, or county governmental unit on whose behalf the insured is providing services.

7.25 Sec. 8. Minnesota Statutes 2009 Supplement, section 60A.39, subdivision 1, is  
7.26 amended to read:

7.27 Subdivision 1. **Issuance.** A licensed insurer or insurance producer may provide to a  
7.28 third party a certificate of insurance which documents insurance coverage. ~~The purpose of~~  
7.29 For the purposes of this chapter, a certificate of insurance is to provide a document that  
7.30 provides evidence of property or liability insurance coverage and the amount of insurance  
7.31 issued, and does not convey any contractual rights to the certificate holder.

8.1 Sec. 9. Minnesota Statutes 2009 Supplement, section 60A.39, subdivision 4, is  
8.2 amended to read:

8.3 Subd. 4. **Cancellation notice.** A certificate provided to a third party must not  
8.4 provide for notice of cancellation that exceeds the statutory notice of cancellation provided  
8.5 to the policyholder or a period of notice specified in the policy.

8.6 Sec. 10. Minnesota Statutes 2009 Supplement, section 60A.39, subdivision 5, is  
8.7 amended to read:

8.8 Subd. 5. **Filing.** An insurer not using the standard ACORD or ISO form "Certificate  
8.9 of Insurance" shall file with the commissioner, prior to its use, ~~the form of certificate or~~  
8.10 ~~memorandum of insurance coverage that will be used~~ a similar alternative "Certificate  
8.11 of Insurance" covering the same information for use by the insurer. Filed forms may not  
8.12 be amended at the request of a third party.

8.13 **EFFECTIVE DATE.** This section is effective January 1, 2011.

8.14 Sec. 11. Minnesota Statutes 2009 Supplement, section 60A.9572, subdivision 6,  
8.15 is amended to read:

8.16 Subd. 6. **Disclosures.** The applicant shall provide information on forms required  
8.17 by the commissioner. The commissioner shall have authority, at any time, to require  
8.18 the applicant to fully disclose the identity of all stockholders who hold more than ten  
8.19 percent of the shares of the company, partners, officers, members, and employees, and  
8.20 the commissioner may, in the exercise of the commissioner's discretion, refuse to issue a  
8.21 license in the name of a legal entity if not satisfied that any officer, employee, stockholder,  
8.22 partner, or member of the legal entity who may materially influence the applicant's  
8.23 conduct meets the standards of sections 60A.957 to 60A.9585.

8.24 Sec. 12. Minnesota Statutes 2008, section 60K.31, subdivision 10, is amended to read:

8.25 Subd. 10. **Limited lines insurance.** "Limited lines insurance" means those lines  
8.26 of insurance defined in section 60K.38, subdivision 1, paragraph (c), or any other line of  
8.27 insurance that the commissioner considers necessary to recognize for the purposes of  
8.28 complying with section 60K.39, subdivision ~~5~~ 6.

8.29 Sec. 13. Minnesota Statutes 2009 Supplement, section 60K.361, is amended to read:

8.30 **60K.361 INSURANCE EDUCATION.**

8.31 (a) Prelicense education must consist of 20 hours of education per line of authority.



9.1 (b) The ~~first ten hours~~ course must ~~be~~ include an introduction to insurance and  
9.2 insurance-related concepts covering all of the major lines of authority except variable life  
9.3 and variable annuities. The course must consist of the following:

- 9.4 (1) rules, regulations, and law;
- 9.5 (2) basic fundamentals of insurance;
- 9.6 (3) property:
  - 9.7 (i) types of policies;
  - 9.8 (ii) policy provisions;
  - 9.9 (iii) perils, exclusions, deductibles, and liability; and
  - 9.10 (iv) evaluating needs;
- 9.11 (4) casualty:
  - 9.12 (i) types of policies;
  - 9.13 (ii) policy provisions;
  - 9.14 (iii) perils, exclusions, deductibles, and liability; and
  - 9.15 (iv) evaluating needs;
- 9.16 (5) life:
  - 9.17 (i) types of policies;
  - 9.18 (ii) policy provisions; and
  - 9.19 (iii) group insurance; and
- 9.20 (6) accident and health:
  - 9.21 (i) types of policies;
  - 9.22 (ii) policy provisions; and
  - 9.23 (iii) group insurance.

9.24 (c) ~~The second ten hours of insurance prelicense education must be composed of~~  
9.25 Courses that cover a specific major line of authority ~~and consist of~~ must include the  
9.26 following:

- 9.27 (1) life:
  - 9.28 (i) types of life insurance policies; and
  - 9.29 (ii) Minnesota laws, rules, and regulations pertinent to life insurance;
- 9.30 (2) accident and health:
  - 9.31 (i) types of health insurance policies; and
  - 9.32 (ii) Minnesota laws, rules, and regulations pertinent to accident and health insurance;
- 9.33 (3) property:
  - 9.34 (i) personal lines;
  - 9.35 (ii) commercial lines; and
  - 9.36 (iii) Minnesota laws, rules, and regulations pertinent to property insurance.

- 10.1 (4) casualty:
- 10.2 (i) personal lines;
- 10.3 (ii) commercial lines; and
- 10.4 (iii) Minnesota laws, rules, and regulations pertinent to casualty insurance; and
- 10.5 (5) personal lines:
- 10.6 (i) types of property/casualty personal lines insurance policies; and
- 10.7 (ii) Minnesota laws, rules, and regulations pertinent to property/casualty personal
- 10.8 lines insurance.

10.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

10.10 Sec. 14. Minnesota Statutes 2008, section 61A.092, subdivision 3, is amended to read:

10.11 Subd. 3. **Notice of options.** Upon termination of or layoff from employment

10.12 of a covered employee, the employer shall inform the employee within 14 days after

10.13 termination or layoff of:

10.14 (1) the employee's right to elect to continue the coverage;

10.15 (2) the amount the employee must pay monthly to the employer to retain the

10.16 coverage;

10.17 (3) the manner in which and the office of the employer to which the payment to

10.18 the employer must be made; and

10.19 (4) the time by which the payments to the employer must be made to retain coverage.

10.20 The employee has 60 days within which to elect coverage. The 60-day period shall

10.21 begin to run on the date coverage would otherwise terminate or on the date upon which

10.22 notice of the right to coverage is received, whichever is later.

10.23 If the covered employee or covered dependent dies during the 60-day election period

10.24 and before the covered employee makes an election to continue or reject continuation,

10.25 then the covered employee will be considered to have elected continuation of coverage.

10.26 The beneficiary previously selected by the former employee or covered dependent would

10.27 then be entitled to a death benefit equal to the amount of insurance that could have been

10.28 continued less any unpaid premium owing as of the date of death.

10.29 Notice must be in writing and sent by first class mail to the employee's last known

10.30 address which the employee has provided to the employer.

10.31 A notice in substantially the following form is sufficient: "As a terminated or laid

10.32 off employee, the law authorizes you to maintain your group insurance benefits, in an

10.33 amount equal to the amount of insurance in effect on the date you terminated or were laid

10.34 off from employment, for a period of up to 18 months. To do so, you must notify your

10.35 former employer within 60 days of your receipt of this notice that you intend to retain this

11.1 coverage and must make a monthly payment of \$..... at ..... by the ..... of  
11.2 each month."

11.3 Sec. 15. Minnesota Statutes 2008, section 62A.046, subdivision 6, is amended to read:

11.4 Subd. 6. **Coordination of benefits.** Insurers, vendors of risk management  
11.5 services, nonprofit health service plan corporations, fraternal, and health maintenance  
11.6 organizations may coordinate benefits to prohibit greater than 100 percent coverage when  
11.7 an insured, subscriber, or enrollee is covered by both an individual and a group contract  
11.8 providing coverage for hospital and medical treatment or expenses. Benefits coordinated  
11.9 under this paragraph must provide for 100 percent coverage of an insured, subscriber,  
11.10 or enrollee. To the extent appropriate, all coordination of benefits provisions currently  
11.11 applicable by law or rule to insurers, vendors of risk management services, nonprofit  
11.12 health service plan corporations, fraternal, and health maintenance organizations, shall  
11.13 apply to coordination of benefits between individual and group contracts, ~~except that the~~  
11.14 ~~group contract shall always be the primary plan.~~ Notwithstanding the definition of "plan"  
11.15 in Minnesota Rules, part 2742.0200, subpart 2, and in Minnesota Rules, part 4685.0910,  
11.16 subpart 7, an individual contract must coordinate benefits with a group contract under this  
11.17 subdivision consistent with applicable coordination of benefit rules. When a covered  
11.18 person's other coverage is Medicare or TRICARE, a health plan company must determine  
11.19 primacy and coordinate benefits in accordance with the Medicare Secondary Payor or  
11.20 TRICARE provisions of federal law. This paragraph does not apply to specified accident,  
11.21 hospital indemnity, specified disease, or other limited benefit insurance policies.

11.22 Sec. 16. Minnesota Statutes 2008, section 62A.046, is amended by adding a  
11.23 subdivision to read:

11.24 Subd. 7. **High-deductible health plans.** If a health carrier is advised by a covered  
11.25 person that all health plans covering the person are high-deductible health plans and  
11.26 the person intends to contribute to a health savings account established in accordance  
11.27 with section 223 of the Internal Revenue Code of 1986, the primary high-deductible  
11.28 health plan's deductible is not an allowable expense, except for any health care expense  
11.29 incurred that may not be subject to the deductible as described in section 223(c)(2)(C) of  
11.30 the Internal Revenue Code of 1986.

11.31 Sec. 17. Minnesota Statutes 2008, section 62A.17, subdivision 5, is amended to read:

12.1 Subd. 5. **Notice of options.** Upon the termination of or lay off from employment of  
12.2 an eligible employee, the employer shall inform the employee within ~~ten~~ 14 days after  
12.3 termination or lay off of:

12.4 ~~(a)~~ (1) the right to elect to continue the coverage;

12.5 ~~(b)~~ (2) the amount the employee must pay monthly to the employer to retain the  
12.6 coverage;

12.7 ~~(c)~~ (3) the manner in which and the office of the employer to which the payment to  
12.8 the employer must be made; and

12.9 ~~(d)~~ (4) the time by which the payments to the employer must be made to retain  
12.10 coverage.

12.11 If the policy, contract, or health care plan is administered by a trust, the employer is  
12.12 relieved of the obligation imposed by clauses ~~(a)~~ (1) to ~~(d)~~ (4). The trust shall inform the  
12.13 employee of the information required by clauses ~~(a)~~ (1) to ~~(d)~~ (4).

12.14 The employee shall have 60 days within which to elect coverage. The 60-day period  
12.15 shall begin to run on the date plan coverage would otherwise terminate or on the date upon  
12.16 which notice of the right to coverage is received, whichever is later.

12.17 Notice must be in writing and sent by first class mail to the employee's last known  
12.18 address which the employee has provided the employer or trust.

12.19 A notice in substantially the following form shall be sufficient: "As a terminated or  
12.20 laid off employee, the law authorizes you to maintain your group medical insurance for  
12.21 a period of up to 18 months. To do so you must notify your former employer within 60  
12.22 days of your receipt of this notice that you intend to retain this coverage and must make a  
12.23 monthly payment of \$..... to ..... at ..... by the ..... of each month."

12.24 Sec. 18. Minnesota Statutes 2008, section 62A.3099, subdivision 17, is amended to  
12.25 read:

12.26 Subd. 17. **Medicare-related coverage.** "Medicare-related coverage" means a  
12.27 policy, contract, or certificate issued as a supplement to Medicare, regulated under  
12.28 sections 62A.3099 to 62A.44, including Medicare select coverage; policies, contracts,  
12.29 or certificates that supplement Medicare issued by health maintenance organizations; or  
12.30 policies, contracts, or certificates governed by section 1833 (known as "~~cost~~" or "HCPP"  
12.31 contracts) or 1876 (known as "~~TEFRA~~" or "~~risk~~" "Cost" contracts) of the federal Social  
12.32 Security Act, United States Code, title 42, section 1395, et seq., as amended; or Section  
12.33 4001 of the Balanced Budget Act of 1997 (BBA)(Public Law 105-33), Sections 1851 to  
12.34 1859 of the Social Security Act establishing Part C of the Medicare program, known as  
12.35 the "Medicare Advantage program."

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

13.2 Sec. 19. Minnesota Statutes 2009 Supplement, section 62A.3099, subdivision 18,  
13.3 is amended to read:

13.4 Subd. 18. **Medicare supplement policy or certificate.** "Medicare supplement  
13.5 policy or certificate" means a group or individual policy of accident and sickness insurance  
13.6 or a subscriber contract of hospital and medical service associations or health maintenance  
13.7 organizations, other than those policies or certificates covered by section ~~1833~~ 1876 of the  
13.8 federal Social Security Act, United States Code, title 42, section 1395, et seq., or an issued  
13.9 policy under a demonstration project specified under amendments to the federal Social  
13.10 Security Act, which is advertised, marketed, or designed primarily as a supplement to  
13.11 reimbursements under Medicare for the hospital, medical, or surgical expenses of persons  
13.12 eligible for Medicare or as a supplement to Medicare Advantage plans established under  
13.13 Medicare Part C. "Medicare supplement policy" does not include Medicare Advantage  
13.14 plans established under Medicare Part C, outpatient prescription drug plans established  
13.15 under Medicare Part D, ~~or~~ any health care prepayment plan that provides benefits under an  
13.16 agreement under section 1833(a)(1)(A) of the Social Security Act, or any policy issued to  
13.17 an employer or employers or to the trustee of a fund established by an employer where  
13.18 only employees or retirees, and dependents of employees or retirees, are eligible for  
13.19 coverage, or any policy issued to a labor union or similar employee organization.

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

13.21 Sec. 20. Minnesota Statutes 2008, section 62A.65, subdivision 2, is amended to read:

13.22 Subd. 2. **Guaranteed renewal.** No individual health plan may be offered, sold,  
13.23 issued, or renewed to a Minnesota resident unless the health plan provides that the plan  
13.24 is guaranteed renewable at a premium rate that does not take into account the claims  
13.25 experience or any change in the health status of any covered person that occurred after  
13.26 the initial issuance of the health plan to the person. The premium rate upon renewal  
13.27 must also otherwise comply with this section. A health carrier must not refuse to renew  
13.28 an individual health plan ~~prior to enrollment in Medicare Parts A and B~~, except for  
13.29 nonpayment of premiums, fraud, or misrepresentation.

13.30 Sec. 21. Minnesota Statutes 2008, section 62E.02, subdivision 15, is amended to read:

13.31 Subd. 15. **Medicare.** "Medicare" means ~~part A and part B of the United States~~  
13.32 ~~Social Security Act, title XVIII, as amended, United States Code, title 42, sections 1394, et~~  
13.33 ~~seq.~~ the Health Insurance for the Aged Act, title XVIII of the Social Security Amendments

14.1 of 1965, United States Code, title 42, sections 1395 to 1395hhh, as amended, or title I,  
14.2 part I, of Public Law 89-97, as amended.

14.3 Sec. 22. Minnesota Statutes 2008, section 62E.14, subdivision 4c, is amended to read:

14.4 Subd. 4c. **Waiver of preexisting conditions for persons whose coverage is**  
14.5 **terminated or who exceed the maximum lifetime benefit.** (a) A Minnesota resident  
14.6 may enroll in the comprehensive health plan with a waiver of the preexisting condition  
14.7 limitation described in subdivision 3 if that persons's application for coverage is received  
14.8 by the writing carrier no later than 90 days after termination of prior coverage and if the  
14.9 termination is for reasons other than fraud or nonpayment of premiums.

14.10 For purposes of this paragraph, termination of prior coverage includes exceeding the  
14.11 maximum lifetime benefit of existing coverage.

14.12 Coverage in the comprehensive health plan is effective on the date of termination  
14.13 of prior coverage. The availability of conversion rights does not affect a person's rights  
14.14 under this paragraph.

14.15 This section does not apply to prior coverage provided under policies designed  
14.16 primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense  
14.17 incurred basis, or policies providing only accident coverage.

14.18 (b) An eligible individual, as defined under the Health Insurance Portability and  
14.19 Accountability Act (HIPAA), United States Code, chapter 42, section 300gg-41(b) may  
14.20 enroll in the comprehensive health insurance plan with a waiver of the preexisting  
14.21 condition limitation described in subdivision 3 and a waiver of the evidence of rejection or  
14.22 similar events described in subdivision 1, clause (c). The eligible individual must apply  
14.23 for enrollment under this paragraph by submitting a substantially complete application  
14.24 that is received by the writing carrier no later than 63 days after termination of prior  
14.25 coverage, and coverage under the comprehensive health insurance plan is effective as  
14.26 of the date of receipt of the complete application. The six-month durational residency  
14.27 requirement provided in section 62E.02, subdivision 13, does not apply with respect to  
14.28 eligibility for enrollment under this paragraph, but the applicant must be a Minnesota  
14.29 resident as of the date that the application was received by the writing carrier. A person's  
14.30 eligibility to enroll under this paragraph does not affect the person's eligibility to enroll  
14.31 under any other provision.

14.32 (c) A qualifying individual, as defined in the Internal Revenue Code of 1986, section  
14.33 35(e)(2)(B), who is eligible under the Federal Trade Act of 2002 for the ~~credit~~ Health  
14.34 Coverage Tax Credit (HCTC) for health insurance costs under the Internal Revenue Code  
14.35 of 1986, section 35, may enroll in the comprehensive health insurance plan with a waiver

15.1 of the preexisting condition limitation described in subdivision 3, and without presenting  
15.2 evidence of rejection or similar requirements described in subdivision 1, paragraph (c).  
15.3 The six-month durational residency requirement provided in section 62E.02, subdivision  
15.4 13, does not apply with respect to eligibility for enrollment under this paragraph, but the  
15.5 applicant must be a Minnesota resident as of the date of application. A person's eligibility  
15.6 to enroll under this paragraph does not affect the person's eligibility to enroll under any  
15.7 other provision. This paragraph is intended solely to meet the minimum requirements  
15.8 necessary to qualify the comprehensive health insurance plan as qualified health coverage  
15.9 under the Internal Revenue Code of 1986, section 35(e)(2).

15.10 Sec. 23. Minnesota Statutes 2008, section 62L.05, subdivision 4, is amended to read:

15.11 Subd. 4. **Benefits.** The medical services and supplies listed in this subdivision are  
15.12 the benefits that must be covered by the small employer plans described in subdivisions  
15.13 2 and 3. Benefits under this subdivision may be provided through the managed care  
15.14 procedures practiced by health carriers:

15.15 (1) inpatient and outpatient hospital services, excluding services provided for the  
15.16 diagnosis, care, or treatment of chemical dependency or a mental illness or condition,  
15.17 other than those conditions specified in clauses (10), and (11), ~~and (12)~~. The health  
15.18 care services required to be covered under this clause must also be covered if rendered  
15.19 in a nonhospital environment, on the same basis as coverage provided for those same  
15.20 treatments or services if rendered in a hospital, provided, however, that this sentence must  
15.21 not be interpreted as expanding the types or extent of services covered;

15.22 (2) physician, chiropractor, and nurse practitioner services for the diagnosis or  
15.23 treatment of illnesses, injuries, or conditions;

15.24 (3) diagnostic x-rays and laboratory tests;

15.25 (4) ground transportation provided by a licensed ambulance service to the nearest  
15.26 facility qualified to treat the condition, or as otherwise required by the health carrier;

15.27 (5) services of a home health agency if the services qualify as reimbursable services  
15.28 under Medicare;

15.29 (6) services of a private duty registered nurse if medically necessary, as determined  
15.30 by the health carrier;

15.31 (7) the rental or purchase, as appropriate, of durable medical equipment, other than  
15.32 eyeglasses and hearing aids, unless coverage is required under section 62Q.675;

15.33 (8) child health supervision services up to age 18, as defined in section 62A.047;

15.34 (9) maternity and prenatal care services, as defined in sections 62A.041 and 62A.047;

16.1 (10) inpatient hospital and outpatient services for the diagnosis and treatment of  
16.2 certain mental illnesses or conditions, as defined by the International Classification of  
16.3 Diseases-Clinical Modification (ICD-9-CM), seventh edition (1990) and as classified  
16.4 as ICD-9 codes 295 to 299; and

16.5 ~~(11) ten hours per year of outpatient mental health diagnosis or treatment for~~  
16.6 ~~illnesses or conditions not described in clause (10);~~

16.7 ~~(12) 60 hours per year of outpatient treatment of chemical dependency; and~~

16.8 ~~(13) (11) 50 percent of eligible charges for prescription drugs, up to a separate~~  
16.9 ~~annual maximum out-of-pocket expense of \$1,000 per individual for prescription drugs,~~  
16.10 ~~and 100 percent of eligible charges thereafter.~~

16.11 Sec. 24. **[62L.0561] FLEXIBLE BENEFITS PLANS.**

16.12 Subdivision 1. Definitions. For the purposes of this section, the terms used in this  
16.13 section have the meanings defined in section 62Q.01, except that "health plan" includes  
16.14 individual coverage and group coverage for employer plans with up to 100 employees.

16.15 Subd. 2. Flexible benefits plan. Notwithstanding any provision of this chapter,  
16.16 chapter 363A, or any other law to the contrary, a health plan company may offer, sell,  
16.17 issue, and renew a health plan that is a flexible benefits plan under this section if the  
16.18 following requirements are satisfied:

16.19 (1) the health plan must be offered in compliance with the laws of this state, except  
16.20 as otherwise permitted in this section;

16.21 (2) the health plan must be designed to enable covered persons to better manage  
16.22 costs and coverage options through the use of co-pays, deductibles, and other cost-sharing  
16.23 arrangements;

16.24 (3) the health plan may modify or exclude any or all coverages of benefits that  
16.25 would otherwise be required by law, except for maternity benefits and other benefits  
16.26 required under federal law;

16.27 (4) each health plan and plan's premiums must be approved by the commissioner  
16.28 of health or commerce, whichever is appropriate under section 62Q.01, subdivision 2,  
16.29 but neither commissioner may disapprove a plan on the grounds of a modification or  
16.30 exclusion permitted under clause (3); and

16.31 (5) prior to the sale of the health plan, the purchaser must be given a written list of  
16.32 the coverages otherwise required by law that are modified or excluded in the health plan.  
16.33 The list must include a description of each coverage in the list and indicate whether the  
16.34 coverage is modified or excluded. If coverage is modified, the list must describe the  
16.35 modification. The list may, but is not required to, also list any or all coverages otherwise



17.1 required by law that are included in the health plan and indicate that they are included.  
17.2 The health plan company must require that a copy of this written list be provided, prior  
17.3 to the effective date of the health plan, to each enrollee or employee who is eligible for  
17.4 health coverage under the plan.

17.5 Subd. 3. **Employer health plan.** An employer may provide a health plan permitted  
17.6 under this section to its employees, the employees' dependents, and other persons eligible  
17.7 for coverage under the employer's plan, notwithstanding chapter 363A or any other law  
17.8 to the contrary.

17.9 **EFFECTIVE DATE.** This section is effective January 1, 2012.

17.10 Sec. 25. Minnesota Statutes 2008, section 62S.24, subdivision 8, is amended to read:

17.11 Subd. 8. **Exchange for long-term care partnership policy; addition of policy**  
17.12 **rider.** ~~(a) If authorized by federal law or a federal waiver is granted~~ With respect to the  
17.13 long-term care partnership program referenced in section 256B.0571, issuers of long-term  
17.14 care policies may voluntarily exchange a current long-term care insurance policy for a  
17.15 long-term care partnership policy that meets the requirements of Public Law 109-171,  
17.16 section 6021, after the effective date of the state plan amendment implementing the  
17.17 partnership program in this state. The exchange may be in the form of: (1) an amendment  
17.18 or rider; or (2) a disclosure statement indicating that the coverage is now partnership  
17.19 qualified.

17.20 ~~(b) If authorized by federal law or a federal waiver is granted~~ With respect to the  
17.21 long-term care partnership program referenced in section 256B.0571, allowing to allow an  
17.22 existing long-term care insurance policy to qualify as a partnership policy by addition of a  
17.23 policy rider or amendment or disclosure statement, the issuer of the policy is authorized to  
17.24 add the rider or amendment or disclosure statement to the policy after the effective date of  
17.25 the state plan amendment implementing the partnership program in this state.

17.26 (c) The commissioner, in cooperation with the commissioner of human services,  
17.27 shall pursue any federal law changes or waivers necessary to allow the implementation  
17.28 of paragraphs (a) and (b).

17.29 Sec. 26. Minnesota Statutes 2008, section 62S.266, subdivision 4, is amended to read:

17.30 Subd. 4. **Contingent benefit upon lapse.** (a) After rejection of the offer required  
17.31 under subdivision 2, for individual and group policies without nonforfeiture benefits  
17.32 issued after July 1, 2001, the insurer shall provide a contingent benefit upon lapse.

18.1 (b) If a group policyholder elects to make the nonforfeiture benefit an option to  
 18.2 the certificate holder, a certificate shall provide either the nonforfeiture benefit or the  
 18.3 contingent benefit upon lapse.

18.4 (c) The contingent benefit on lapse must be triggered every time an insurer increases  
 18.5 the premium rates to a level which results in a cumulative increase of the annual premium  
 18.6 equal to or exceeding the percentage of the insured's initial annual premium based on  
 18.7 the insured's issue age provided in this paragraph, and the policy or certificate lapses  
 18.8 within 120 days of the due date of the premium increase. Unless otherwise required,  
 18.9 policyholders shall be notified at least 30 days prior to the due date of the premium  
 18.10 reflecting the rate increase.

18.11 Triggers for a Substantial Premium Increase

18.12	Issue Age	Percent Increase Over Initial Premium
18.13	29 and Under	200
18.14	30-34	190
18.15	35-39	170
18.16	40-44	150
18.17	45-49	130
18.18	50-54	110
18.19	55-59	90
18.20	60	70
18.21	61	66
18.22	62	62
18.23	63	58
18.24	64	54
18.25	65	50
18.26	66	48
18.27	67	46
18.28	68	44
18.29	69	42
18.30	70	40
18.31	71	38
18.32	72	36
18.33	73	34
18.34	74	32
18.35	75	30
18.36	76	28
18.37	77	26
18.38	78	24
18.39	79	22
18.40	80	20
18.41	81	19

19.1	82	18
19.2	83	17
19.3	84	16
19.4	85	15
19.5	86	14
19.6	87	13
19.7	88	12
19.8	89	11
19.9	90 and over	10

19.10 (d) A contingent benefit on lapse must also be triggered for policies with a fixed  
 19.11 or limited premium paying period every time an insurer increases the premium rates to a  
 19.12 level that results in a cumulative increase of the annual premium equal to or exceeding the  
 19.13 percentage of the insured's initial annual premium set forth below based on the insured's  
 19.14 issue age, the policy or certificate lapses within 120 days of the due date of the premium  
 19.15 so increased, and the ratio in paragraph ~~(e)~~ (f), clause (2), is 40 percent or more. Unless  
 19.16 otherwise required, policyholders shall be notified at least 30 days prior to the due date of  
 19.17 the premium reflecting the rate increase.

19.18	Triggers for a Substantial Premium Increase	
19.19	Issue Age	Percent Increase Over Initial Premium
19.20	Under 65	50%
19.21	65-80	30%
19.22	Over 80	10%

19.23 This provision shall be in addition to the contingent benefit provided by paragraph  
 19.24 (c) and where both are triggered, the benefit provided must be at the option of the insured.

19.25 (e) On or before the effective date of a substantial premium increase as defined in  
 19.26 paragraph (c), the insurer shall:

19.27 (1) offer to reduce policy benefits provided by the current coverage without the  
 19.28 requirement of additional underwriting so that required premium payments are not  
 19.29 increased;

19.30 (2) offer to convert the coverage to a paid-up status with a shortened benefit period  
 19.31 according to the terms of subdivision 5. This option may be elected at any time during the  
 19.32 120-day period referenced in paragraph (c); and

19.33 (3) notify the policyholder or certificate holder that a default or lapse at any time  
 19.34 during the 120-day period referenced in paragraph (c) is deemed to be the election of  
 19.35 the offer to convert in clause (2).

19.36 (f) On or before the effective date of a substantial premium increase as defined in  
 19.37 paragraph (d), the insurer shall:

20.1 (1) offer to reduce policy benefits provided by the current coverage without the  
20.2 requirement of additional underwriting so that required premium payments are not  
20.3 increased;

20.4 (2) offer to convert the coverage to a paid-up status where the amount payable for  
20.5 each benefit is 90 percent of the amount payable in effect immediately prior to lapse times  
20.6 the ratio of the number of completed months of paid premiums divided by the number of  
20.7 months in the premium paying period. This option may be elected at any time during the  
20.8 120-day period referenced in paragraph (d); and

20.9 (3) notify the policyholder or certificate holder that a default or lapse at any time  
20.10 during the 120-day period referenced in paragraph (d) shall be deemed to be the election  
20.11 of the offer to convert in clause (2) if the ratio is 40 percent or more.

20.12 Sec. 27. Minnesota Statutes 2008, section 62S.29, subdivision 1, is amended to read:

20.13 Subdivision 1. **Requirements.** An insurer or other entity marketing long-term care  
20.14 insurance coverage in this state, directly or through its producers, shall:

20.15 (1) establish marketing procedures and agent training requirements to assure that  
20.16 any marketing activities, including any comparison of policies by its agents or other  
20.17 producers, are fair and accurate;

20.18 (2) establish marketing procedures to assure excessive insurance is not sold or issued;

20.19 (3) display prominently by type, stamp, or other appropriate means, on the first page  
20.20 of the outline of coverage and policy, the following:

20.21 "Notice to buyer: This policy may not cover all of the costs associated with  
20.22 long-term care incurred by the buyer during the period of coverage. The buyer is advised  
20.23 to review carefully all policy limitations.";

20.24 (4) provide copies of the disclosure forms required in section 62S.081, subdivision  
20.25 4, to the applicant;

20.26 (5) inquire and otherwise make every reasonable effort to identify whether a  
20.27 prospective applicant or enrollee for long-term care insurance already has long-term care  
20.28 insurance and the types and amounts of the insurance;

20.29 (6) establish auditable procedures for verifying compliance with this subdivision;

20.30 (7) if applicable, provide written notice to the prospective policyholder and  
20.31 certificate holder, at solicitation, that a senior insurance counseling program approved by  
20.32 the commissioner, the Senior LinkAge Line, is available and the name, address, and  
20.33 telephone number of the program;

20.34 (8) use the terms "noncancelable" or "level premium" only when the policy or  
20.35 certificate conforms to section 62S.14; and

21.1 (9) provide an explanation of contingent benefit upon lapse provided for in section  
21.2 62S.266.

21.3 Sec. 28. Minnesota Statutes 2009 Supplement, section 65A.29, subdivision 13, is  
21.4 amended to read:

21.5 Subd. 13. **Notice of possible cancellation.** (a) A written notice must be provided  
21.6 to all applicants for homeowners' insurance, at the time the application is submitted,  
21.7 containing the following language in bold print: "THE INSURER MAY ELECT  
21.8 TO CANCEL COVERAGE AT ANY TIME DURING THE FIRST ~~60~~ 59 DAYS  
21.9 FOLLOWING ISSUANCE OF THE COVERAGE FOR ANY REASON WHICH IS  
21.10 NOT SPECIFICALLY PROHIBITED BY STATUTE."

21.11 (b) If the insurer provides the notice on the insurer's Web site, the insurer or agent  
21.12 may advise the applicant orally or in writing of its availability for review on the insurer's  
21.13 Web site in lieu of providing a written notice, if the insurer advises the applicant of the  
21.14 availability of a written notice upon the applicant's request. The insurer shall provide the  
21.15 notice in writing if requested by the applicant. An oral notice shall be presumed delivered  
21.16 if the agent or insurer makes a contemporaneous notation in the applicant's record of  
21.17 the notice having been delivered or if the insurer or agent retains an audio recording of  
21.18 the notification provided to the applicant.

21.19 Sec. 29. Minnesota Statutes 2008, section 72A.08, subdivision 4, is amended to read:

21.20 Subd. 4. **Exceptions.** (a) The provisions of this section shall not apply to any policy  
21.21 procured by officers, agents, subagents, employees, intermediaries, or representatives  
21.22 wholly and solely upon property of which they are, respectively, the owner at the time of  
21.23 procuring the policy, where the officers, agents, subagents, employees, intermediaries, or  
21.24 representatives are, and have been for more than six months prior to the issuing of the  
21.25 policy, regularly employed by, or connected with, the company or association issuing the  
21.26 policy; and any life insurance company doing business in this state may issue industrial  
21.27 policies of life or endowment insurance, with or without annuities, with special rates of  
21.28 premiums less than the usual rates of premiums for these policies, to members of labor  
21.29 organizations, credit unions, lodges, beneficial societies, or similar organizations, or  
21.30 employees of one employer, who, through their secretary or employer, may take out  
21.31 insurance in an aggregate of not less than 50 members and pay their premiums through  
21.32 the secretary or employer.

22.1 (b) A promotional advertising item of \$25 or less or a gift of \$25 or less per year  
22.2 is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an  
22.3 insurance policy or product.

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

22.5 Sec. 30. Minnesota Statutes 2008, section 72A.12, subdivision 4, is amended to read:

22.6 Subd. 4. **Discrimination; rebates.** (a) No life insurance company doing business in  
22.7 this state shall make or permit any distinction or discrimination in favor of individuals  
22.8 between insurants of the same class and equal expectation of life in the amount or  
22.9 payment of premiums or rates charged for policies of life or endowment insurance,  
22.10 or in the dividends or other benefits payable thereon, or in any other of the terms and  
22.11 conditions of the contracts it makes; nor shall any such company or agent thereof make  
22.12 any contract of insurance or agreement as to such contract other than as plainly expressed  
22.13 in the policy issued thereon; nor shall any such company or any officer, agent, solicitor,  
22.14 or representative thereof pay, allow or give, or offer to pay, allow or give, directly or  
22.15 indirectly, as inducement to insurance, any rebate of premium payable on the policy, or  
22.16 any special favor or advantage in the dividends or other benefits to accrue thereon or any  
22.17 paid employment or contract for services of any kind, or any valuable consideration or  
22.18 inducement whatever not specified in the policy contract of insurance.

22.19 Any violation of the provisions of this subdivision shall be a misdemeanor and  
22.20 punishable as such.

22.21 (b) A promotional advertising item of \$25 or less or a gift of \$25 or less per year  
22.22 is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an  
22.23 insurance policy or product.

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

22.25 Sec. 31. Minnesota Statutes 2008, section 72A.20, subdivision 10, is amended to read:

22.26 Subd. 10. **Rebates.** (a) Except as otherwise expressly provided by law, knowingly  
22.27 permitting or offering to make or making any contract of life insurance, annuity, or  
22.28 accident and health insurance, or agreement as to such contract, other than as plainly  
22.29 expressed in the contract issued thereon, or paying or allowing or giving, or offering to  
22.30 pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity, any  
22.31 rebate of premiums payable on the contract, or any special favor or advantage in the  
22.32 dividends or other benefits thereon, or any valuable consideration or inducement whatever  
22.33 not specified in the contract; or giving or selling or purchasing, or offering to give, sell,

23.1 or purchase, as inducement to such insurance or annuity, or in connection therewith,  
23.2 any stocks, bonds, or other securities of any insurance company or other corporation,  
23.3 association, or partnership, or any dividends or profits accrued thereon, or anything  
23.4 of value whatsoever not specified in the contract, shall constitute an unfair method of  
23.5 competition and an unfair and deceptive act or practice.

23.6 (b) A promotional advertising item of \$25 or less or a gift of \$25 or less per year  
23.7 is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an  
23.8 insurance policy or product.

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

23.10 Sec. 32. Minnesota Statutes 2008, section 72A.20, subdivision 36, is amended to read:

23.11 Subd. 36. **Limitations on the use of credit information.** (a) No insurer or group of  
23.12 affiliated insurers may reject, cancel, or nonrenew a policy of private passenger motor  
23.13 vehicle insurance as defined under section 65B.01 or a policy of homeowner's insurance  
23.14 as defined under section 65A.27, for any person in whole or in part on the basis of credit  
23.15 information, including a credit reporting product known as a "credit score" or "insurance  
23.16 score," without consideration and inclusion of any other applicable underwriting factor.

23.17 (b) If credit information, credit scoring, or insurance scoring is to be used in  
23.18 underwriting, the insurer must disclose to the consumer that credit information will be  
23.19 obtained and used as part of the insurance underwriting process.

23.20 (c) Insurance inquiries and non-consumer-initiated inquiries must not be used as part  
23.21 of the credit scoring or insurance scoring process.

23.22 (d) If a credit score, insurance score, or other credit information relating to a  
23.23 consumer, with respect to the types of insurance referred to in paragraph (a), is adversely  
23.24 impacted or cannot be generated because of the absence of a credit history, the insurer  
23.25 must exclude the use of credit as a factor in the decision to reject, cancel, or nonrenew.

23.26 (e) Insurers must upon the request of a policyholder reevaluate the policyholder's  
23.27 score. Any change in premium resulting from the reevaluation must be effective upon  
23.28 the renewal of the policy. An insurer is not required to reevaluate a policyholder's score  
23.29 pursuant to this paragraph more than twice in any given calendar year.

23.30 (f) Insurers must upon request of the applicant or policyholder provide reasonable  
23.31 underwriting exceptions based upon prior credit histories for persons whose credit  
23.32 information is unduly influenced by expenses related to a catastrophic injury or illness,  
23.33 temporary loss of employment, or the death of an immediate family member. The insurer  
23.34 may require reasonable documentation of these events prior to granting an exception.

24.1 (g) A credit scoring or insurance scoring methodology must not be used by an  
24.2 insurer if the credit scoring or insurance scoring methodology incorporates the gender,  
24.3 race, nationality, or religion of an insured or applicant.

24.4 (h) Insurers that employ a credit scoring or insurance scoring system in underwriting  
24.5 of coverage described in paragraph (a) must have on file with the commissioner:

24.6 (1) the insurer's credit scoring or insurance scoring methodology; and

24.7 (2) information that supports the insurer's use of a credit score or insurance score as  
24.8 an underwriting criterion.

24.9 (i) Insurers described in paragraph ~~(g)~~ (h) shall file the required information with the  
24.10 commissioner within 120 days of August 1, 2002, or prior to implementation of a credit  
24.11 scoring or insurance scoring system by the insurer, if that date is later.

24.12 (j) Information provided by, or on behalf of, an insurer to the commissioner under  
24.13 this subdivision is trade secret information under section 13.37.

24.14 Sec. 33. Minnesota Statutes 2008, section 72A.20, subdivision 37, is amended to read:

24.15 Subd. 37. **Electronic transmission of required information.** (a) A health carrier,  
24.16 as defined in section 62A.011, subdivision 2, is not in violation of this chapter for  
24.17 electronically transmitting or electronically making available information otherwise  
24.18 required to be delivered in writing under chapters 62A to 62Q and 72A to an enrollee as  
24.19 defined in section 62Q.01, subdivision 2a, or to a health plan as defined in paragraph (b),  
24.20 and with the requirements of those chapters if the following conditions are met:

24.21 (1) the health carrier informs the group policyholder or the enrollee or both that  
24.22 electronic transmission or access is available and, at the discretion of the health carrier, the  
24.23 enrollee is given one of the following options:

24.24 (i) electronic transmission or access will occur only if the group policyholder or the  
24.25 enrollee or both affirmatively requests to the health carrier that the required information  
24.26 be electronically transmitted or available and a record of that request is retained by the  
24.27 health carrier; or

24.28 (ii) electronic transmission or access will automatically occur if the group  
24.29 policyholder or the enrollee or both has not opted out of that manner of transmission by  
24.30 request to the health carrier and requested that the information be provided in writing. If  
24.31 the group policyholder or the enrollee or both opts out of electronic transmission, a record  
24.32 of that request must be retained by the health carrier;

24.33 (2) the group policyholder or the enrollee or both is allowed to withdraw the request  
24.34 at any time;



25.1 (3) if the information transmitted electronically contains individually identifiable  
25.2 data, it must be transmitted to a secured mailbox. If the information made available  
25.3 electronically contains individually identifiable data, it must be made available at a  
25.4 password-protected secured Web site;

25.5 (4) the group policyholder or the enrollee or both is provided a customer service  
25.6 number on the enrollee's member card that may be called to request a written copy of  
25.7 the document; and

25.8 (5) the electronic transmission or electronic availability meets all other requirements  
25.9 of this chapter including, but not limited to, size of the typeface and any required time  
25.10 frames for distribution.

25.11 (b) For the purpose of this section, "health plan" means a health plan as defined  
25.12 in section 62A.011 or a policy of accident and sickness insurance as defined in section  
25.13 62A.01.

25.14 Sec. 34. Minnesota Statutes 2008, section 72A.492, subdivision 2, is amended to read:

25.15 Subd. 2. **Covered persons.** The rights granted by sections 72A.49 to 72A.505  
25.16 extend to:

25.17 ~~(1) a person who is a resident of this state and is the subject of information collected,~~  
25.18 ~~received, or maintained in connection with an insurance transaction; and~~

25.19 ~~(2) a person who is a resident of this state and engages in or seeks to engage in~~  
25.20 ~~an insurance transaction.~~

25.21 Sec. 35. Minnesota Statutes 2008, section 72A.51, subdivision 2, is amended to read:

25.22 Subd. 2. **Return of policy or contract; notice.** Any individual person may cancel  
25.23 an individual policy of insurance against loss or damage by reason of the sickness of the  
25.24 assured or the assured's dependents, a nonprofit health service plan contract providing  
25.25 benefits for hospital, surgical and medical care, a health maintenance organization  
25.26 subscriber contract, or a policy of insurance authorized by section 60A.06, subdivision 1,  
25.27 clause (4), except Medicare-related coverage as defined in section 62A.3099, subdivision  
25.28 17, and long-term care insurance as defined in section 62S.01, subdivision 18, by  
25.29 returning the policy or contract and by giving written notice of cancellation any time  
25.30 before midnight of the tenth day following the date of purchase. Notice of cancellation  
25.31 may be given personally or by mail. The policy or contract may be returned personally or  
25.32 by mail. If by mail, the notice or return of the policy or contract is effective upon being  
25.33 postmarked, properly addressed and postage prepaid.

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

26.1 Sec. 36. Minnesota Statutes 2008, section 72B.01, is amended to read:

26.2 **72B.01 PURPOSE AND SCOPE.**

26.3 It is the purpose of sections 72B.01 to 72B.14 to provide high quality service to  
26.4 insureds and insurance claimants in the state of Minnesota by providing for well trained  
26.5 adjusters and persons engaged in soliciting business for adjusters, who are qualified to deal  
26.6 with the public in the interest of a fair resolution of insurance claims. ~~Sections 72B.01 to~~  
26.7 ~~72B.14 shall apply to all adjusters, and adjusters' solicitors, except as specifically stated to~~  
26.8 ~~the contrary, but nothing in sections 72B.01 to 72B.14 shall apply to:~~

26.9 ~~(a) An attorney at law who is licensed or otherwise allowed to practice law in this~~  
26.10 ~~state and who does not hold out to be an adjuster, or adjuster's solicitor.~~

26.11 ~~(b) A licensed agent of an authorized insurer who adjusts losses for such insurer~~  
26.12 ~~solely under policies issued by the agent or the agent's agency or on which the agent is the~~  
26.13 ~~agent of record, provided the agent receives no extra compensation for such services.~~

26.14 ~~(c) Personnel of township mutual companies.~~

26.15 ~~(d) Adjusters for crop hail and farm windstorm damage claims who are on the staff~~  
26.16 ~~of companies covering such risks.~~

26.17 ~~(e) Persons who process life insurance annuity contract or accident and health~~  
26.18 ~~insurance claims.~~

26.19 ~~(f) Persons processing or adjusting wet marine or inland transportation claims or~~  
26.20 ~~losses.~~

26.21 Sec. 37. Minnesota Statutes 2009 Supplement, section 72B.03, subdivision 2, is  
26.22 amended to read:

26.23 Subd. 2. **Classes of licenses.** (a) Unless denied licensure pursuant to section 72B.08,  
26.24 persons who have met the requirements of section ~~72B.04~~ 72B.041 must be issued an  
26.25 adjuster license. There shall be four classes of licenses, as follows:

- 26.26 (1) independent adjuster's license;  
26.27 (2) public adjuster's license;  
26.28 (3) public adjuster solicitor's license; and  
26.29 (4) crop hail adjuster's license.

26.30 (b) An independent adjuster and a public adjuster may qualify for a license in one or  
26.31 more of the following lines of authority:

- 26.32 (1) property and casualty; or  
26.33 (2) workers' compensation; or  
26.34 (3) crop.

27.1 (c) Any person holding a license pursuant to this section is not required to hold any  
27.2 other independent adjuster, public adjuster, insurance, or self-insurance administrator  
27.3 license in this state pursuant to section 60A.23, subdivision 8, or any other provision,  
27.4 provided that the person does not act as an adjuster with respect to life, health, or annuity  
27.5 insurance, other than disability insurance.

27.6 (d) An adjuster license remains in effect unless probated, suspended, revoked, or  
27.7 refused as long as the fee set forth in section ~~72B.04, subdivision 10~~ 72B.041, subdivision  
27.8 9, is paid and all other requirements for license renewal are met by the due date, otherwise,  
27.9 the license expires.

27.10 (e) An adjuster whose license expires may, within 12 months of the renewal date,  
27.11 be reissued an adjuster license upon receipt of the renewal request, as prescribed by the  
27.12 commissioner; however, a penalty in the amount of double the unpaid renewal fee is  
27.13 required to reissue the expired license.

27.14 (f) An adjuster who is unable to comply with license renewal procedures and  
27.15 requirements due to military service, long-term medical disability, or some other  
27.16 extenuating circumstance may request a waiver of same and a waiver of any examination  
27.17 requirement, fine, or other sanction imposed for failure to comply with renewal procedures.

27.18 (g) An adjuster is subject to sections 72A.17 to 72A.32.

27.19 (h) The adjuster must inform the commissioner by any means acceptable of any  
27.20 change in resident or business addresses for the home state or in legal name within 30  
27.21 days of the change.

27.22 (i) The license must contain the licensee's name, address, and personal identification  
27.23 number; the dates of issuance and expiration; and any other information the commissioner  
27.24 deems necessary.

27.25 (j) In order to assist in the performance of the commissioner's duties, the  
27.26 commissioner may contract with nongovernmental entities, including the National  
27.27 Association of Insurance Commissioners, its affiliates, or its subsidiaries, to perform any  
27.28 ministerial functions related to licensing that the commissioner may deem appropriate,  
27.29 including the collection of fees and data.

27.30 Sec. 38. Minnesota Statutes 2009 Supplement, section 72B.045, subdivision 1, is  
27.31 amended to read:

27.32 Subdivision 1. **Requirement.** An individual who holds an independent or public  
27.33 adjuster license and who is not exempt under this section must satisfactorily complete  
27.34 a minimum of 24 hours of continuing education courses, of which three hours must

28.1 be in ethics, reported to the commissioner on a biennial basis in conjunction with the  
28.2 individual's license renewal cycle.

28.3 Sec. 39. Minnesota Statutes 2009 Supplement, section 72B.06, is amended to read:

28.4 **72B.06 CATASTROPHE OR EMERGENCY SITUATIONS.**

28.5 (a) ~~In the event of a declared catastrophe or the occurrence of an emergency~~  
28.6 ~~situation,~~ For purposes of this chapter, a catastrophe exists when, due to a specific,  
28.7 infrequent, and sudden natural or man-made disaster or phenomenon, there have arisen  
28.8 losses to property in Minnesota that are covered by insurance, and the losses are so  
28.9 numerous and severe that resolution of claims related to such covered property losses will  
28.10 not occur expeditiously without the licensing of emergency independent adjusters due to  
28.11 the magnitude of the catastrophic damage. A failure of claims to be resolved expeditiously  
28.12 shall exist upon an insurer's filing with the department a written statement that one of the  
28.13 following conditions exists: (1) the insurer expects to incur at least 500 claims as a result  
28.14 of the event; or (2) the magnitude of the event is expected to generate twice the mean  
28.15 number of claims for one month for the affected area. Such written statement may be  
28.16 sent electronically to the commissioner. An insurer must notify the commissioner via an  
28.17 application for registration of each individual independent adjuster not already licensed in  
28.18 the state where the catastrophe has been declared or an emergency situation has occurred  
28.19 Minnesota, that will act as an emergency independent adjuster on behalf of the insurer  
28.20 pursuant to paragraph (b).

28.21 (b) A person who is otherwise qualified to adjust claims, but not already licensed in  
28.22 ~~the state where the catastrophe has been declared or an emergency situation has occurred~~  
28.23 Minnesota, may act as an emergency independent adjuster and adjust claims, if, within  
28.24 five days of deployment to adjust claims arising from the ~~declared catastrophe or the~~  
28.25 ~~occurrence of an emergency situation,~~ the insurer or the independent adjuster's employer,  
28.26 in the notification required by paragraph (a), notifies the commissioner by providing the  
28.27 following information in a format prescribed by the commissioner:

- 28.28 (1) the name of the individual;
- 28.29 (2) the Social Security number of the individual;
- 28.30 (3) the name of the insurer the independent adjuster will represent;
- 28.31 (4) the effective date of the contract between the insurer and independent adjuster or  
28.32 the independent adjuster's employer;
- 28.33 (5) the catastrophe, ~~emergency situation,~~ or loss control number;
- 28.34 (6) the catastrophe ~~or emergency situation event~~ name; and
- 28.35 (7) other information the commissioner deems necessary.

29.1 (c) An emergency independent adjuster's license or registration remains in force for  
29.2 ~~the period of time established by the commissioner~~ 180 days; such license or registration  
29.3 shall be effective for all catastrophes described in paragraph (a), clauses (1) and (2). Such  
29.4 license or registration may be extended for 180 days.

29.5 The commissioner may summarily suspend or revoke the right of any person  
29.6 adjusting in this state under the authority of this section to continue to adjust in this state,  
29.7 if the commissioner finds that that person has engaged in any of the practices forbidden  
29.8 to a licensed adjuster under sections 72B.01 to 72B.14. Notice of such suspension or  
29.9 revocation may be given personally or by mail sent to the temporary address stated in the  
29.10 registration and to the insurer or independent adjusting firm company who submitted the  
29.11 independent adjuster information.

29.12 Sec. 40. Minnesota Statutes 2008, section 72B.08, subdivision 8, is amended to read:

29.13 Subd. 8. **Bond.** In the case of any licensee or permit holder who has had a license or  
29.14 permit suspended or revoked or whose license renewal has been prohibited by a lawful  
29.15 order of the commissioner, the commissioner may condition the issuance of a new license  
29.16 on the filing of a surety bond in an amount not to exceed \$10,000, made and conditioned in  
29.17 accordance with the requirements of section ~~72B.04, subdivision 4~~ 72B.041, subdivision  
29.18 3, relating to public adjusters' bonds. Nothing in this subdivision shall reduce or alter the  
29.19 bonding requirements for a public adjuster.

29.20 Sec. 41. Minnesota Statutes 2008, section 79A.03, subdivision 8, is amended to read:

29.21 Subd. 8. **Processing application.** The commissioner shall grant or deny the group's  
29.22 application to self-insure within 60 days after a complete application has been filed,  
29.23 provided that the time may be extended for an additional 30 days upon 15 days' prior  
29.24 notice to the applicant. The commissioner shall grant approval for self-insurance upon  
29.25 a determination that the financial ability of the self-insurer's group is sufficient to fulfill  
29.26 all joint and several obligations of the member companies that may arise under chapter  
29.27 176 or this chapter; the gross annual premium of the group members is at least ~~\$300,000~~  
29.28 150 percent of the WCRA minimum retention in effect at the time of the application; the  
29.29 group has established a fund pursuant to Minnesota Rules, parts 2780.4100 to 2780.5000;  
29.30 the group has contracted with a licensed workers' compensation service company to  
29.31 administer its program; and the required securities or surety bond shall be on deposit prior  
29.32 to the effective date of coverage for any member. Approval shall be effective until revoked  
29.33 by order of the commissioner or until the employer members of the group become insured.

30.1 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to  
30.2 applications processed on or after that date, but not to self-insured groups existing as of  
30.3 that date.

30.4 Sec. 42. Minnesota Statutes 2008, section 79A.06, subdivision 5, is amended to read:

30.5 Subd. 5. **Private employers who have ceased to be self-insured.** (a) Private  
30.6 employers who have ceased to be private self-insurers shall discharge their continuing  
30.7 obligations to secure the payment of compensation which is accrued during the period of  
30.8 self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance  
30.9 with all of the following obligations of current certificate holders:

30.10 (1) Filing reports with the commissioner to carry out the requirements of this chapter;

30.11 (2) Depositing and maintaining a security deposit for accrued liability for the  
30.12 payment of any compensation which may become due, pursuant to chapter 176. However,  
30.13 if a private employer who has ceased to be a private self-insurer purchases an insurance  
30.14 policy from an insurer authorized to transact workers' compensation insurance in this state  
30.15 which provides coverage of all claims for compensation arising out of injuries occurring  
30.16 during the entire period the employer was self-insured, whether or not reported during  
30.17 that period, the policy will:

30.18 (i) discharge the obligation of the employer to maintain a security deposit for the  
30.19 payment of the claims covered under the policy;

30.20 (ii) discharge any obligation which the self-insurers' security fund has or may have  
30.21 for payment of all claims for compensation arising out of injuries occurring during the  
30.22 period the employer was self-insured, whether or not reported during that period; and

30.23 (iii) discharge the obligations of the employer to pay any future assessments to  
30.24 the self-insurers' security fund; provided, however, that a member that terminates its  
30.25 self-insurance authority on or after August 1, 2010, shall be liable for an assessment under  
30.26 paragraph (b). The actuarial opinion shall not take into consideration any transfer of the  
30.27 member's liabilities to an insurance policy if the member obtains a replacement policy as  
30.28 described in this subdivision within one year of the date of terminating its self-insurance.

30.29 A private employer who has ceased to be a private self-insurer may instead buy an  
30.30 insurance policy described above, except that it covers only a portion of the period of time  
30.31 during which the private employer was self-insured; purchase of such a policy discharges  
30.32 any obligation that the self-insurers' security fund has or may have for payment of all  
30.33 claims for compensation arising out of injuries occurring during the period for which the  
30.34 policy provides coverage, whether or not reported during that period.

31.1 A policy described in this clause may not be issued by an insurer unless it has  
31.2 previously been approved as to form and substance by the commissioner; and

31.3 (3) Paying within 30 days all assessments of which notice is sent by the security  
31.4 fund, for a period of seven years from the last day its certificate of self-insurance was in  
31.5 effect. Thereafter, the private employer who has ceased to be a private self-insurer may  
31.6 either: (i) continue to pay within 30 days all assessments of which notice is sent by the  
31.7 security fund until it has no incurred liabilities for the payment of compensation arising  
31.8 out of injuries during the period of self-insurance; or (ii) pay the security fund a cash  
31.9 payment equal to four percent of the net present value of all remaining incurred liabilities  
31.10 for the payment of compensation under sections 176.101 and 176.111 as certified by a  
31.11 member of the casualty actuarial society. Assessments shall be based on the benefits paid  
31.12 by the employer during the calendar year immediately preceding the calendar year in  
31.13 which the employer's right to self-insure is terminated or withdrawn.

31.14 (b) With respect to a self-insurer who terminates its self-insurance authority after  
31.15 April 1, 1998, that member shall obtain and file with the commissioner an actuarial  
31.16 opinion of its outstanding liabilities as determined by an associate or fellow of the  
31.17 Casualty Actuarial Society within 120 days of the date of its termination. If the actuarial  
31.18 opinion is not timely filed, the self-insurers' security fund may, at its discretion, engage  
31.19 the services of an actuary for this purpose. The expense of this actuarial opinion must  
31.20 be assessed against and be the obligation of the self-insurer. The commissioner may  
31.21 issue a certificate of default against the self-insurer for failure to pay this assessment  
31.22 to the self-insurers' security fund as provided by section 79A.04, subdivision 9. The  
31.23 opinion ~~must separate liability for indemnity benefits from liability from medical benefits,~~  
31.24 ~~and must~~ may discount each liabilities up to four percent per annum to net present  
31.25 value. Within ~~30~~ 60 days after notification of approval of the actuarial opinion by the  
31.26 commissioner, the exiting member shall pay to the security fund an amount ~~equal to 120~~  
31.27 ~~percent of that discounted outstanding indemnity liability, multiplied by the greater of the~~  
31.28 ~~average annualized assessment rate since inception of the security fund or the annual~~  
31.29 ~~rate at the time of the most recent assessment before termination~~ determined as follows:  
31.30 a percentage will be determined by dividing the security fund's members' deficit as  
31.31 determined by the most recent audited financial statement of the security fund by the total  
31.32 actuarial liability of all members of the security fund as calculated by the commissioner  
31.33 within 30 days of the exit date of the member. This quotient will then be multiplied by  
31.34 that exiting member's total future liability as contained in the exiting member's actuarial  
31.35 opinion. If the payment is not made within 30 days of the notification, interest on it at the

32.1 rate prescribed by section 549.09 must be paid by the former member to the security fund  
32.2 until the principal amount is paid in full.

32.3 (c) A former member who terminated its self-insurance authority before April 1,  
32.4 1998, who has paid assessments to the self-insurers' security fund for seven years, and  
32.5 whose annualized assessment is \$15,000 or less, may buy out of its outstanding liabilities  
32.6 to the self-insurers' security fund by an amount calculated as follows: 1.35 multiplied by  
32.7 the indemnity case reserves at the time of the calculation, multiplied by the then current  
32.8 self-insurers' security fund annualized assessment rate.

32.9 (d) A former member who terminated its self-insurance authority before April 1,  
32.10 1998, and who is paying assessments within the first seven years after ceasing to be  
32.11 self-insured under paragraph (a), clause (3), may elect to buy out its outstanding liabilities  
32.12 to the self-insurers' security fund by obtaining and filing with the commissioner an  
32.13 actuarial opinion of its outstanding liabilities as determined by an associate or fellow of  
32.14 the Casualty Actuarial Society. The opinion must separate liability for indemnity benefits  
32.15 from liability for medical benefits, and must discount each up to four percent per annum to  
32.16 net present value. Within 30 days after notification of approval of the actuarial opinion  
32.17 by the commissioner, the member shall pay to the security fund an amount equal to 120  
32.18 percent of that discounted outstanding indemnity liability, multiplied by the greater of the  
32.19 average annualized assessment rate since inception of the security fund or the annual rate  
32.20 at the time of the most recent assessment.

32.21 (e) A former member who has paid the security fund according to paragraphs (b) to  
32.22 (d) and subsequently receives authority from the commissioner to again self-insure shall be  
32.23 assessed under section 79A.12, subdivision 2, only on indemnity benefits paid on injuries  
32.24 that occurred after the former member received authority to self-insure again; provided  
32.25 that the member furnishes verified data regarding those benefits to the security fund.

32.26 (f) In addition to proceedings to establish liabilities and penalties otherwise  
32.27 provided, a failure to comply may be the subject of a proceeding before the commissioner.  
32.28 An appeal from the commissioner's determination may be taken pursuant to the contested  
32.29 case procedures of chapter 14 within 30 days of the commissioner's written determination.

32.30 Any current or past member of the self-insurers' security fund is subject to service of  
32.31 process on any claim arising out of chapter 176 or this chapter in the manner provided by  
32.32 section 5.25, or as otherwise provided by law. The issuance of a certificate to self-insure  
32.33 to the private self-insured employer shall be deemed to be the agreement that any process  
32.34 which is served in accordance with this section shall be of the same legal force and effect  
32.35 as if served personally within this state.



33.1 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to  
33.2 terminations of self-insurance authority that become effective on or after that date.

33.3 Sec. 43. Minnesota Statutes 2008, section 79A.21, subdivision 3, is amended to read:

33.4 Subd. 3. **Approval.** The commissioner shall approve an application for  
33.5 self-insurance upon a determination that all of the following conditions are met:

33.6 (1) a completed application and all required documents have been submitted to  
33.7 the commissioner;

33.8 (2) the financial ability of the commercial self-insurance group is sufficient to fulfill  
33.9 all obligations that may arise under this chapter or chapter 176;

33.10 (3) the annual premium of the commercial self-insurance group to be charged to  
33.11 initial members is at least ~~\$400,000~~ 150 percent of the WCRA minimum retention in  
33.12 effect at the time of the application;

33.13 (4) the commercial self-insurance group has contracted with a service company to  
33.14 administer its program; and

33.15 (5) the required securities or surety bond shall be on deposit prior to the effective  
33.16 date of coverage for the commercial self-insurance group.

33.17 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to  
33.18 applications processed on or after that date, but not to self-insured groups existing as of  
33.19 that date.

33.20 Sec. 44. Minnesota Statutes 2008, section 80A.41, is amended to read:

33.21 **80A.41 SECTION 102; DEFINITIONS.**

33.22 In this chapter, unless the context otherwise requires:

33.23 (1) "Accredited investor" means an accredited investor as the term is defined in Rule  
33.24 501(a) of Regulation D adopted pursuant to the Securities Act of 1933.

33.25 (2) "Administrator" means the commissioner of commerce.

33.26 (3) "Agent" means an individual, other than a broker-dealer, who represents a  
33.27 broker-dealer in effecting or attempting to effect purchases or sales of securities or  
33.28 represents an issuer in effecting or attempting to effect purchases or sales of the issuer's  
33.29 securities. But a partner, officer, or director of a broker-dealer or issuer, or an individual  
33.30 having a similar status or performing similar functions is an agent only if the individual  
33.31 otherwise comes within the term. The term does not include an individual excluded by  
33.32 rule adopted or order issued under this chapter.

33.33 (4) "Bank" means:

34.1 (A) a banking institution organized under the laws of the United States;

34.2 (B) a member bank of the Federal Reserve System;

34.3 (C) any other banking institution, whether incorporated or not, doing business  
34.4 under the laws of a state or of the United States, a substantial portion of the business  
34.5 of which consists of receiving deposits or exercising fiduciary powers similar to those  
34.6 permitted to be exercised by national banks under the authority of the Comptroller of the  
34.7 Currency pursuant to Section 1 of Public Law 87-722 (12 U.S.C. Section 92a), and which  
34.8 is supervised and examined by a state or federal agency having supervision over banks,  
34.9 and which is not operated for the purpose of evading this chapter; and

34.10 (D) a receiver, conservator, or other liquidating agent of any institution or firm  
34.11 included in subparagraph (A), (B), or (C).

34.12 (5) "Broker-dealer" means a person engaged in the business of effecting transactions  
34.13 in securities for the account of others or for the person's own account. The term does  
34.14 not include:

34.15 (A) an agent;

34.16 (B) an issuer;

34.17 (C) a depository institution; provided such activities are conducted in accordance  
34.18 with such rules as may be adopted by the administrator;

34.19 (D) an international banking institution; or

34.20 (E) a person excluded by rule adopted or order issued under this chapter.

34.21 (6) "Depository institution" means:

34.22 (A) a bank; or

34.23 (B) a savings institution, trust company, credit union, or similar institution that  
34.24 is organized or chartered under the laws of a state or of the United States, authorized  
34.25 to receive deposits, and supervised and examined by an official or agency of a state or  
34.26 the United States if its deposits or share accounts are insured to the maximum amount  
34.27 authorized by statute by the Federal Deposit Insurance Corporation, the National Credit  
34.28 Union Share Insurance Fund, or a successor authorized by federal law. The term does  
34.29 not include:

34.30 (i) an insurance company or other organization primarily engaged in the business  
34.31 of insurance;

34.32 (ii) a Morris Plan bank; or

34.33 (iii) an industrial loan company that is not an "insured depository institution" as  
34.34 defined in section 3(c)(2) of the Federal Deposit Insurance Act, United States Code, title  
34.35 12, section 1813(c)(2), or any successor federal statute.

35.1 (7) "Federal covered investment adviser" means a person registered under the  
35.2 Investment Advisers Act of 1940.

35.3 (8) "Federal covered security" means a security that is, or upon completion of a  
35.4 transaction will be, a covered security under Section 18(b) of the Securities Act of 1933  
35.5 (15 U.S.C. Section 77r(b)) or rules or regulations adopted pursuant to that provision.

35.6 (9) "Filing" means the receipt under this chapter of a record by the administrator or  
35.7 a designee of the administrator.

35.8 (10) "Fraud," "deceit," and "defraud" are not limited to common law deceit.

35.9 (11) "Guaranteed" means guaranteed as to payment of all principal and all interest.

35.10 (12) "Institutional investor" means any of the following, whether acting for itself or  
35.11 for others in a fiduciary capacity:

35.12 (A) a depository institution or international banking institution;

35.13 (B) an insurance company;

35.14 (C) a separate account of an insurance company;

35.15 (D) an investment company as defined in the Investment Company Act of 1940;

35.16 (E) a broker-dealer registered under the Securities Exchange Act of 1934;

35.17 (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets  
35.18 in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as  
35.19 defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer  
35.20 registered under the Securities Exchange Act of 1934, an investment adviser registered  
35.21 or exempt from registration under the Investment Advisers Act of 1940, an investment  
35.22 adviser registered under this chapter, a depository institution, or an insurance company;

35.23 (G) a plan established and maintained by a state, a political subdivision of a state, or  
35.24 an agency or instrumentality of a state or a political subdivision of a state for the benefit  
35.25 of its employees, if the plan has total assets in excess of \$10,000,000 or its investment  
35.26 decisions are made by a duly designated public official or by a named fiduciary, as  
35.27 defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer  
35.28 registered under the Securities Exchange Act of 1934, an investment adviser registered  
35.29 or exempt from registration under the Investment Advisers Act of 1940, an investment  
35.30 adviser registered under this chapter, a depository institution, or an insurance company;

35.31 (H) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository  
35.32 institution, and its participants are exclusively plans of the types identified in subparagraph  
35.33 (F) or (G), regardless of the size of their assets, except a trust that includes as participants  
35.34 self-directed individual retirement accounts or similar self-directed plans;

35.35 (I) an organization described in Section 501(c)(3) of the Internal Revenue Code (26  
35.36 U.S.C. Section 501(c)(3)), corporation, Massachusetts trust or similar business trust,

36.1 limited liability company, or partnership, not formed for the specific purpose of acquiring  
36.2 the securities offered, with total assets in excess of \$10,000,000;

36.3 (J) a small business investment company licensed by the Small Business  
36.4 Administration under Section 301(c) of the Small Business Investment Act of 1958 (15  
36.5 U.S.C. Section 681(c)) with total assets in excess of \$10,000,000;

36.6 (K) a private business development company as defined in Section 202(a)(22) of  
36.7 the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets  
36.8 in excess of \$10,000,000;

36.9 (L) a federal covered investment adviser acting for its own account;

36.10 (M) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule  
36.11 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A);

36.12 (N) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted  
36.13 under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6);

36.14 (O) any other person, other than an individual, of institutional character with total  
36.15 assets in excess of \$10,000,000 not organized for the specific purpose of evading this  
36.16 chapter; or

36.17 (P) any other person specified by rule adopted or order issued under this chapter;

36.18 (13) "Insurance company" means a company organized as an insurance company  
36.19 whose primary business is writing insurance or reinsuring risks underwritten by insurance  
36.20 companies and which is subject to supervision by the insurance commissioner or a similar  
36.21 official or agency of a state.

36.22 (14) "Insured" means insured as to payment of all principal and all interest.

36.23 (15) "International banking institution" means an international financial institution  
36.24 of which the United States is a member and whose securities are exempt from registration  
36.25 under the Securities Act of 1933.

36.26 (16) "Investment adviser" means a person that, for compensation, engages in the  
36.27 business of advising others, either directly or through publications or writings, as to the  
36.28 value of securities or the advisability of investing in, purchasing, or selling securities or  
36.29 that, for compensation and as a part of a regular business, issues or promulgates analyses  
36.30 or reports concerning securities. The term includes a financial planner or other person  
36.31 that, as an integral component of other financially related services, provides investment  
36.32 advice to others for compensation as part of a business or that holds itself out as providing  
36.33 investment advice to others for compensation. The term does not include:

36.34 (A) an investment adviser representative;

36.35 (B) a lawyer, accountant, engineer, or teacher whose performance of investment  
36.36 advice is solely incidental to the practice of the person's profession;

37.1 (C) a broker-dealer or its agents whose performance of investment advice is solely  
37.2 incidental to the conduct of business as a broker-dealer and that does not receive special  
37.3 compensation for the investment advice;

37.4 (D) a publisher of a bona fide newspaper, news magazine, or business or financial  
37.5 publication of general and regular circulation;

37.6 (E) a federal covered investment adviser;

37.7 (F) a bank or savings institution;

37.8 (G) any other person that is excluded by the Investment Advisers Act of 1940 from  
37.9 the definition of investment adviser; or

37.10 (H) any other person excluded by rule adopted or order issued under this chapter.

37.11 (17) "Investment adviser representative" means an individual employed by or  
37.12 associated with an investment adviser or federal covered investment adviser and who  
37.13 makes any recommendations or otherwise gives investment advice regarding securities,  
37.14 manages accounts or portfolios of clients, determines which recommendation or advice  
37.15 regarding securities should be given, provides investment advice or holds herself or  
37.16 himself out as providing investment advice, receives compensation to solicit, offer, or  
37.17 negotiate for the sale of or for selling investment advice, or supervises employees who  
37.18 perform any of the foregoing. The term does not include an individual who:

37.19 (A) performs only clerical or ministerial acts;

37.20 (B) is an agent whose performance of investment advice is solely incidental to  
37.21 the individual acting as an agent and who does not receive special compensation for  
37.22 investment advisory services;

37.23 (C) is employed by or associated with a federal covered investment adviser, unless  
37.24 the individual has a "place of business" in this state as that term is defined by rule adopted  
37.25 under Section 203A of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-3a)  
37.26 and is

37.27 (i) an "investment adviser representative" as that term is defined by rule adopted  
37.28 under Section 203A of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-3a); or

37.29 (ii) not a "supervised person" as that term is defined in Section 202(a)(25) of the  
37.30 Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(25)); or

37.31 (D) is excluded by rule adopted or order issued under this chapter.

37.32 (18) "Issuer" means a person that issues or proposes to issue a security, subject to  
37.33 the following:

37.34 (A) The issuer of a voting trust certificate, collateral trust certificate, certificate of  
37.35 deposit for a security, or share in an investment company without a board of directors or  
37.36 individuals performing similar functions is the person performing the acts and assuming

38.1 the duties of depositor or manager pursuant to the trust or other agreement or instrument  
38.2 under which the security is issued.

38.3 (B) The issuer of an equipment trust certificate or similar security serving the same  
38.4 purpose is the person by which the property is or will be used or to which the property  
38.5 or equipment is or will be leased or conditionally sold or that is otherwise contractually  
38.6 responsible for assuring payment of the certificate.

38.7 (C) The issuer of a fractional undivided interest in an oil, gas, or other mineral lease  
38.8 or in payments out of production under a lease, right, or royalty is the owner of an interest  
38.9 in the lease or in payments out of production under a lease, right, or royalty, whether  
38.10 whole or fractional, that creates fractional interests for the purpose of sale.

38.11 (19) "Nonissuer transaction" or "nonissuer distribution" means a transaction or  
38.12 distribution not directly or indirectly for the benefit of the issuer.

38.13 (20) "Offer to purchase" includes an attempt or offer to obtain, or solicitation of an  
38.14 offer to sell, a security or interest in a security for value. The term does not include a  
38.15 tender offer that is subject to Section 14(d) of the Securities Exchange Act of 1934 (15  
38.16 U.S.C. Section 78n(d)).

38.17 (21) "Person" means an individual; corporation; business trust; estate; trust;  
38.18 partnership; limited liability company; association; joint venture; government;  
38.19 governmental subdivision, agency, or instrumentality; public corporation; or any other  
38.20 legal or commercial entity.

38.21 (22) "Place of business" of a broker-dealer, an investment adviser, or a federal  
38.22 covered investment adviser means:

38.23 (A) an office at which the broker-dealer, investment adviser, or federal covered  
38.24 investment adviser regularly provides brokerage or investment advice or solicits, meets  
38.25 with, or otherwise communicates with customers or clients; or

38.26 (B) any other location that is held out to the general public as a location at which  
38.27 the broker-dealer, investment adviser, or federal covered investment adviser provides  
38.28 brokerage or investment advice or solicits, meets with, or otherwise communicates with  
38.29 customers or clients.

38.30 (23) "Predecessor Act" means Minnesota Statutes 2002, sections 80A.01 to 80A.31.

38.31 (24) "Price amendment" means the amendment to a registration statement filed under  
38.32 the Securities Act of 1933 or, if an amendment is not filed, the prospectus or prospectus  
38.33 supplement filed under the Securities Act of 1933 that includes a statement of the offering  
38.34 price, underwriting and selling discounts or commissions, amount of proceeds, conversion  
38.35 rates, call prices, and other matters dependent upon the offering price.

39.1 (25) "Principal place of business" of a broker-dealer or an investment adviser means  
39.2 the executive office of the broker-dealer or investment adviser from which the officers,  
39.3 partners, or managers of the broker-dealer or investment adviser direct, control, and  
39.4 coordinate the activities of the broker-dealer or investment adviser.

39.5 (26) Only for purposes of calculating the number of purchasers under section  
39.6 80A.46(1) and 80A.46(14), "purchaser" does not include:

39.7 (A) any relative, spouse, or relative of the spouse of a purchaser who has the same  
39.8 principal residence as the purchaser;

39.9 (B) any trust or estate in which a purchaser and any of the persons related to him as  
39.10 specified in Regulation D, Rule 501(e)(1)(i) or (e)(1)(ii) collectively have more than 50  
39.11 percent of the beneficial interest (excluding contingent interests);

39.12 (C) any corporation or other organization of which a purchaser and any of the  
39.13 persons related to the purchaser as specified in Regulation D, Rule 501(e)(1)(i) or  
39.14 (e)(1)(ii) collectively are beneficial owners of more than 50 percent of the equity securities  
39.15 (excluding directors' qualifying shares) or equity interests; and

39.16 (D) any accredited investor.

39.17 A corporation, partnership, or other entity must be counted as one purchaser. If,  
39.18 however, that entity is organized for the specific purpose of acquiring the securities offered  
39.19 and is not an accredited investor, then each beneficial owner of equity securities or equity  
39.20 interests in the entity shall count as a separate purchaser for all provisions of Regulation  
39.21 D, except to the extent provided in Regulation D, Rule 501(e)(1).

39.22 A noncontributory employee benefit plan within the meaning of Title I of the  
39.23 Employee Retirement Income Security Act of 1974 shall be counted as one purchaser  
39.24 where the trustee makes all investment decisions for the plan.

39.25 (27) "Record," except in the phrases "of record," "official record," and "public  
39.26 record," means information that is inscribed on a tangible medium or that is stored in an  
39.27 electronic or other medium and is retrievable in perceivable form.

39.28 (28) "Sale" includes every contract of sale, contract to sell, or disposition of, a  
39.29 security or interest in a security for value, and "offer to sell" includes every attempt or  
39.30 offer to dispose of, or solicitation of an offer to purchase, a security or interest in a  
39.31 security for value.

39.32 (A) A security given or delivered with, or as a bonus on account of, any purchase of  
39.33 securities or any other thing is considered to constitute part of the subject of the purchase  
39.34 and to have been offered and sold for value.

39.35 (B) A gift of assessable stock is considered to involve an offer and sale.

40.1 (C) A sale or offer of a warrant or right to purchase or subscribe to another security  
40.2 of the same or another issuer and a sale or offer of a security that gives the holder a present  
40.3 or future right or privilege to convert the security into another security of the same or  
40.4 another issuer, are each considered to include an offer of the other security.

40.5 (29) "Securities and Exchange Commission" means the United States Securities and  
40.6 Exchange Commission.

40.7 (30) "Security" means a note; stock; treasury stock; security future; bond; debenture;  
40.8 evidence of indebtedness; certificate of interest or participation in a profit-sharing  
40.9 agreement; collateral trust certificate; preorganization certificate or subscription;  
40.10 transferable share; investment contract; voting trust certificate; certificate of deposit for a  
40.11 security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle,  
40.12 option, or privilege on a security, certificate of deposit, or group or index of securities,  
40.13 including an interest therein or based on the value thereof; put, call, straddle, option, or  
40.14 privilege entered into on a national securities exchange relating to foreign currency; or,  
40.15 in general, an interest or instrument commonly known as a "security"; or a certificate of  
40.16 interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or  
40.17 warrant or right to subscribe to or purchase, any of the foregoing. The term:

40.18 (A) includes both a certificated and an uncertificated security;

40.19 (B) does not include an insurance or endowment policy or annuity contract under  
40.20 which an insurance company promises to pay a fixed or variable sum of money either in a  
40.21 lump sum or periodically for life or other specified period;

40.22 (C) does not include an interest in a contributory or noncontributory pension or  
40.23 welfare plan subject to the Employee Retirement Income Security Act of 1974;

40.24 (D) includes as an "investment contract," among other contracts, an interest in  
40.25 a limited partnership and a limited liability company and an investment in a viatical  
40.26 settlement or similar agreement; and

40.27 (E) does not include any equity interest of a closely held corporation or other entity  
40.28 with not more than 35 holders of the equity interest of such entity offered or sold pursuant  
40.29 to a transaction in which 100 percent of the equity interest of such entity is sold as a means  
40.30 to effect the sale of the business of the entity if the transaction has been negotiated on  
40.31 behalf of all purchasers and if all purchasers have access to inside information regarding  
40.32 the entity before consummating the transaction.

40.33 (31) "Self-regulatory organization" means a national securities exchange registered  
40.34 under the Securities Exchange Act of 1934, a national securities association of  
40.35 broker-dealers registered under the Securities Exchange Act of 1934, a clearing agency



41.1 registered under the Securities Exchange Act of 1934, or the Municipal Securities  
41.2 Rulemaking Board established under the Securities Exchange Act of 1934.

41.3 (32) "Sign" means, with present intent to authenticate or adopt a record:

41.4 (A) to execute or adopt a tangible symbol; or

41.5 (B) to attach or logically associate with the record an electronic symbol, sound,  
41.6 or process.

41.7 (33) "State" means a state of the United States, the District of Columbia, Puerto  
41.8 Rico, the United States Virgin Islands, or any territory or insular possession subject to the  
41.9 jurisdiction of the United States.

41.10 (34) "Associated with" with respect to a person means any partner, officer, director,  
41.11 or manager of such person or any person occupying a similar status or performing  
41.12 similar functions or any person directly or indirectly controlling, controlled by, or in  
41.13 common control with, such person, but does not include a person whose primary duties  
41.14 are ministerial or clerical.

41.15 Sec. 45. Minnesota Statutes 2008, section 80A.46, is amended to read:

41.16 **80A.46 SECTION 202; EXEMPT TRANSACTIONS.**

41.17 The following transactions are exempt from the requirements of sections 80A.49  
41.18 through 80A.54 and 80A.71:

41.19 (1) isolated nonissuer transactions, consisting of sale to not more than ten purchasers  
41.20 in Minnesota during any period of 12 consecutive months, whether effected by or through  
41.21 a broker-dealer or not;

41.22 (2) a nonissuer transaction by or through a broker-dealer registered, or exempt from  
41.23 registration under this chapter, and a resale transaction by a sponsor of a unit investment  
41.24 trust registered under the Investment Company Act of 1940, in a security of a class that  
41.25 has been outstanding in the hands of the public for at least 90 days, if, at the date of  
41.26 the transaction:

41.27 (A) the issuer of the security is engaged in business, the issuer is not in the  
41.28 organizational stage or in bankruptcy or receivership, and the issuer is not a blank check,  
41.29 blind pool, or shell company that has no specific business plan or purpose or has indicated  
41.30 that its primary business plan is to engage in a merger or combination of the business with,  
41.31 or an acquisition of, an unidentified person;

41.32 (B) the security is sold at a price reasonably related to its current market price;

41.33 (C) the security does not constitute the whole or part of an unsold allotment to, or  
41.34 a subscription or participation by, the broker-dealer as an underwriter of the security  
41.35 or a redistribution;

42.1 (D) a nationally recognized securities manual or its electronic equivalent designated  
42.2 by rule adopted or order issued under this chapter or a record filed with the Securities and  
42.3 Exchange Commission that is publicly available contains:

42.4 (i) a description of the business and operations of the issuer;

42.5 (ii) the names of the issuer's executive officers and the names of the issuer's  
42.6 directors, if any;

42.7 (iii) an audited balance sheet of the issuer as of a date within 18 months before the  
42.8 date of the transaction or, in the case of a reorganization or merger when the parties to  
42.9 the reorganization or merger each had an audited balance sheet, a pro forma balance  
42.10 sheet for the combined organization; and

42.11 (iv) an audited income statement for each of the issuer's two immediately previous  
42.12 fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case  
42.13 of a reorganization or merger when each party to the reorganization or merger had audited  
42.14 income statements, a pro forma income statement; and

42.15 (E) any one of the following requirements is met:

42.16 (i) the issuer of the security has a class of equity securities listed on a national  
42.17 securities exchange registered under Section 6 of the Securities Exchange Act of 1934  
42.18 or designated for trading on the National Association of Securities Dealers Automated  
42.19 Quotation System;

42.20 (ii) the issuer of the security is a unit investment trust registered under the Investment  
42.21 Company Act of 1940;

42.22 (iii) the issuer of the security, including its predecessors, has been engaged in  
42.23 continuous business for at least three years; or

42.24 (iv) the issuer of the security has total assets of at least \$2,000,000 based on an  
42.25 audited balance sheet as of a date within 18 months before the date of the transaction or, in  
42.26 the case of a reorganization or merger when the parties to the reorganization or merger  
42.27 each had such an audited balance sheet, a pro forma balance sheet for the combined  
42.28 organization;

42.29 (3) a nonissuer transaction by or through a broker-dealer registered or exempt from  
42.30 registration under this chapter in a security of a foreign issuer that is a margin security  
42.31 defined in regulations or rules adopted by the Board of Governors of the Federal Reserve  
42.32 System;

42.33 (4) a nonissuer transaction by or through a broker-dealer registered or exempt  
42.34 from registration under this chapter in an outstanding security if the guarantor of the  
42.35 security files reports with the Securities and Exchange Commission under the reporting

43.1 requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.  
43.2 Sections 78m or 78o(d));

43.3 (5) a nonissuer transaction by or through a broker-dealer registered or exempt from  
43.4 registration under this chapter in a security that:

43.5 (A) is rated at the time of the transaction by a nationally recognized statistical rating  
43.6 organization in one of its four highest rating categories; or

43.7 (B) has a fixed maturity or a fixed interest or dividend, if:

43.8 (i) a default has not occurred during the current fiscal year or within the three  
43.9 previous fiscal years or during the existence of the issuer and any predecessor if less than  
43.10 three fiscal years, in the payment of principal, interest, or dividends on the security; and

43.11 (ii) the issuer is engaged in business, is not in the organizational stage or in  
43.12 bankruptcy or receivership, and is not and has not been within the previous 12 months a  
43.13 blank check, blind pool, or shell company that has no specific business plan or purpose or  
43.14 has indicated that its primary business plan is to engage in a merger or combination of the  
43.15 business with, or an acquisition of, an unidentified person;

43.16 (6) a nonissuer transaction by or through a broker-dealer registered or exempt from  
43.17 registration under this chapter effecting an unsolicited order or offer to purchase;

43.18 (7) a nonissuer transaction executed by a bona fide pledgee without the purpose  
43.19 of evading this chapter;

43.20 (8) a nonissuer transaction by a federal covered investment adviser with investments  
43.21 under management in excess of \$100,000,000 acting in the exercise of discretionary  
43.22 authority in a signed record for the account of others;

43.23 (9) a transaction in a security, whether or not the security or transaction is otherwise  
43.24 exempt, in exchange for one or more bona fide outstanding securities, claims, or property  
43.25 interests, or partly in such exchange and partly for cash, if the terms and conditions of  
43.26 the issuance and exchange or the delivery and exchange and the fairness of the terms and  
43.27 conditions have been approved by the administrator after a hearing;

43.28 (10) a transaction between the issuer or other person on whose behalf the offering is  
43.29 made and an underwriter, or among underwriters;

43.30 (11) a transaction in a note, bond, debenture, or other evidence of indebtedness  
43.31 secured by a mortgage or other security agreement if:

43.32 (A) the note, bond, debenture, or other evidence of indebtedness is offered and sold  
43.33 with the mortgage or other security agreement as a unit;

43.34 (B) a general solicitation or general advertisement of the transaction is not made; and

43.35 (C) a commission or other remuneration is not paid or given, directly or indirectly, to  
43.36 a person not registered under this chapter as a broker-dealer or as an agent;

44.1 (12) a transaction by an executor, administrator of an estate, sheriff, marshal,  
44.2 receiver, trustee in bankruptcy, guardian, or conservator;

44.3 (13) a sale or offer to sell to:

44.4 (A) an institutional investor;

44.5 (B) an accredited investor;

44.6 (C) a federal covered investment adviser; or

44.7 (D) any other person exempted by rule adopted or order issued under this chapter;

44.8 (14) a sale or an offer to sell securities by an issuer, if the transaction is part of  
44.9 a single issue in which:

44.10 (A) not more than 35 purchasers are present in this state during any 12 consecutive  
44.11 months, other than those designated in paragraph (13);

44.12 (B) a general solicitation or general advertising is not made in connection with  
44.13 the offer to sell or sale of the securities;

44.14 (C) a commission or other remuneration is not paid or given, directly or indirectly, to  
44.15 a person other than a broker-dealer registered under this chapter or an agent registered  
44.16 under this chapter for soliciting a prospective purchaser in this state; and

44.17 (D) the issuer reasonably believes that all the purchasers in this state, other than  
44.18 those designated in paragraph (13), are purchasing for investment.

44.19 Any issuer selling to purchasers in this state in reliance on this clause (14) exemption  
44.20 must provide to the administrator notice of the transaction by filing a statement of issuer  
44.21 form as adopted by rule. Notice must be filed at least ten days in advance of any sale or  
44.22 such shorter period as permitted by the administrator. However, an issuer who makes sales  
44.23 to ten or fewer purchasers in Minnesota during any period of 12 consecutive months is not  
44.24 required to provide this notice;

44.25 (15) a transaction under an offer to existing security holders of the issuer, including  
44.26 persons that at the date of the transaction are holders of convertible securities, options,  
44.27 or warrants, if a commission or other remuneration, other than a standby commission, is  
44.28 not paid or given, directly or indirectly, for soliciting a security holder in this state. The  
44.29 person making the offer and effecting the transaction must provide to the administrator  
44.30 notice of the transaction by filing a written description of the transaction. Notice must be  
44.31 filed at least ten days in advance of any transaction or such shorter period as permitted by  
44.32 the administrator;

44.33 (16) an offer to sell, but not a sale, of a security not exempt from registration under  
44.34 the Securities Act of 1933 if:

45.1 (A) a registration or offering statement or similar record as required under the  
45.2 Securities Act of 1933 has been filed, but is not effective, or the offer is made in compliance  
45.3 with Rule 165 adopted under the Securities Act of 1933 (17 C.F.R. 230.165); and

45.4 (B) a stop order of which the offeror is aware has not been issued against the offeror  
45.5 by the administrator or the Securities and Exchange Commission, and an audit, inspection,  
45.6 or proceeding that is public and that may culminate in a stop order is not known by the  
45.7 offeror to be pending;

45.8 (17) an offer to sell, but not a sale, of a security exempt from registration under the  
45.9 Securities Act of 1933 if:

45.10 (A) a registration statement has been filed under this chapter, but is not effective;

45.11 (B) a solicitation of interest is provided in a record to offerees in compliance with a  
45.12 rule adopted by the administrator under this chapter; and

45.13 (C) a stop order of which the offeror is aware has not been issued by the administrator  
45.14 under this chapter and an audit, inspection, or proceeding that may culminate in a stop  
45.15 order is not known by the offeror to be pending;

45.16 (18) a transaction involving the distribution of the securities of an issuer to the  
45.17 security holders of another person in connection with a merger, consolidation, exchange  
45.18 of securities, sale of assets, or other reorganization to which the issuer, or its parent  
45.19 or subsidiary and the other person, or its parent or subsidiary, are parties. The person  
45.20 distributing the issuer's securities must provide to the administrator notice of the  
45.21 transaction by filing a written description of the transaction along with a consent to service  
45.22 of process complying with section 80A.88. Notice must be filed at least ten days in  
45.23 advance of any transaction or such shorter period as permitted by the administrator;

45.24 (19) a rescission offer, sale, or purchase under section 80A.77~~;~~. The person making  
45.25 the rescission offer must provide to the administrator notice of the transaction by filing a  
45.26 written description of the transaction and a copy of the record that must be delivered to the  
45.27 offeree under section 80A.77. Notice must be filed at least ten days in advance of any  
45.28 rescission offer under section 80A.77 or a shorter period as permitted by the administrator;

45.29 (20) an offer or sale of a security to a person not a resident of this state and not  
45.30 present in this state if the offer or sale does not constitute a violation of the laws of the  
45.31 state or foreign jurisdiction in which the offeree or purchaser is present and is not part of  
45.32 an unlawful plan or scheme to evade this chapter;

45.33 (21) employees' stock purchase, savings, option, profit-sharing, pension, or  
45.34 similar employees' benefit plan, including any securities, plan interests, and guarantees  
45.35 issued under a compensatory benefit plan or compensation contract, contained in a  
45.36 record, established by the issuer, its parents, its majority-owned subsidiaries, or the

46.1 majority-owned subsidiaries of the issuer's parent for the participation of their employees  
46.2 including offers or sales of such securities to:

46.3 (A) directors; general partners; trustees, if the issuer is a business trust; officers;  
46.4 consultants; and advisors;

46.5 (B) family members who acquire such securities from those persons through gifts or  
46.6 domestic relations orders;

46.7 (C) former employees, directors, general partners, trustees, officers, consultants, and  
46.8 advisors if those individuals were employed by or providing services to the issuer when  
46.9 the securities were offered; and

46.10 (D) insurance agents who are exclusive insurance agents of the issuer, or the issuer's  
46.11 subsidiaries or parents, or who derive more than 50 percent of their annual income from  
46.12 those organizations.

46.13 A person establishing an employee benefit plan under the exemption in this clause  
46.14 (21) must provide to the administrator notice of the transaction by filing a written  
46.15 description of the transaction along with a consent to service of process complying with  
46.16 section 80A.88. Notice must be filed at least ten days in advance of any transaction or  
46.17 such shorter period as permitted by the administrator;

46.18 (22) a transaction involving:

46.19 (A) a stock dividend or equivalent equity distribution, whether the corporation or  
46.20 other business organization distributing the dividend or equivalent equity distribution is  
46.21 the issuer or not, if nothing of value is given by stockholders or other equity holders for  
46.22 the dividend or equivalent equity distribution other than the surrender of a right to a cash  
46.23 or property dividend if each stockholder or other equity holder may elect to take the  
46.24 dividend or equivalent equity distribution in cash, property, or stock;

46.25 (B) an act incident to a judicially approved reorganization in which a security is  
46.26 issued in exchange for one or more outstanding securities, claims, or property interests, or  
46.27 partly in such exchange and partly for cash; or

46.28 (C) the solicitation of tenders of securities by an offeror in a tender offer in  
46.29 compliance with Rule 162 adopted under the Securities Act of 1933 (17 C.F.R. 230.162);

46.30 (23) a nonissuer transaction in an outstanding security by or through a broker-dealer  
46.31 registered or exempt from registration under this chapter, if the issuer is a reporting  
46.32 issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order  
46.33 issued under this chapter; has been subject to continuous reporting requirements in the  
46.34 foreign jurisdiction for not less than 180 days before the transaction; and the security is  
46.35 listed on the foreign jurisdiction's securities exchange that has been designated by this  
46.36 paragraph or by rule adopted or order issued under this chapter, or is a security of the same

47.1 issuer that is of senior or substantially equal rank to the listed security or is a warrant or  
47.2 right to purchase or subscribe to any of the foregoing. For purposes of this paragraph,  
47.3 Canada, together with its provinces and territories, is a designated foreign jurisdiction  
47.4 and The Toronto Stock Exchange, Inc., is a designated securities exchange. After an  
47.5 administrative hearing in compliance with chapter 14, the administrator, by rule adopted  
47.6 or order issued under this chapter, may revoke the designation of a securities exchange  
47.7 under this paragraph, if the administrator finds that revocation is necessary or appropriate  
47.8 in the public interest and for the protection of investors;

47.9 (24) any transaction effected by or through a Canadian broker-dealer exempted from  
47.10 broker-dealer registration pursuant to section 80A.56(b)(3); or

47.11 (25)(A) the offer and sale by a cooperative organized under chapter 308A, or  
47.12 under the laws of another state, of its securities when the securities are offered and sold  
47.13 only to its members, or when the purchase of the securities is necessary or incidental to  
47.14 establishing membership in the cooperative, or when the securities are issued as patronage  
47.15 dividends. This paragraph applies to a cooperative organized under chapter 308A, or under  
47.16 the laws of another state, only if the cooperative has filed with the administrator a consent  
47.17 to service of process under section 80A.88 and has, not less than ten days before the  
47.18 issuance or delivery, furnished the administrator with a written general description of the  
47.19 transaction and any other information that the administrator requires by rule or otherwise;

47.20 (B) the offer and sale by a cooperative organized under chapter 308B of its securities  
47.21 when the securities are offered and sold to its existing members or when the purchase of the  
47.22 securities is necessary or incidental to establishing patron membership in the cooperative,  
47.23 or when such securities are issued as patronage dividends. The administrator has the  
47.24 power to define "patron membership" for purposes of this paragraph. This paragraph  
47.25 applies to securities, other than securities issued as patronage dividends, only when:

47.26 (i) the issuer, before the completion of the sale of the securities, provides each  
47.27 offeree or purchaser disclosure materials that, to the extent material to an understanding of  
47.28 the issuer, its business, and the securities being offered, substantially meet the disclosure  
47.29 conditions and limitations found in rule 502(b) of Regulation D promulgated by the  
47.30 Securities and Exchange Commission, Code of Federal Regulations, title 17, section  
47.31 230.502; and

47.32 (ii) within 15 days after the completion of the first sale in each offering completed in  
47.33 reliance upon this exemption, the cooperative has filed with the administrator a consent to  
47.34 service of process under section 80A.88 (or has previously filed such a consent), and has  
47.35 furnished the administrator with a written general description of the transaction and any  
47.36 other information that the administrator requires by rule or otherwise; and

48.1 (C) a cooperative may, at or about the same time as offers or sales are being  
48.2 completed in reliance upon the exemptions from registration found in this subpart and as  
48.3 part of a common plan of financing, offer or sell its securities in reliance upon any other  
48.4 exemption from registration available under this chapter. The offer or sale of securities in  
48.5 reliance upon the exemptions found in this subpart will not be considered or deemed a part  
48.6 of or be integrated with any offer or sale of securities conducted by the cooperative in  
48.7 reliance upon any other exemption from registration available under this chapter, nor will  
48.8 offers or sales of securities by the cooperative in reliance upon any other exemption from  
48.9 registration available under this chapter be considered or deemed a part of or be integrated  
48.10 with any offer or sale conducted by the cooperative in reliance upon this paragraph.

48.11 Sec. 46. Minnesota Statutes 2008, section 80A.65, subdivision 6, is amended to read:

48.12 Subd. 6. **Rescission offer filing fee.** The filing of a rescission offer under section  
48.13 ~~80A.77~~ 80A.46(19), shall be accompanied by the fees as calculated in subdivision 1.

48.14 Sec. 47. Minnesota Statutes 2008, section 82.17, is amended by adding a subdivision  
48.15 to read:

48.16 Subd. 1a. **Brokerage; business entity.** "Brokerage" or "business entity" means a  
48.17 corporation, partnership, limited liability company, limited liability partnership, or other  
48.18 business structure that holds a real estate broker license.

48.19 Sec. 48. Minnesota Statutes 2008, section 82.17, subdivision 15, is amended to read:

48.20 Subd. 15. **Protective list.** "Protective list" means the written list of names and  
48.21 addresses of prospective ~~purchasers~~ buyers with whom a licensee has negotiated the sale  
48.22 or rental of the property or to whom a licensee has exhibited the property before the  
48.23 expiration of the listing agreement. For the purposes of this subdivision, "property" means  
48.24 the property that is the subject of the listing agreement in question.

48.25 Sec. 49. Minnesota Statutes 2008, section 82.17, is amended by adding a subdivision  
48.26 to read:

48.27 Subd. 20a. **Responsible person.** "Responsible person" means a natural person that  
48.28 is an officer of a corporation, a partner of a partnership, a general partner of a limited  
48.29 liability partnership, or a manager of a limited liability company.

48.30 Sec. 50. Minnesota Statutes 2008, section 82.19, is amended to read:

48.31 **82.19 COMPENSATION.**



49.1 Subdivision 1. **Licensee to receive only from broker.** A licensee shall not  
49.2 accept a commission, compensation, referral fee, or other valuable consideration for the  
49.3 performance of any acts requiring a real estate license from any person except the real  
49.4 estate broker to whom the licensee is licensed or to whom the licensee was licensed at the  
49.5 time of the transaction.

49.6 Subd. 1a. **Commission-splitting, rebates, referral fee, and fees.** (a) In connection  
49.7 with a real estate or business opportunity transaction, a real estate broker or real estate  
49.8 salesperson shall not offer, pay, or give, and a person shall not accept, any compensation  
49.9 or other thing of value from a real estate broker or real estate salesperson by way of  
49.10 commission-splitting, rebate, referral fees, finder's fees, or otherwise.

49.11 (b) This subdivision does not apply to transactions:

49.12 (1) between a licensed real estate broker or salesperson and the parties to the  
49.13 transaction;

49.14 (2) among persons licensed as provided in this chapter;

49.15 (3) between a licensed real estate broker or salesperson and persons from other  
49.16 jurisdictions similarly licensed in that jurisdiction;

49.17 (4) involving timeshare or other recreational lands where the amount offered or paid  
49.18 does not exceed \$150, and payment is not conditioned upon any sale but is made merely  
49.19 for providing the referral and the person paying the fee is bound by any representations  
49.20 made by the person receiving the fee; and

49.21 (5) involving a person who receives a referral fee from a person or an agent of a  
49.22 person licensed under this section, provided that in any 12-month period, no recipient may  
49.23 earn more than the value of one month's rent, that the recipient is a resident of the property  
49.24 or has lived there within 60 days of the payment of the fee, and that the person paying the  
49.25 fee is bound by any representations made by the recipient of the fee.

49.26 Subd. 2. **Undisclosed compensation.** A licensee shall not accept, give, or charge  
49.27 any undisclosed compensation or realize any direct or indirect remuneration that inures to  
49.28 the benefit of the licensee on an expenditure made for a principal.

49.29 Subd. 2a. **Sharing of compensation with other brokers.** The seller may, in  
49.30 the listing agreement, authorize the seller's broker to disburse part of the broker's  
49.31 compensation to other brokers, including the buyer's brokers solely representing the buyer.

49.32 Subd. 3. **Limitation on broker when transaction not completed.** When the owner  
49.33 fails or is unable to consummate a real estate transaction, through no fault of the purchaser,  
49.34 the listing broker may not claim any portion of any trust funds deposited with the broker  
49.35 by the purchaser, absent a separate agreement with the purchaser.

50.1            Subd. 3a. **Directing payment of compensation.** A licensed real estate broker  
50.2 or salesperson may assign or direct that commissions or other compensation earned in  
50.3 connection with a real estate or business opportunity transaction be paid to a corporation,  
50.4 limited liability company, or sole proprietorship of which the licensed real estate broker  
50.5 or salesperson is the sole owner.

50.6            Subd. 3b. **Closing agent fee.** A real estate closing agent may not charge a fee for  
50.7 closing services to a borrower, and a borrower may not be required to pay such a fee at  
50.8 settlement, if the fee was not previously disclosed in writing at least one business day  
50.9 before the settlement. This disclosure requirement is satisfied if a disclosure is made or  
50.10 an estimate given under section 507.45.

50.11            Sec. 51. Minnesota Statutes 2008, section 82.21, subdivision 2, is amended to read:

50.12            **Subd. 2. Listing agreements. (a) Requirement.** Licensees shall obtain a signed  
50.13 listing agreement or other signed written authorization from the owner of real property or  
50.14 from another person authorized to offer the property for sale or lease before advertising to  
50.15 the general public that the real property is available for sale or lease.

50.16            For the purposes of this section "advertising" includes placing a sign on the owner's  
50.17 property that indicates that the property is being offered for sale or lease.

50.18            **(b) Contents.** All listing agreements must be in writing and must include:

50.19            (1) a definite expiration date;

50.20            (2) a description of the real property involved;

50.21            (3) the list price and any terms required by the seller;

50.22            (4) the amount of any compensation or commission or the basis for computing  
50.23 the commission;

50.24            (5) a clear statement explaining the events or conditions that will entitle a broker to  
50.25 a commission;

50.26            (6) a clear statement explaining if the agreement may be canceled and the terms  
50.27 under which the agreement may be canceled;

50.28            ~~(6)~~ (7) information regarding an override clause, if applicable, including a statement  
50.29 to the effect that the override clause will not be effective unless the licensee supplies the  
50.30 seller with a protective list within 72 hours after the expiration of the listing agreement;

50.31            ~~(7)~~ (8) the following notice in not less than ten point boldface type immediately  
50.32 preceding any provision of the listing agreement relating to compensation of the licensee:

50.33            "NOTICE: THE COMPENSATION FOR THE SALE, LEASE, RENTAL, OR  
50.34 MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN  
50.35 EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.";

51.1 ~~(8)~~ (9) for residential property listings, the following "dual agency" disclosure  
51.2 statement:

51.3 If a buyer represented by broker wishes to buy the seller's property, a dual agency  
51.4 will be created. This means that broker will represent both the seller(s) and the buyer(s),  
51.5 and owe the same duties to the buyer(s) that broker owes to the seller(s). This conflict  
51.6 of interest will prohibit broker from advocating exclusively on the seller's behalf. Dual  
51.7 agency will limit the level of representation broker can provide. If a dual agency should  
51.8 arise, the seller(s) will need to agree that confidential information about price, terms, and  
51.9 motivation will still be kept confidential unless the seller(s) instruct broker in writing to  
51.10 disclose specific information about the seller(s). All other information will be shared.  
51.11 Broker cannot act as a dual agent unless both the seller(s) and the buyer(s) agree to it. By  
51.12 agreeing to a possible dual agency, the seller(s) will be giving up the right to exclusive  
51.13 representation in an in-house transaction. However, if the seller(s) should decide not to  
51.14 agree to a possible dual agency, and the seller(s) want broker to represent the seller(s), the  
51.15 seller(s) may give up the opportunity to sell the property to buyers represented by broker.

51.16 Seller's Instructions to Broker

51.17 Having read and understood this information about dual agency, seller(s) now  
51.18 instructs broker as follows:

- 51.19 ..... Seller(s) will agree to a dual agency representation and will consider
- 51.20 ..... offers made by buyers represented by broker.
- 51.21 ..... Seller(s) will not agree to a dual agency representation and will not
- 51.22 ..... consider offers made by buyers represented by broker.

51.23 .....  
 51.24 Seller Real Estate Company Name  
 51.25 ..... By: .....  
 51.26 Seller Salesperson  
 51.27 Date : ..... ;

51.28 ~~(9)~~ (10) a notice requiring the seller to indicate in writing whether it is acceptable to  
51.29 the seller to have the licensee arrange for closing services or whether the seller wishes to  
51.30 arrange for others to conduct the closing; and

51.31 ~~(10)~~ (11) for residential listings, a notice stating that after the expiration of the  
51.32 listing agreement, the seller will not be obligated to pay the licensee a fee or commission  
51.33 if the seller has executed another valid listing agreement pursuant to which the seller is  
51.34 obligated to pay a fee or commission to another licensee for the sale, lease, or exchange of  
51.35 the real property in question. This notice may be used in the listing agreement for any  
51.36 other type of real estate.

52.1 (c) **Prohibited provisions.** Except as otherwise provided in paragraph (d), clause  
52.2 (2), licensees shall not include in a listing agreement a holdover clause, automatic  
52.3 extension, or any similar provision, or an override clause the length of which is more than  
52.4 six months after the expiration of the listing agreement.

52.5 (d) **Override clauses.** (1) Licensees shall not seek to enforce an override clause  
52.6 unless a protective list has been furnished to the seller within 72 hours after the expiration  
52.7 of the listing agreement.

52.8 (2) A listing agreement may contain an override clause of up to two years in length  
52.9 when used in conjunction with the purchase or sale of a business. The length of the  
52.10 override clause must be negotiable between the licensee and the seller of the business. The  
52.11 protective list provided in connection with the override clause must include the written  
52.12 acknowledgment of each party named on the protective list, that the business which is the  
52.13 subject of the listing agreement was presented to that party by the licensee.

52.14 (e) **Protective lists.** A broker or salesperson has the burden of demonstrating that  
52.15 each person on the protective list has, during the period of the listing agreement, either  
52.16 made an affirmative showing of interest in the property by responding to an advertisement  
52.17 or by contacting the broker or salesperson involved or has been physically shown the  
52.18 property by the broker or salesperson. For the purpose of this section, the mere mailing or  
52.19 other distribution by a licensee of literature setting forth information about the property in  
52.20 question does not, of itself, constitute an affirmative showing of interest in the property on  
52.21 the part of a subsequent purchaser.

52.22 For listings of nonresidential real property which do not contain the notice described  
52.23 in paragraph (b), clause ~~(10)~~ (11), the protective list must contain the following notice in  
52.24 boldface type:

52.25 "IF YOU RELIST WITH ANOTHER BROKER WITHIN THE OVERRIDE  
52.26 PERIOD AND THEN SELL YOUR PROPERTY TO ANYONE WHOSE NAME  
52.27 APPEARS ON THIS LIST, YOU COULD BE LIABLE FOR FULL COMMISSIONS  
52.28 TO BOTH BROKERS. IF THIS NOTICE IS NOT FULLY UNDERSTOOD, SEEK  
52.29 COMPETENT ADVICE."

52.30 Sec. 52. Minnesota Statutes 2008, section 82.24, subdivision 3, is amended to read:

52.31 Subd. 3. **Broker payment consolidation.** For all license renewal fees, recovery  
52.32 fund renewal fees, and recovery fund assessments pursuant to this section and section  
52.33 82.43, the broker must remit the fees or assessments for the company, broker, and all  
52.34 salespersons licensed to the broker, in the form of a single ~~check~~ payment.

53.1 Sec. 53. Minnesota Statutes 2008, section 82.29, subdivision 4, is amended to read:

53.2 Subd. 4. **Broker's examination.** (a) The examination for a real estate broker's  
53.3 license shall be more exacting than that for a real estate salesperson, and shall require a  
53.4 higher degree of knowledge of the fundamentals of real estate practice and law.

53.5 (b) Every application for a broker's examination shall be accompanied by proof that  
53.6 the applicant has had a minimum of two years of actual experience within the previous  
53.7 five-year period prior to application as a licensed real estate salesperson in this or in  
53.8 another state having comparable requirements or is, in the opinion of the commissioner,  
53.9 otherwise or similarly qualified by reason of education or practical experience. The  
53.10 applicant shall have completed educational requirements in accordance with subdivision 8.

53.11 (c) An applicant for a limited broker's license pursuant to section 82.34, subdivision  
53.12 13, shall not be required to have a minimum of two years of actual experience as a real  
53.13 estate person in order to obtain a limited broker's license ~~to act as principal only.~~

53.14 Sec. 54. Minnesota Statutes 2008, section 82.29, subdivision 5, is amended to read:

53.15 Subd. 5. **Waivers.** The commissioner may ~~waive~~ grant a waiver of the real estate  
53.16 licensing experience requirement for the broker's examination to a qualified applicant for  
53.17 a waiver.

53.18 (a) ~~An~~ A qualified applicant for a waiver shall provide evidence of is an individual  
53.19 who:

53.20 (1) ~~successful completion of a minimum of 90 quarter credits or 270 classroom~~  
53.21 ~~hours of real estate-related studies~~ has a degree in real estate from an accredited college  
53.22 or university;

53.23 (2) ~~a minimum of five consecutive years of practical experience in real estate-related~~  
53.24 ~~areas~~ is a licensed practicing attorney whose practice involves real estate law; or

53.25 (3) ~~successful completion of 30 credits or 90 classroom hours and three consecutive~~  
53.26 ~~years of practical experience in real estate-related areas~~ is a public officer whose official  
53.27 duties involve real estate law or real estate transactions.

53.28 (b) A request for a waiver shall be submitted to the commissioner in writing on a  
53.29 form prescribed by the commissioner and be accompanied by documents necessary to  
53.30 evidence qualification as set forth in paragraph (a).

53.31 (c) The waiver will lapse if the applicant fails to successfully complete the broker's  
53.32 examination within one year from the date of the granting of the waiver.

53.33 Sec. 55. Minnesota Statutes 2008, section 82.29, subdivision 8, is amended to read:

54.1 Subd. 8. **Instruction; new licenses.** (a) ~~Every~~ An applicant for a salesperson's  
54.2 license shall be required to successfully complete a course of study in the real estate field  
54.3 consisting of 30 hours of instruction approved by the commissioner before taking the  
54.4 examination specified in subdivision 1. ~~Every~~ An applicant for a salesperson's license  
54.5 shall be required to successfully complete an additional course of study in the real estate  
54.6 field consisting of 60 hours of instruction approved by the commissioner, of which three  
54.7 hours shall consist of training in state and federal fair housing laws, regulations, and  
54.8 rules, and of which two hours must consist of training in laws and regulations on agency  
54.9 representation and disclosure, before filing an application for the license. This subdivision  
54.10 does not apply to salespeople licensed in Minnesota before July 1, 1969.

54.11 (b) An applicant for a broker's license must successfully complete a course of study  
54.12 in the real estate field consisting of 30 hours of instruction approved by the commissioner,  
54.13 of which three hours shall consist of training in state and federal fair housing laws,  
54.14 regulations, and rules. The course must have been completed within 12 months prior to  
54.15 the date of application for the broker's license.

54.16 ~~(c) An applicant for a real estate closing agent's license must successfully complete~~  
54.17 ~~a course of study relating to closing services consisting of eight hours of instruction~~  
54.18 ~~approved by the commissioner.~~

54.19 Sec. 56. Minnesota Statutes 2008, section 82.31, subdivision 1, is amended to read:

54.20 Subdivision 1. **Qualification of applicants.** ~~Every~~ An applicant for a real estate  
54.21 broker, or real estate salesperson, ~~or real estate closing agent~~ license shall be at least 18  
54.22 years of age at the time of making application for said license.

54.23 Sec. 57. Minnesota Statutes 2008, section 82.31, subdivision 2, is amended to read:

54.24 Subd. 2. **Application for license; contents.** (a) ~~Every~~ An applicant for a license  
54.25 as a real estate broker, or real estate salesperson, ~~or closing agent~~ shall make an  
54.26 application in ~~writing upon forms prepared and furnished~~ the format prescribed by the  
54.27 commissioner. ~~Each~~ The application shall be signed and sworn to by the applicant and  
54.28 ~~shall be~~ accompanied by the license fee required by this chapter.

54.29 (b) Each application for a real estate broker license, or real estate salesperson  
54.30 license, ~~or real estate closing agent license~~ shall contain such information as required  
54.31 by the commissioner consistent with the administration of the provisions and purposes  
54.32 of this chapter.

55.1 (c) ~~Each~~ The application for a real estate salesperson license shall give the applicant's  
55.2 legal name, age, residence address, and the name and place of business of the real estate  
55.3 broker on whose behalf the salesperson is to be acting.

55.4 ~~(d) Each application for a real estate closing agent license shall give the applicant's~~  
55.5 ~~name, age, residence address, and the name and place of business of the closing agent.~~

55.6 ~~(e)~~ (d) The commissioner may require such further information as the commissioner  
55.7 deems appropriate to administer the provisions and further the purposes of this chapter.

55.8 ~~(f) Applicants~~ (e) An applicant for a real estate salesperson license shall submit  
55.9 to the commissioner, along with the application for licensure, a copy of the course  
55.10 completion certificate for courses I, II, and III and passing examination results.

55.11 Sec. 58. Minnesota Statutes 2009 Supplement, section 82.31, subdivision 4, is  
55.12 amended to read:

55.13 Subd. 4. ~~Corporate and partnership~~ **Business entity; brokerage licenses.**

55.14 (a) A ~~corporation~~ business entity applying for a license shall have at least one ~~officer~~  
55.15 responsible person individually licensed to act as broker for the ~~corporation~~ brokerage.  
55.16 The ~~corporation~~ business entity broker's license shall extend no authority to act as broker  
55.17 to any person other than the ~~corporate~~ business entity. Each ~~officer~~ responsible person  
55.18 who intends to act as a broker shall obtain a license.

55.19 (b) A ~~partnership~~ business entity applying for a license shall have at least one ~~partner~~  
55.20 responsible person individually licensed to act as broker for the ~~partnership~~ business entity.  
55.21 Each ~~partner~~ responsible person who intends to act as a broker shall obtain a license.

55.22 (c) ~~Applications~~ An application for a business entity license ~~made by a corporation~~  
55.23 ~~shall be verified by the president and one other officer. Applications made by a partnership~~  
55.24 ~~shall be verified by at least two partners~~ responsible persons for the business entity.

55.25 (d) ~~Any partner or officer~~ A responsible person who ceases to act as broker for  
55.26 a ~~partnership or corporation~~ business entity shall notify the commissioner upon said  
55.27 termination. The individual licenses of all salespersons acting on behalf of a ~~corporation~~  
55.28 ~~or partnership,~~ brokerage are automatically ineffective upon the revocation or suspension  
55.29 of the license of the ~~partnership or corporation~~ brokerage. The commissioner may suspend  
55.30 or revoke the license of ~~an officer or partner~~ a responsible person licensee without  
55.31 suspending or revoking the license of the ~~corporation or partnership~~ business entity.

55.32 (e) The application of all ~~officers~~ responsible persons of a ~~corporation or partners~~  
55.33 ~~in a partnership~~ business entity who intend to act as ~~a broker~~ brokers on behalf of a  
55.34 ~~corporation or partnership~~ business entity shall accompany the initial license application  
55.35 of the ~~corporation or partnership~~ business entity. ~~Officers or partners~~ Responsible persons

56.1 intending to act as brokers subsequent to the licensing of the ~~corporation or partnership~~  
56.2 business entity shall procure an individual real estate broker's license prior to acting in the  
56.3 capacity of a broker. No ~~corporate officer, or partner,~~ responsible person who maintains a  
56.4 salesperson's license may exercise any authority over any trust account administered by  
56.5 the broker nor may they be vested with any supervisory authority over the broker.

56.6 (f) The ~~corporation or partnership~~ business entity applicant shall make available  
56.7 upon request, such records and data required by the commissioner for enforcement  
56.8 of this chapter.

56.9 (g) The commissioner may require further information, as the commissioner deems  
56.10 appropriate, to administer the provisions and further the purposes of this chapter.

56.11 Sec. 59. Minnesota Statutes 2009 Supplement, section 82.32, is amended to read:

56.12 **82.32 LICENSING: CONTINUING EDUCATION AND INSTRUCTION.**

56.13 (a) All real estate salespersons and all real estate brokers shall be required to  
56.14 successfully complete 30 hours of real estate continuing education, either as a student or  
56.15 a lecturer, in courses of study approved by the commissioner, during the initial license  
56.16 period and during each succeeding 24-month license period. At least 15 of the 30 credit  
56.17 hours must be completed during the first 12 months of the 24-month licensing period.  
56.18 Licensees may not claim credit for continuing education not actually completed as of the  
56.19 date their report of continuing education compliance is filed.

56.20 (b) The commissioner may adopt rules defining the standards for course and  
56.21 instructor approval, and may adopt rules for the proper administration of prelicense  
56.22 instruction as required under section 82.29, subdivision 8, and continuing education as  
56.23 required under this section and sections 82.29; 82.31, ~~subdivisions~~ subdivision 5 and 6;  
56.24 82.33, subdivisions 1 and 4 to 6; and 82.44. The commissioner may not approve a course  
56.25 which can be completed by the student at home or outside the classroom without the  
56.26 supervision of an instructor except accredited courses using new delivery technology,  
56.27 including interactive technology, and the Internet. The commissioner may approve  
56.28 courses of study in the real estate field offered in educational institutions of higher learning  
56.29 in this state or courses of study in the real estate field developed by and offered under  
56.30 the auspices of the National Association of Realtors, its affiliates, or private real estate  
56.31 schools. Courses in motivation, salesmanship, psychology, or time management shall not  
56.32 be approved by the commissioner for continuing education credit. The commissioner may  
56.33 approve courses in any other subjects, including, but not limited to, communication,  
56.34 marketing, negotiation, and technology for continuing education credit.



57.1 (c) As part of the continuing education requirements of this section and sections  
57.2 82.29; 82.31, subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and 82.44, the  
57.3 commissioner shall require that all real estate brokers and salespersons receive:

57.4 (1) at least one hour of training during each license period in courses in laws or  
57.5 regulations on agency representation and disclosure; and

57.6 (2) at least one hour of training during each license period in courses in state and  
57.7 federal fair housing laws, regulations, and rules, other antidiscrimination laws, or courses  
57.8 designed to help licensees to meet the housing needs of immigrant and other underserved  
57.9 populations.

57.10 Clauses (1) and (2) do not apply to real estate salespersons and real estate brokers  
57.11 engaged solely in the commercial real estate business who file with the commissioner  
57.12 a verification of this status along with the continuing education report required under  
57.13 paragraph (a).

57.14 (d) The commissioner is authorized to establish a procedure for renewal of course  
57.15 accreditation.

57.16 (e) Approved continuing education courses may be sponsored or offered by a broker  
57.17 of a real estate company and may be held on the premises of a company licensed under  
57.18 this chapter. All continuing education course offerings must be open to any interested  
57.19 individuals. Access may be restricted by the education provider based on class size  
57.20 only. Courses must not be approved if attendance is restricted to any particular group of  
57.21 people. A broker must comply with all continuing education rules prescribed by the  
57.22 commissioner. The commissioner shall not approve any prelicense instruction courses  
57.23 offered by, sponsored by, or affiliated with any person or company licensed to engage in  
57.24 the real estate business.

57.25 (f) Credit may not be earned if the licensee has previously obtained credit for the  
57.26 same course as either a student or instructor during the same licensing period.

57.27 (g) The real estate education course completion certificate must be in the form set  
57.28 forth by the commissioner. Students are responsible for maintaining copies of course  
57.29 completion certificates.

57.30 (h) An approved prelicense 30-hour broker course may be used for continuing  
57.31 education credit by a real estate salesperson or broker if the course is completed during  
57.32 the appropriate licensing period.

57.33 Sec. 60. Minnesota Statutes 2008, section 82.33, subdivision 1, is amended to read:

57.34 Subdivision 1. **Duration.** ~~No~~ The renewal of a salesperson's license ~~shall be~~ is not  
57.35 effective beyond a date two years after the granting of ~~such~~ the salesperson's license unless

58.1 the salesperson has furnished evidence of compliance with section 82.29, subdivision 8.  
58.2 The commissioner shall cancel the license of ~~any~~ a salesperson who fails to comply with  
58.3 section 82.29, subdivision 8. ~~This subdivision shall not apply to salespeople licensed in~~  
58.4 ~~Minnesota prior to July 1, 1969.~~

58.5 Sec. 61. Minnesota Statutes 2008, section 82.33, is amended by adding a subdivision  
58.6 to read:

58.7 Subd. 1a. **Broker's responsibility.** (a) A broker shall renew the license of each  
58.8 eligible salesperson who is and will continue to be associated with the broker. For  
58.9 the purposes of this subdivision, an eligible salesperson is one who has demonstrated  
58.10 compliance with all renewal requirements before June 15 of the renewal year.

58.11 (b) When a broker does not intend to renew the license of an eligible salesperson  
58.12 who is associated with the broker, the broker must notify the salesperson in writing 30  
58.13 days before June 15 of the renewal year.

58.14 (c) When the broker responsible for the salesperson's license renewal does not renew  
58.15 an eligible salesperson's license before the renewal deadline, the broker shall pay on the  
58.16 salesperson's behalf any additional higher license fees that result.

58.17 Sec. 62. Minnesota Statutes 2008, section 82.33, subdivision 2, is amended to read:

58.18 Subd. 2. **Timely renewals.** ~~Persons~~ A person whose ~~applications have~~ application  
58.19 for a license renewal has not been properly and timely filed and who ~~have~~ has not received  
58.20 notice of ~~denial~~ approval of renewal are deemed to have been approved for renewal and  
58.21 may not continue to transact business either as a real estate broker, salesperson, or closing  
58.22 agent ~~whether or not the renewed license has been received on or before July 1~~ after June  
58.23 30 of the renewal year until approval of renewal is received. Application for renewal of a  
58.24 license ~~shall be deemed to have been~~ is timely filed if received by the commissioner by, or  
58.25 mailed with proper postage and postmarked by:

58.26 (1) all requirements for renewal, including continuing education requirements,  
58.27 have been completed by June 15 of the renewal year. ~~Applications for renewal shall be~~  
58.28 deemed properly filed if made; and

58.29 (2) the application is submitted before the renewal deadline in the manner  
58.30 prescribed by the commissioner upon forms duly executed and sworn to, accompanied  
58.31 by fees prescribed by this chapter, and ~~contain~~ containing any information which the  
58.32 commissioner ~~may require~~ requires.

58.33 Sec. 63. Minnesota Statutes 2008, section 82.34, subdivision 1, is amended to read:

59.1 Subdivision 1. **Generally.** (a) The commissioner shall issue a license as a real estate  
59.2 broker, ~~or real estate salesperson, or closing agent~~ to any person who qualifies for ~~such~~  
59.3 the license under the terms of this chapter.

59.4 (b) The commissioner is authorized to establish by rule a special license for real  
59.5 estate brokers and real estate salespeople engaged solely in the rental or management of  
59.6 an interest or estate in real estate, to prescribe qualifications for the license, and to issue  
59.7 the license consistent with the terms of this chapter. This clause shall not be construed to  
59.8 require those owners or managers or their agents or employees who are excluded by section  
59.9 82.23, clause (d), from the definition of real estate broker, to obtain the special license.

59.10 Sec. 64. Minnesota Statutes 2008, section 82.34, subdivision 2, is amended to read:

59.11 Subd. 2. **Additional broker's license.** An individual who holds a broker's license  
59.12 in ~~his or her~~ the broker's own name or for or on behalf of a ~~corporation or partnership~~  
59.13 business entity must be issued an additional broker's license only upon demonstrating:

59.14 (1) that the additional license is necessary in order to serve a legitimate business  
59.15 purpose;

59.16 (2) that the broker will be capable of supervising all salespersons over whom ~~he or~~  
59.17 ~~she~~ the broker will have supervisory responsibility or, in the alternative, that the broker  
59.18 will have no supervisory responsibilities under the additional license; and

59.19 (3) that the broker:

59.20 (i) has a ~~substantial~~ at least 51 percent ownership interest in each ~~corporation or~~  
59.21 ~~partnership~~ business entity for or on whose behalf ~~he or she~~ the broker holds or will  
59.22 hold a broker's license; or

59.23 (ii) is an elected or appointed officer, signing partner, or managing member of both  
59.24 the business entity for which or on whose behalf the broker already holds a license, and  
59.25 an affiliated business entity for which or on whose behalf the broker is applying for an  
59.26 additional license.

59.27 ~~The requirement of a substantial ownership interest does not apply where the broker~~  
59.28 ~~seeking the additional license or licenses is an officer of a corporation for or on whose~~  
59.29 ~~behalf the broker already holds a license and the broker is applying for the additional~~  
59.30 ~~license or licenses for or on behalf of an affiliated corporation or corporations of which he~~  
59.31 ~~or she is also an officer.~~ For the purpose of this section and sections 82.31, subdivisions 1  
59.32 to 4; 82.33, subdivisions 1 to 3; 82.35, subdivision 2; and 82.39, "affiliated ~~corporation~~  
59.33 business entity" means a ~~corporation which is directly or indirectly controlled~~ business  
59.34 entity that is majority-owned by the same persons as the ~~corporation~~ business entity for  
59.35 which or on whose behalf the broker is already licensed to act.

60.1 For the purposes of this section and sections 82.31, subdivisions 1 to 4; 82.33,  
60.2 subdivisions 1 to 3; 82.35, subdivision 2; and 82.39, a legitimate business purpose  
60.3 includes engaging in a different and specialized area of real estate or maintaining an  
60.4 existing business name.

60.5 Sec. 65. Minnesota Statutes 2008, section 82.34, subdivision 4, is amended to read:

60.6 Subd. 4. **Issuance of license; salesperson.** A salesperson must be licensed to act  
60.7 on behalf of a licensed broker and may not be licensed to act on behalf of more than  
60.8 one broker in this state during the same period of time. ~~The license of each real estate~~  
60.9 ~~salesperson shall be mailed to and remain in the possession of the licensed broker with~~  
60.10 ~~whom the salesperson is or is to be associated until canceled or until such licensee leaves~~  
60.11 ~~such broker.~~

60.12 Sec. 66. Minnesota Statutes 2008, section 82.34, subdivision 5, is amended to read:

60.13 Subd. 5. **Effective date of license.** ~~Licenses~~ A license renewed pursuant to this  
60.14 chapter ~~are~~ is valid for a period of 24 months. ~~New licenses~~ A new license issued during a  
60.15 24-month licensing period will expire on June 30 of the expiration year assigned to the  
60.16 license. ~~Implementation of the 24-month licensing program must be staggered so that~~  
60.17 ~~approximately one-half of the licenses will expire on June 30 of each even-numbered year~~  
60.18 ~~and the other one-half on June 30 of each odd-numbered year. Those licensees who will~~  
60.19 ~~receive a 12-month license on July 1, 1995, because of the staggered implementation~~  
60.20 ~~schedule will pay for the license a fee reduced by an amount equal to one-half the fee~~  
60.21 ~~for renewal of the license.~~

60.22 Sec. 67. Minnesota Statutes 2008, section 82.34, subdivision 13, is amended to read:

60.23 Subd. 13. **Limited broker's license.** ~~(a)~~ The commissioner shall have the authority  
60.24 to issue a limited real estate broker's license authorizing the licensee to engage in  
60.25 transactions as principal only. ~~Such license shall be issued only after receipt of the~~  
60.26 ~~application described in section 82.31, subdivision 2, and payment of the fee prescribed~~  
60.27 ~~by section 82.24, subdivision 1. No salesperson may be licensed to act on behalf of an~~  
60.28 ~~individual holding a limited broker's license. An officer of a corporation or partner of a~~  
60.29 ~~partnership licensed as a limited broker may act on behalf of that corporation or partnership~~  
60.30 ~~without being subject to the licensing requirements.~~ following limited activities:

60.31 ~~(b) A limited broker's license shall also authorize the licensee to engage in~~  
60.32 ~~negotiation of mortgage loans, other than residential mortgage loans, as described in~~  
60.33 ~~section 82.17, subdivision 18, clause (b).~~

- 61.1 (1) the licensee to engage in transactions as principal only; or  
61.2 (2) the licensee to engage in negotiations of mortgage loans, other than residential  
61.3 mortgage loans, as described in section 82.17, subdivision 18, clause (b).

61.4 The license may be issued only after receipt of the application described in section  
61.5 82.31, subdivision 2, and payment of the fee prescribed by section 82.24, subdivision 1. A  
61.6 salesperson may not be licensed to act on behalf of an individual holding a limited broker's  
61.7 license. A responsible person of a business entity licensed as a limited broker may act on  
61.8 behalf of that business entity without being subject to the licensing requirements.

61.9 Sec. 68. Minnesota Statutes 2008, section 82.39, is amended to read:

61.10 **82.39 NOTICE TO COMMISSIONER.**

61.11 Subdivision 1. **Notice Change of application information.** Notice in writing  
61.12 or in the format prescribed by the commissioner shall be given to the commissioner by  
61.13 ~~each~~ a licensee of any change in of information contained in the license application on file  
61.14 with the commissioner, including but not limited to personal name, trade name, address or  
61.15 business location not later than ten days after such the change. ~~The commissioner shall~~  
61.16 issue a new license if required for the unexpired period.

61.17 Subd. 2. **Mandatory. Licensees** The licensee shall notify the commissioner in  
61.18 writing or in the format prescribed by the commissioner within ten days of the facts in  
61.19 subdivisions 3 to 5.

61.20 Subd. 3. **Civil judgment. Licensees** The licensee must notify the commissioner  
61.21 in writing within ten days of a final adverse decision or order of a court, whether or not  
61.22 the decision or order is appealed, regarding any proceeding in which the licensee was  
61.23 named as a defendant, and which alleged fraud, misrepresentation, or the conversion of  
61.24 funds, if the final adverse decision relates to the allegations of fraud, misrepresentation, or  
61.25 the conversion of funds.

61.26 Subd. 4. **Disciplinary action.** The licensee must notify the commissioner in writing  
61.27 ~~within ten days~~ of the suspension or revocation of the licensee's real estate or other  
61.28 occupational license issued by this state or another jurisdiction.

61.29 Subd. 5. **Criminal offense.** The licensee must notify the commissioner in writing  
61.30 ~~within ten days~~ if the licensee is charged with, adjudged guilty of, or enters a plea of  
61.31 guilty or nolo contendere to a charge of any felony, or of any gross misdemeanor alleging  
61.32 fraud, misrepresentation, conversion of funds, or a similar violation of any real estate  
61.33 licensing law.

61.34 Sec. 69. Minnesota Statutes 2008, section 82.41, subdivision 1, is amended to read:

62.1 Subdivision 1. **License required.** No person shall act as a real estate broker,  
62.2 ~~or real estate salesperson, or real estate closing agent~~ unless licensed as ~~herein~~ provided  
62.3 in this section.

62.4 Sec. 70. Minnesota Statutes 2008, section 82.41, subdivision 2, is amended to read:

62.5 Subd. 2. **Misrepresenting status as licensee.** No persons shall advertise or  
62.6 represent themselves to be real estate brokers, ~~salespeople, or closing agents~~ or real estate  
62.7 salespersons unless licensed as ~~herein~~ provided in this section.

62.8 Sec. 71. Minnesota Statutes 2008, section 82.41, is amended by adding a subdivision  
62.9 to read:

62.10 Subd. 3a. **Limitation on broker when transaction not completed.** When the  
62.11 owner fails or is unable to consummate a real estate transaction, through no fault of the  
62.12 purchaser, the listing broker may not claim any portion of any trust funds deposited with  
62.13 the broker by the purchaser, absent a separate agreement with the purchaser.

62.14 Sec. 72. Minnesota Statutes 2008, section 82.45, subdivision 3, is amended to read:

62.15 Subd. 3. **Retention.** A licensed real estate broker shall retain for ~~three~~ six years  
62.16 copies of all listings, buyer representation and facilitator services contracts, deposit  
62.17 receipts, purchase money contracts, canceled checks, trust account records, and such  
62.18 other documents as may reasonably be related to carrying on a real estate brokerage  
62.19 business. The retention period shall run from the date of the closing of the transaction,  
62.20 or from the date of the document if the document is not consummated. The following  
62.21 documents need not be retained:

62.22 (1) agency disclosure forms provided to prospective buyers or sellers, where no  
62.23 contractual relationship is subsequently created and no services are provided by the  
62.24 licensee; and

62.25 (2) facilitator services contracts or buyer representation contracts entered into with  
62.26 prospective buyers, where the prospective buyer abandons the contractual relationship  
62.27 before any services have been provided by the licensee.

62.28 Sec. 73. Minnesota Statutes 2008, section 82.45, is amended by adding a subdivision  
62.29 to read:

62.30 Subd. 4. **Storage.** Storage of documents identified in subdivision 3 may be stored  
62.31 by electronic means.

63.1 Sec. 74. Minnesota Statutes 2008, section 82.45, is amended by adding a subdivision  
63.2 to read:

63.3 Subd. 5. **Destruction.** After the retention period specified in subdivision 3 has  
63.4 elapsed and the broker no longer wishes to retain the documents, the broker must ensure  
63.5 that the documents are disposed of according to the confidential record destruction  
63.6 procedures of the Fair and Accurate Credit Transaction Act of 2003, Public Law 108-159.

63.7 Sec. 75. Minnesota Statutes 2008, section 82.48, subdivision 2, is amended to read:

63.8 Subd. 2. **Penalty for noncompliance.** The methods, acts, or practices set forth in  
63.9 subdivisions 1 and 3 and sections 82.19; 82.22; 82.27; ~~82.31, subdivision 6;~~ 82.37; and  
63.10 82.41, subdivision 11, are standards of conduct governing the activities of real estate  
63.11 brokers and salespersons. Failure to comply with these standards shall constitute grounds  
63.12 for license denial, suspension, or revocation, or for censure of the licensee.

63.13 Sec. 76. Minnesota Statutes 2008, section 82.48, subdivision 3, is amended to read:

63.14 Subd. 3. **Responsibilities of brokers.** (a) **Supervision of personnel.** ~~Brokers~~ A  
63.15 broker shall adequately supervise the activities of ~~their~~ the broker's salespersons and  
63.16 employees. Supervision includes the ongoing monitoring of listing agreements, purchase  
63.17 agreements, other real estate-related documents which are prepared or drafted by the  
63.18 broker's salespersons or employees or which are otherwise received by the broker's office,  
63.19 and the review of all trust account books and records. If an individual broker maintains  
63.20 more than one place of business, each place of business shall be under the broker's direction  
63.21 and supervision. If a ~~partnership or corporate broker~~ brokerage maintains more than one  
63.22 place of business, each place of business shall be under the direction and supervision of an  
63.23 individual broker licensed to act on behalf of the ~~partnership or corporation~~ brokerage.

63.24 The primary broker shall maintain records specifying the name of each broker  
63.25 responsible for the direction and supervision of each place of business. If an individual  
63.26 broker, who may be the primary broker, is responsible for supervising more than one  
63.27 place of business, the primary broker shall, upon written request of the commissioner,  
63.28 file a written statement specifying the procedures which have been established to ensure  
63.29 that all salespersons and employees are adequately supervised. Designation of another  
63.30 broker to supervise a place of business does not relieve the primary broker of the ultimate  
63.31 responsibility for the actions of licensees.

63.32 (b) **Preparation and safekeeping of documents.** ~~Brokers shall be~~ A broker is  
63.33 responsible for the preparation, custody, safety, and accuracy of all real estate contracts,

64.1 documents, and records, even though another person may be assigned these duties by  
64.2 the broker.

64.3 (c) **Documentation and resolution of complaints.** ~~Brokers~~ A broker shall  
64.4 investigate and attempt to resolve complaints made regarding the practices of any  
64.5 individual licensed to ~~them~~ the broker and shall maintain, with respect to each individual  
64.6 licensed to ~~them~~ the broker, a complaint file containing all material relating to any  
64.7 complaints received in writing for a period of three years.

64.8 (d) **Disclosure of listed property information.** A broker may allow any unlicensed  
64.9 person, who is authorized by the broker, to disclose any factual information pertaining  
64.10 to the properties listed with the broker, if the factual information is provided to the  
64.11 unlicensed person in written form by the broker representing or assisting the seller(s).

64.12 Sec. 77. **[82.52] ADVERTISING REQUIREMENTS.**

64.13 A licensee shall identify himself or herself as either a broker or an agent salesperson  
64.14 in any advertising for the purchase, sale, lease, exchange, mortgaging, transfer, or other  
64.15 disposition of real property, whether the advertising pertains to the licensee's own property  
64.16 or the property of others.

64.17 If a salesperson or broker is part of a team or group within the brokerage, the licensee  
64.18 may include the team or group name in the advertising only under the following conditions:

64.19 (1) the inclusion of the team or group name is authorized by the primary broker of  
64.20 the brokerage to which the salesperson or broker is licensed; and

64.21 (2) the real estate brokerage name is included and more prominently displayed than  
64.22 the team or group name in the advertising.

64.23 Sec. 78. **[82.53] REAL ESTATE CLOSING AGENT LICENSING.**

64.24 Subdivision 1. Generally. The commissioner shall issue a license as a closing agent  
64.25 to a person who qualifies for the license under the terms of this chapter.

64.26 Subd. 2. Qualification of applicants. An applicant for a real estate closing agent  
64.27 license must be at least 18 years of age at the time of making application for the license.

64.28 Subd. 3. Application for license; contents. (a) An applicant for a real estate closing  
64.29 agent license shall make an application in the format prescribed by the commissioner. The  
64.30 application must be accompanied by the license fee required by this chapter.

64.31 (b) An application for a real estate closing agent license must contain the information  
64.32 required by the commissioner consistent with this chapter.

64.33 (c) An application for a real estate closing agent license shall give the applicant's  
64.34 legal name, age, residence address, and the name and place of business of the closing agent.



65.1 (d) The commissioner may require further information the commissioner considers  
65.2 appropriate to administer this chapter.

65.3 Subd. 4. **Instruction.** An applicant for a real estate closing agent's license must  
65.4 successfully complete a course of study relating to closing services consisting of eight  
65.5 hours of instruction approved by the commissioner.

65.6 Subd. 5. **Change of application information.** The commissioner must be notified  
65.7 in the format prescribed by the commissioner of a change of information contained in the  
65.8 license application on file with the commissioner within ten days of the change.

65.9 Subd. 6. **Exemption.** The following persons, when acting as closing agents, are  
65.10 exempt from the requirements of sections 82.41 and 82.50 unless otherwise required  
65.11 in this chapter:

65.12 (1) a direct employee of a title insurance company authorized to do business in this  
65.13 state, or a direct employee of a title company, or a person who has an agency agreement  
65.14 with a title insurance company or a title company in which the agent agrees to perform  
65.15 closing services on the title insurance company's or title company's behalf and the title  
65.16 insurance company or title company assumes responsibility for the actions of the agent as  
65.17 if the agent were a direct employee of the title insurance company or title company;

65.18 (2) a licensed attorney or a direct employee of a licensed attorney;

65.19 (3) a licensed real estate broker or salesperson;

65.20 (4) a direct employee of a licensed real estate broker if the broker maintains all funds  
65.21 received in connection with the closing services in the broker's trust account;

65.22 (5) a bank, trust company, savings association, credit union, industrial loan and thrift  
65.23 company, regulated lender under chapter 56, public utility, or land mortgage or farm loan  
65.24 association organized under the laws of this state or the United States, when engaged in  
65.25 the transaction of businesses within the scope of its corporate powers as provided by law;

65.26 (6) a title insurance company authorized to do business in this state; and

65.27 (7) a title company that has a contractual agency relationship with a title insurance  
65.28 company authorized to do business in this state, where the title insurance company  
65.29 assumes responsibility for the actions of the title company and its employees or agents as  
65.30 if they were employees or agents of the title insurance company.

65.31 **Sec. 79. [82.54] OTHER DISCLOSURE REQUIREMENTS.**

65.32 Subdivision 1. **Agent of broker disclosure.** A salesperson shall only conduct  
65.33 business under the licensed name of and on behalf of the broker to whom the salesperson  
65.34 is licensed. An individual broker shall only conduct business under the brokerage's  
65.35 licensed name. A broker licensed to a business entity shall only conduct business under

66.1 the licensed business entity name. A licensee shall affirmatively disclose, before the  
66.2 negotiation or consummation of any transaction, the licensed name of the brokerage under  
66.3 whom the licensee is authorized to conduct business according to this section.

66.4 **Subd. 2. Financial interests or relative or business associate disclosure;**  
66.5 **licensee.** (a) Before the negotiation or consummation of any transaction, a licensee shall  
66.6 affirmatively disclose to the owner of real property that the licensee is a real estate broker  
66.7 or agent salesperson, and in what capacity the licensee is acting, if the licensee directly, or  
66.8 indirectly through a third party, purchases for himself or herself or acquires, or intends to  
66.9 acquire, any interest in, or any option to purchase, the owner's property.

66.10 (b) When a principal in the transaction is a licensee or a relative or business associate  
66.11 of the licensee, that fact must be disclosed in writing.

66.12 **Subd. 3. Material facts.** (a) A licensee shall disclose to a prospective purchaser  
66.13 all material facts of which the licensee is aware, which could adversely and significantly  
66.14 affect an ordinary purchaser's use or enjoyment of the property, or any intended use of the  
66.15 property of which the licensee is aware.

66.16 (b) It is not a material fact relating to real property offered for sale the fact or  
66.17 suspicion that the property:

66.18 (1) is or was occupied by an owner or occupant who is or was suspected  
66.19 to be infected with human immunodeficiency virus or diagnosed with acquired  
66.20 immunodeficiency syndrome;

66.21 (2) was the site of a suicide, accidental death, natural death, or perceived paranormal  
66.22 activity; or

66.23 (3) is located in a neighborhood containing any adult family home, community-based  
66.24 residential facility, or nursing home.

66.25 (c) A licensee or employee of the licensee has no duty to disclose information  
66.26 regarding an offender who is required to register under section 243.166, or about whom  
66.27 notification is made under that section, if the broker or salesperson, in a timely manner,  
66.28 provides a written notice that information about the predatory offender registry and  
66.29 persons registered with the registry may be obtained by contacting local law enforcement  
66.30 where the property is located or the Department of Corrections.

66.31 (d) A licensee or employee of the licensee has no duty to disclose information  
66.32 regarding airport zoning regulations if the broker or salesperson, in a timely manner,  
66.33 provides a written notice that a copy of the airport zoning regulations as adopted can be  
66.34 reviewed or obtained at the office of the county recorder where the zoned area is located.

66.35 (e) A licensee is not required to disclose, except as otherwise provided in paragraph  
66.36 (f), information relating to the physical condition of the property or any other information

67.1 relating to the real estate transaction, if a written report that discloses the information has  
67.2 been prepared by a qualified third party and provided to the person. For the purposes of  
67.3 this paragraph, "qualified third party" means a federal, state, or local governmental agency,  
67.4 or any person whom the broker, salesperson, or a party to the real estate transaction  
67.5 reasonably believes has the expertise necessary to meet the industry standards of practice  
67.6 for the type of inspection or investigation that has been conducted by the third party  
67.7 in order to prepare the written report and who is acceptable to the person to whom the  
67.8 disclosure is being made.

67.9 (f) A licensee shall disclose to the parties to a real estate transaction any facts known  
67.10 by the broker or salesperson that contradict any information included in a written report  
67.11 described in paragraph (e), if a copy of the report is provided to the licensee.

67.12 (g) The limitation on disclosures in paragraphs (b) and (c) shall modify any common  
67.13 law duties with respect to disclosure of material facts.

67.14 Subd. 4. **Nonperformance of party.** If a licensee is put on notice by a party to a  
67.15 real estate transaction that the party will not perform according to the terms of a purchase  
67.16 agreement or other similar written agreement to convey real estate, the licensee shall  
67.17 immediately disclose the fact of that party's intent not to perform to the other party or  
67.18 parties to the transaction. The licensee shall, if reasonably possible, inform the party who  
67.19 will not perform of the licensee's obligation to disclose this fact to the other party or  
67.20 parties to the transaction before making the disclosure. The obligation required by this  
67.21 section does not apply to notice of a party's inability to keep or fulfill any contingency to  
67.22 which the real estate transaction has been made subject.

67.23 Sec. 80. Minnesota Statutes 2008, section 82B.05, as amended by Laws 2009, chapter  
67.24 63, section 62, is amended to read:

67.25 **82B.05 REAL ESTATE APPRAISER ADVISORY BOARD.**

67.26 Subdivision 1. **Members.** The Real Estate Appraiser Advisory Board consists of  
67.27 ~~15~~ nine members appointed by the commissioner of commerce. Three of the members  
67.28 must be ~~public members~~, ~~four~~ must be consumers of appraisal services, of whom one  
67.29 member must be employed in the financial lending industry, and ~~eight~~ six must be real  
67.30 estate appraisers who are currently licensed in good standing, of whom ~~not less than two~~  
67.31 ~~three~~ members must be ~~trainee real property appraisers, licensed real property appraisers,~~  
67.32 ~~or certified residential real property appraisers, not less than two~~ and three members must  
67.33 be certified general real property appraisers, ~~and not less than~~. At least one member of the  
67.34 board must be certified by the Appraisal Qualification Board of the Appraisal Foundation

68.1 to teach the Uniform Standards of Professional Appraisal Practice. The board is governed  
68.2 by section 15.0575.

68.3 Subd. 3. **Terms.** The term of office for members is three years.

68.4 Upon expiration of their terms, members of the board shall continue to hold office  
68.5 until the appointment and qualification of their successors. No person may serve as a  
68.6 member of the board for more than two consecutive terms. The commissioner may  
68.7 remove a member for cause.

68.8 ~~Subd. 4. **Practice of public members prohibited.** The public members of the board  
68.9 may not be engaged in the practice of real estate appraising.~~

68.10 Subd. 5. **Conduct of meetings.** Places of regular board meetings must be decided  
68.11 by the vote of members. Written notice must be given to each member of the time and  
68.12 place of each meeting of the board at least ten days before the scheduled date of regular  
68.13 board meetings. The board shall establish procedures for emergency board meetings and  
68.14 other operational procedures, subject to the approval of the commissioner.

68.15 The members of the board shall elect a chair to preside at board meetings, a  
68.16 vice-chair, and a secretary from among the members ~~to preside at board meetings.~~

68.17 A quorum of the board is ~~eight~~ five members.

68.18 The board shall meet at least once every ~~six~~ three months as determined by a  
68.19 majority vote of the members or a call of the commissioner.

68.20 Subd. 6. **Compensation.** Each member of the board is entitled to a per diem  
68.21 allowance of \$35 for each meeting of the board at which the member is present and for each  
68.22 day or substantial part of a day actually spent in the conduct of the business of the board,  
68.23 plus all appropriate expenses unless a greater amount is authorized by section 15.0575.

68.24 Subd. 7. **Enforcement reports.** The commissioner shall, on a regular basis, provide  
68.25 the board with the commissioner's public enforcement data.

68.26 **EFFECTIVE DATE.** This section is effective January 1, 2011.

68.27 Sec. 81. Minnesota Statutes 2008, section 82B.06, is amended to read:

68.28 **82B.06 POWERS OF THE BOARD.**

68.29 The board shall make recommendations to the commissioner as the commissioner  
68.30 requests or at the board's own initiative on:

68.31 (1) rules with respect to each category of licensed real estate appraiser, the type of  
68.32 educational experience, appraisal experience, and equivalent experience that will meet  
68.33 the requirements of this chapter;

69.1 (2) examination specifications for each category of licensed real estate appraiser,  
69.2 to assist in providing or obtaining appropriate examination questions and answers, and  
69.3 procedures for grading examinations;

69.4 (3) rules with respect to each category of licensed real estate appraiser, the  
69.5 continuing education requirements for the renewal of licensing that will meet the  
69.6 requirements provided in this chapter;

69.7 (4) periodic review of the standards for the development and communication of  
69.8 real estate appraisals provided in this chapter and rules explaining and interpreting the  
69.9 standards; and

69.10 (5) other matters necessary in carrying out the provisions of this chapter.

69.11 **EFFECTIVE DATE.** This section is effective January 1, 2011.

69.12 Sec. 82. Minnesota Statutes 2008, section 82B.14, is amended to read:

69.13 **82B.14 EXPERIENCE REQUIREMENT.**

69.14 (a) As a prerequisite for licensing as a licensed real property appraiser, an applicant  
69.15 must present evidence satisfactory to the commissioner that the person has obtained 2,000  
69.16 hours of experience in real property appraisal obtained in no fewer than 12 months.

69.17 As a prerequisite for licensing as a certified residential real property appraiser, an  
69.18 applicant must present evidence satisfactory to the commissioner that the person has  
69.19 obtained 2,500 hours of experience in real property appraisal obtained in no fewer than  
69.20 24 months.

69.21 As a prerequisite for licensing as a certified general real property appraiser, an  
69.22 applicant must present evidence satisfactory to the commissioner that the person has  
69.23 obtained 3,000 hours of experience in real property appraisal obtained in no fewer than 30  
69.24 months. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

69.25 (b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall  
69.26 give under oath a detailed listing of the real estate appraisal reports or file memoranda  
69.27 for which experience is claimed by the applicant. Upon request, the applicant shall make  
69.28 available to the commissioner for examination, a sample of appraisal reports that the  
69.29 applicant has prepared in the course of appraisal practice.

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

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

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

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

70.4 (d) Applicants may not receive credit for experience accumulated while unlicensed,  
70.5 if the experience is based on activities which required a license under this section.

70.6 ~~(d)~~ (e) Experience for all classifications must be obtained after January 30, 1989,  
70.7 and must be USPAP compliant.

70.8 Sec. 83. Minnesota Statutes 2009 Supplement, section 137.0225, is amended to read:

70.9 **137.0225 UNIVERSITY PROMISE SCHOLARSHIP.**

70.10 The Board of Regents may establish a scholarship to help offset the impact of  
70.11 rising tuition for Minnesota students ~~from middle-income families~~. To be eligible for a  
70.12 scholarship under this section, a student must be a Minnesota resident undergraduate  
70.13 from a family ~~that is not Pell Grant eligible~~ with an annual adjusted gross income not  
70.14 to exceed \$100,000.

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

70.16 Sec. 84. **[137.66] SCHOLARSHIP FUNDING PROGRAM.**

70.17 As a condition of a license for an arena or stadium location under section 340A.404,  
70.18 subdivision 4a, paragraph (a), clause (3), the University of Minnesota shall deposit at  
70.19 least 75 percent of the net revenue generated through the existence of this license for  
70.20 scholarships under section 137.0225 for Minnesota resident men and women attending the  
70.21 University of Minnesota.

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

70.23 Sec. 85. Minnesota Statutes 2008, section 326.3382, subdivision 3, is amended to read:

70.24 Subd. 3. **Proof of insurance.** (a) No license may be issued to a private detective  
70.25 or protective agent applicant until the applicant has complied with the requirements in  
70.26 this subdivision.

70.27 (b) The applicant shall execute a surety bond to the state of Minnesota in the penal  
70.28 sum of \$10,000 and file it with the board. The surety bond must be executed by a  
70.29 company authorized to do business in the state of Minnesota, must name the applicant as  
70.30 principal, and must state that the applicant and each of the applicant's employees shall  
70.31 faithfully observe all of the laws of Minnesota and of the United States and shall pay all

71.1 damages suffered by any person by reason of a violation of law by the applicant or by the  
71.2 commission of any willful and malicious wrong by the applicant in the course of business.

71.3 (c) The applicant shall furnish proof, acceptable to the board, of the applicant's  
71.4 ability to respond in damages for liability on account of accidents or wrongdoings arising  
71.5 out of the ownership and operation of a private detective or protective agent business.  
71.6 Compliance with paragraph (d), (e), or (f) is satisfactory proof of financial responsibility  
71.7 for purposes of this paragraph.

71.8 (d) The applicant may file with the board a certificate of insurance demonstrating  
71.9 coverage for general liability, completed operations, and personal injury. Personal injury  
71.10 insurance must include coverage for:

- 71.11 (1) false arrest, detention, imprisonment, and malicious prosecution;  
71.12 (2) libel, slander, defamation, and violation of rights of privacy; and  
71.13 (3) wrongful entry, eviction, and other invasion of rights of private occupancy.

71.14 ~~The certificate must provide that the insurance may not be modified or canceled~~  
71.15 ~~unless 30 days prior notice is given to the board.~~ In the event of a policy cancellation,  
71.16 the insurer will send notice to the board at the same time that a cancellation request is  
71.17 received from or a notice is sent to the insured.

71.18 (e) The applicant may file with the board an annual net worth statement, signed  
71.19 by a licensed certified public accountant, evidencing that the applicant has a net worth  
71.20 of at least the following:

- 71.21 (1) for an applicant with no employees, \$10,000;  
71.22 (2) for an applicant with one to ten employees, \$15,000;  
71.23 (3) for an applicant with 11 to 25 employees, \$25,000;  
71.24 (4) for an applicant with 26 to 50 employees, \$50,000; or  
71.25 (5) for an applicant with 51 or more employees, \$100,000.

71.26 Data indicating with which of the above requirements an applicant must comply is  
71.27 public data. The contents of the net worth statement are private data on individuals or  
71.28 nonpublic data, as defined in section 13.02.

71.29 (f) The applicant may file with the board an irrevocable letter of credit from a  
71.30 financial institution acceptable to the board in the amount listed in the appropriate  
71.31 category in paragraph (e).

71.32 Sec. 86. Minnesota Statutes 2008, section 326B.33, subdivision 16, is amended to read:

71.33 Subd. 16. **Insurance required.** Each contractor shall have and maintain in effect  
71.34 general liability insurance, which includes premises and operations insurance and products  
71.35 and completed operations insurance, with limits of at least \$100,000 per occurrence,

72.1 \$300,000 aggregate limit for bodily injury, and property damage insurance with limits of  
72.2 at least \$50,000 or a policy with a single limit for bodily injury and property damage of  
72.3 \$300,000 per occurrence and \$300,000 aggregate limits. Such insurance shall be written  
72.4 by an insurer licensed to do business in the state of Minnesota and each contractor shall  
72.5 maintain on file with the commissioner a certificate evidencing such insurance ~~which~~  
72.6 ~~provides that such insurance shall not be canceled without the insurer first giving 15~~  
72.7 ~~days written notice to the commissioner of such cancellation.~~ In the event of a policy  
72.8 cancellation, the insurer shall send written notice to the commissioner at the same time  
72.9 that a cancellation request is received from or a notice is sent to the insured.

72.10 Sec. 87. Minnesota Statutes 2009 Supplement, section 326B.46, subdivision 2, is  
72.11 amended to read:

72.12 Subd. 2. **Bond; insurance.** Any person contracting to do plumbing work must give  
72.13 bond to the state in the amount of at least \$25,000 for (1) all plumbing work entered  
72.14 into within the state or (2) all plumbing work and subsurface sewage treatment work  
72.15 entered into within the state. If the bond is for both plumbing work and subsurface sewage  
72.16 treatment work, the bond must comply with the requirements of this section and section  
72.17 115.56, subdivision 2, paragraph (e). The bond shall be for the benefit of persons injured  
72.18 or suffering financial loss by reason of failure to comply with the requirements of the  
72.19 State Plumbing Code and, if the bond is for both plumbing work and subsurface sewage  
72.20 treatment work, financial loss by reason of failure to comply with the requirements of  
72.21 sections 115.55 and 115.56. The bond shall be filed with the commissioner and shall be  
72.22 written by a corporate surety licensed to do business in the state.

72.23 In addition, each applicant for a master plumber license or restricted master plumber  
72.24 license, or renewal thereof, shall provide evidence of public liability insurance, including  
72.25 products liability insurance with limits of at least \$50,000 per person and \$100,000 per  
72.26 occurrence and property damage insurance with limits of at least \$10,000. The insurance  
72.27 shall be written by an insurer licensed to do business in the state of Minnesota and  
72.28 each licensed master plumber shall maintain on file with the commissioner a certificate  
72.29 evidencing the insurance ~~providing that the insurance shall not be canceled without the~~  
72.30 ~~insurer first giving 15 days written notice to the commissioner. The term of the insurance~~  
72.31 ~~shall be concurrent with the term of the license.~~ In the event of a policy cancellation, the  
72.32 insurer shall send written notice to the commissioner at the same time that a cancellation  
72.33 request is received from or a notice is sent to the insured.



73.1 Sec. 88. Minnesota Statutes 2008, section 326B.46, is amended by adding a  
73.2 subdivision to read:

73.3 Subd. 6. **Well contractor exempt from licensing and bond; conditions.** No  
73.4 license, registration, or bond under sections 326B.42 to 326B.49 is required of a well  
73.5 contractor or a limited well/boring contractor who is licensed and bonded under section  
73.6 103I.525 or 103I.531 and is engaged in the work or business of installing (1) water service  
73.7 pipe from a well to a pressure tank or a frost-free water hydrant with an antisiphon device  
73.8 which is located entirely outside of a structure requiring potable water, or (2) a temporary  
73.9 shut-off valve on a well water service pipe. For the purposes of this subdivision,  
73.10 "temporary" means a time period not to exceed six months. This subdivision expires one  
73.11 year after the date of enactment.

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

73.13 Sec. 89. Minnesota Statutes 2008, section 326B.56, subdivision 2, is amended to read:

73.14 Subd. 2. **Insurance.** (a) Each applicant for a water conditioning contractor or  
73.15 installer license or renewal thereof who is required by any political subdivision to  
73.16 maintain insurance to obtain or maintain the license may comply with any political  
73.17 subdivision's insurance requirement by maintaining the insurance described in paragraph  
73.18 (b). No applicant for a water conditioning contractor or installer license who maintains the  
73.19 insurance described in paragraph (b) shall be otherwise required to meet the insurance  
73.20 requirements of any political subdivision.

73.21 (b) The insurance shall provide coverage, including products liability coverage,  
73.22 for all damages in connection with licensed work for which the licensee is liable, with  
73.23 personal damage limits of at least \$50,000 per person and \$100,000 per occurrence and  
73.24 property damage insurance with limits of at least \$10,000. The insurance shall be written  
73.25 by an insurer licensed to do business in this state and a certificate evidencing the insurance  
73.26 shall be filed with the commissioner. The insurance must remain in effect at all times while  
73.27 the application is pending and while the license is in effect. ~~The insurance shall not be~~  
73.28 ~~cancelled without the insurer first giving 15 days' written notice to the commissioner.~~ In the  
73.29 event of a policy cancellation, the insurer shall send written notice to the commissioner at  
73.30 the same time that a cancellation request is received from or a notice is sent to the insured.

73.31 Sec. 90. Minnesota Statutes 2008, section 326B.86, subdivision 2, is amended to read:

73.32 Subd. 2. **Insurance.** Each licensee shall have and maintain in effect commercial  
73.33 general liability insurance, which includes premises and operations insurance and products  
73.34 and completed operations insurance, with limits of at least \$100,000 per occurrence,

74.1 \$300,000 aggregate limit for bodily injury, and property damage insurance with limits of  
74.2 at least \$25,000 or a policy with a single limit for bodily injury and property damage of  
74.3 \$300,000 per occurrence and \$300,000 aggregate limits. The insurance must be written by  
74.4 an insurer licensed to do business in this state. Each licensee shall maintain on file with  
74.5 the commissioner a certificate evidencing the insurance ~~which provides that the insurance~~  
74.6 ~~shall not be canceled without the insurer first giving 15 days' written notice of cancellation~~  
74.7 ~~to the commissioner.~~ In the event of a policy cancellation, the insurer shall send written  
74.8 notice to the commissioner at the same time that a cancellation request is received from or  
74.9 a notice is sent to the insured. The commissioner may increase the minimum amount of  
74.10 insurance required for any licensee or class of licensees if the commissioner considers it to  
74.11 be in the public interest and necessary to protect the interests of Minnesota consumers.

74.12 Sec. 91. Minnesota Statutes 2008, section 326B.921, subdivision 6, is amended to read:

74.13 Subd. 6. **Insurance.** In addition to the bond described in subdivision 5, each  
74.14 applicant for a high pressure pipefitting business license or renewal shall have in force  
74.15 public liability insurance, including products liability insurance, with limits of at least  
74.16 \$100,000 per person and \$300,000 per occurrence and property damage insurance with  
74.17 limits of at least \$50,000.

74.18 The insurance must be kept in force for the entire term of the high pressure  
74.19 pipefitting business license, and the license shall be suspended by the department if at any  
74.20 time the insurance is not in force.

74.21 The insurance must be written by an insurer licensed to do business in the state and  
74.22 shall be in lieu of any other insurance required by any subdivision of government for high  
74.23 pressure pipefitting. Each person holding a high pressure pipefitting business license shall  
74.24 maintain on file with the department a certificate evidencing the insurance. ~~Any purported~~  
74.25 ~~cancellation of insurance shall not be effective without the insurer first giving 30 days'~~  
74.26 ~~written notice to the department.~~ In the event of a policy cancellation, the insurer shall  
74.27 send written notice to the commissioner at the same time that a cancellation request is  
74.28 received from or a notice is sent to the insured.

74.29 Sec. 92. Minnesota Statutes 2008, section 327B.04, subdivision 4, is amended to read:

74.30 Subd. 4. **License prerequisites.** No application shall be granted nor license issued  
74.31 until the applicant proves to the commissioner that:

74.32 (a) the applicant has a permanent, established place of business at each licensed  
74.33 location. An "established place of business" means a permanent enclosed building other  
74.34 than a residence, or a commercial office space, either owned by the applicant or leased by

75.1 the applicant for a term of at least one year, located in an area where zoning regulations  
75.2 allow commercial activity, and where the books, records and files necessary to conduct  
75.3 the business are kept and maintained. The owner of a licensed manufactured home park  
75.4 who resides in or adjacent to the park may use the residence as the established place of  
75.5 business required by this subdivision, unless prohibited by local zoning ordinance.

75.6 If a license is granted, the licensee may use unimproved lots and premises for sale,  
75.7 storage, and display of manufactured homes, if the licensee first notifies the commissioner  
75.8 in writing;

75.9 (b) if the applicant desires to sell, solicit or advertise the sale of new manufactured  
75.10 homes, it has a bona fide contract or franchise in effect with a manufacturer or distributor  
75.11 of the new manufactured home it proposes to deal in;

75.12 (c) the applicant has secured: (1) a surety bond in the amount of \$20,000 for each  
75.13 agency and each subagency location that bears the applicant's name and the name under  
75.14 which the applicant will be licensed and do business in this state. Each bond is for the  
75.15 protection of consumer customers, and must be executed by the applicant as principal and  
75.16 issued by a surety company admitted to do business in this state. Each bond shall be  
75.17 exclusively for the purpose of reimbursing consumer customers and shall be conditioned  
75.18 upon the faithful compliance by the applicant with all of the laws and rules of this state  
75.19 pertaining to the applicant's business as a dealer or manufacturer, including sections  
75.20 325D.44, 325F.67 and 325F.69, and upon the applicant's faithful performance of all its  
75.21 legal obligations to consumer customers; and (2) a certificate of liability insurance in  
75.22 the amount of \$1,000,000 that provides aggregate coverage for the agency and each  
75.23 subagency location. In the event of a policy cancellation, the insurer shall send written  
75.24 notice to the commissioner at the same time that a cancellation request is received from  
75.25 or a notice is sent to the insured;

75.26 (d) the applicant has established a trust account as required by section 327B.08,  
75.27 subdivision 3, unless the applicant states in writing its intention to limit its business to  
75.28 selling, offering for sale, soliciting or advertising the sale of new manufactured homes; and

75.29 (e) the applicant has provided evidence of having had at least two years' prior  
75.30 experience in the sale of manufactured homes, working for a licensed dealer.

75.31 Sec. 93. **[332.3351] EXEMPTION FROM LICENSURE.**

75.32 A collection agency shall be exempt from the licensing and registration requirements  
75.33 of this chapter if all of the following conditions are met:

76.1 (1) the agency is located in another state that regulates and licenses collection  
76.2 agencies, but does not require a Minnesota collection agency to obtain a license to collect  
76.3 debts in their state if the agency's collection activities are limited in the same manner;

76.4 (2) the agency's collection activities are limited to collecting debts not incurred in  
76.5 this state from consumers located in this state; and

76.6 (3) the agency's collection activities in Minnesota are conducted by means of  
76.7 interstate communications, including telephone, mail, electronic mail, or facsimile  
76.8 transmission.

76.9 **EFFECTIVE DATE.** This section is effective January 1, 2011.

76.10 Sec. 94. Minnesota Statutes 2008, section 332.34, is amended to read:

76.11 **332.34 BOND.**

76.12 The commissioner of commerce shall require each collection agency licensee to  
76.13 ~~annually~~ file and maintain in force a corporate surety bond, in a form to be prescribed  
76.14 by, and acceptable to, the commissioner, and in a sum of at least ~~\$20,000~~ \$50,000 plus  
76.15 an additional \$5,000 for each \$100,000 received by the collection agency from debtors  
76.16 located in Minnesota during the previous calendar year, less commissions earned by the  
76.17 collection agency on those collections for the previous calendar year. The total amount of  
76.18 the bond shall not exceed \$100,000. A collection agency may deposit cash in and with a  
76.19 depository acceptable to the commissioner in an amount and in the manner prescribed and  
76.20 approved by the commissioner in lieu of a bond.

76.21 **EFFECTIVE DATE.** This section is effective for bonds obtained or renewed after  
76.22 January 1, 2011.

76.23 Sec. 95. Minnesota Statutes 2009 Supplement, section 340A.404, subdivision 4a,  
76.24 is amended to read:

76.25 Subd. 4a. **Publicly owned recreation; entertainment facilities.** (a)  
76.26 Notwithstanding any other law, local ordinance, or charter provision, the commissioner  
76.27 may issue on-sale intoxicating liquor licenses:

76.28 (1) to the state agency administratively responsible for, or to an entity holding a  
76.29 concession or facility management contract with such agency for beverage sales at, the  
76.30 premises of any Giants Ridge Recreation Area building or recreational improvement area  
76.31 owned by the state in the city of Biwabik, St. Louis County;

76.32 (2) to the state agency administratively responsible for, or to an entity holding a  
76.33 concession or facility management contract with such agency for beverage sales at, the

77.1 premises of any Ironworld Discovery Center building or facility owned by the state at  
77.2 Chisholm;

77.3 (3) to the Board of Regents of the University of Minnesota for events at Northrop  
77.4 Auditorium, the intercollegiate football stadium, or at no more than seven other locations  
77.5 within the boundaries of the University of Minnesota, provided that the Board of Regents  
77.6 has approved an application for a license for the specified location and provided that a  
77.7 license for an arena or stadium location is void unless it requires the sale or service of  
77.8 intoxicating liquor ~~throughout the arena or stadium if intoxicating liquor is sold or served~~  
77.9 ~~anywhere in the arena or stadium~~ in a public portion consisting of at least one-third of the  
77.10 general seating of a stadium or arena. It is solely within the discretion of the Board of  
77.11 Regents to choose the manner in which to carry out this condition; and

77.12 (4) to the Duluth Entertainment and Convention Center Authority for beverage  
77.13 sales on the premises of the Duluth Entertainment and Convention Center Arena during  
77.14 intercollegiate hockey games.

77.15 The commissioner shall charge a fee for licenses issued under this subdivision in an  
77.16 amount comparable to the fee for comparable licenses issued in surrounding cities.

77.17 (b) No alcoholic beverage may be sold or served at TCF Bank Stadium unless the  
77.18 Board of Regents holds an on-sale intoxicating liquor license for the stadium as provided  
77.19 in paragraph (a), clause (3).

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

77.21 Sec. 96. Minnesota Statutes 2008, section 340A.409, subdivision 1, is amended to read:

77.22 Subdivision 1. **Insurance required.** (a) No retail license may be issued, maintained  
77.23 or renewed unless the applicant demonstrates proof of financial responsibility with regard  
77.24 to liability imposed by section 340A.801. The issuing authority must submit to the  
77.25 commissioner the applicant's proof of financial responsibility. This subdivision does not  
77.26 prohibit a local unit of government from requiring higher insurance or bond coverages, or  
77.27 a larger deposit of cash or securities. The minimum requirement for proof of financial  
77.28 responsibility may be given by filing:

77.29 (1) a certificate that there is in effect for the license period an insurance policy  
77.30 issued by an insurer required to be licensed under section 60A.07, subdivision 4, or by  
77.31 an insurer recognized as an eligible surplus lines carrier pursuant to section 60A.206 or  
77.32 pool providing at least \$50,000 of coverage because of bodily injury to any one person in  
77.33 any one occurrence, \$100,000 because of bodily injury to two or more persons in any one  
77.34 occurrence, \$10,000 because of injury to or destruction of property of others in any one

78.1 occurrence, \$50,000 for loss of means of support of any one person in any one occurrence,  
78.2 and \$100,000 for loss of means of support of two or more persons in any one occurrence;

78.3 (2) a bond of a surety company with minimum coverages as provided in clause (1); or

78.4 (3) a certificate of the commissioner of management and budget that the licensee  
78.5 has deposited with the commissioner of management and budget \$100,000 in cash or  
78.6 securities which may legally be purchased by savings banks or for trust funds having a  
78.7 market value of \$100,000.

78.8 (b) This subdivision does not prohibit an insurer from providing the coverage  
78.9 required by this subdivision in combination with other insurance coverage.

78.10 (c) An annual aggregate policy limit for dram shop insurance of not less than  
78.11 \$300,000 per policy year may be included in the policy provisions.

78.12 (d) A liability insurance policy required by this section must provide that it may  
78.13 not be canceled for:

78.14 (1) any cause, except for nonpayment of premium, by either the insured or the  
78.15 insurer unless the canceling party has first given ~~30~~ 60 days' notice in writing to the  
78.16 ~~issuing authority~~ insured of intent to cancel the policy; ~~and~~

78.17 (2) nonpayment of premium unless the canceling party has first given ten days'  
78.18 notice in writing to the ~~issuing authority~~ insured of intent to cancel the policy; ~~and~~

78.19 (3) in the event of a policy cancellation, the insurer will send notice to the issuing  
78.20 authority at the same time that a cancellation request is received from or a notice is sent  
78.21 to the insured.

78.22 Sec. 97. Minnesota Statutes 2008, section 471.61, subdivision 2b, is amended to read:

78.23 Subd. 2b. **Insurance continuation.** A unit of local government must allow a former  
78.24 employee and the employee's dependents to continue to participate indefinitely in the  
78.25 employer-sponsored hospital, medical, and dental insurance group that the employee  
78.26 participated in immediately before retirement, under the following conditions:

78.27 (a) The continuation requirement of this subdivision applies only to a former  
78.28 employee who is receiving a disability benefit or an annuity from a Minnesota public  
78.29 pension plan other than a volunteer firefighter plan, or who has met age and service  
78.30 requirements necessary to receive an annuity from such a plan.

78.31 (b) Until the former employee reaches age 65, the former employee and dependents  
78.32 must be pooled in the same group as active employees for purposes of establishing  
78.33 premiums and coverage for hospital, medical, and dental insurance. However, a former  
78.34 employee under the age of 65 who is enrolled in Medicare Parts A and B due to the former  
78.35 employee's disability and for whom Medicare's obligation to pay claims is primary, and

79.1 the former employee's dependents, must be pooled in the same group for purposes of this  
79.2 paragraph as former employees who have reached age 65.

79.3 (c) A former employee may receive dependent coverage only if the employee  
79.4 received dependent coverage immediately before leaving employment. This subdivision  
79.5 does not require dependent coverage to continue after the death of the former employee.  
79.6 For purposes of this subdivision, "dependent" has the same meaning for former employees  
79.7 as it does for active employees in the unit of local government.

79.8 (d) Coverage for a former employee and dependents may not discriminate on the  
79.9 basis of evidence of insurability or preexisting conditions unless identical conditions are  
79.10 imposed on active employees in the group that the employee left.

79.11 (e) The former employee must pay the entire premium for continuation coverage,  
79.12 except as otherwise provided in a collective bargaining agreement or personnel policy.  
79.13 A unit of local government may discontinue coverage if a former employee fails to pay  
79.14 the premium within the deadline provided for payment of premiums under federal law  
79.15 governing insurance continuation.

79.16 (f) An employer must notify an employee before termination of employment of the  
79.17 options available under this subdivision, and of the deadline for electing to continue  
79.18 to participate.

79.19 (g) A former employee must notify the employer of intent to participate within  
79.20 the deadline provided for notice of insurance continuation under federal law. A former  
79.21 employee who does not elect to continue participation does not have a right to reenter  
79.22 the employer's group insurance program.

79.23 (h) A former employee who initially selects dependent coverage may later drop  
79.24 dependent coverage while retaining individual coverage. A former employee may not  
79.25 drop individual coverage and retain dependent coverage.

79.26 (i) This subdivision does not limit rights granted to former employees under other  
79.27 state or federal law, or under collective bargaining agreements or personnel plans.

79.28 (j) Unless otherwise provided by a collective bargaining agreement, if retired  
79.29 employees were not permitted to remain in the active employee group prior to August  
79.30 1, 1992, a public employer may assess active employees through payroll deduction for  
79.31 all or part of the additional premium costs from the inclusion of retired employees in the  
79.32 active employee group. This paragraph does not apply to employees covered by section  
79.33 179A.03, subdivision 7.

79.34 (k) Notwithstanding section 179A.20, subdivision 2a, insurance continuation under  
79.35 this subdivision may be provided for in a collective bargaining agreement or personnel  
79.36 policy.

80.1 **EFFECTIVE DATE.** This section is effective August 1, 2010, and applies to  
80.2 coverage in existence on or after that date.

80.3 Sec. 98. Minnesota Statutes 2008, section 514.20, is amended to read:

80.4 **514.20 SALE.**

80.5 If any sum secured by such lien be not paid within 90 days after it becomes due, the  
80.6 lienholder may sell the property and out of the proceeds of such sale there shall be paid,  
80.7 first, the disbursements aforesaid; second, all charges against the property paid by such  
80.8 person to any other person; and, third, the total indebtedness then secured by the lien. The  
80.9 remainder, if any, shall be paid on demand to the owner or other person entitled thereto. If  
80.10 the property subject to the lien is a motor vehicle registered in this state and subject to a  
80.11 certificate of title, then the lienholder must provide written notice, by ~~registered~~ certified  
80.12 mail, to all secured creditors listed on the certificate of title 45 days before the lienholder's  
80.13 right to sell the motor vehicle is considered effective. The notice must state the name,  
80.14 address, and telephone number of the lienholder, the amount of money owed, and the rate  
80.15 at which storage charges, if any, are accruing. Costs for ~~registered~~ certified mail and  
80.16 other reasonable costs related to complying with this notice provision constitute "lawful  
80.17 charges" pursuant to section 514.19. Failure to comply with the notice provision in this  
80.18 section renders any lien created by this chapter ineffective against any secured party listed  
80.19 on the certificate of title of the motor vehicle involved.

80.20 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
80.21 and applies to notices mailed on or after that date, provided however that it is also  
80.22 permissible to send notices under this section by registered mail prior to August 1, 2010,  
80.23 and the costs of those notices are lawful charges under this section.

80.24 Sec. 99. Laws 2007, chapter 147, article 12, section 14, is amended to read:

80.25 Sec. 14. **AGRICULTURAL COOPERATIVE HEALTH PLAN FOR**  
80.26 **FARMERS.**

80.27 Subdivision 1. **Pilot project requirements.** Notwithstanding contrary provisions of  
80.28 Minnesota Statutes, chapter 62H, the following apply to a joint self-insurance pilot project  
80.29 administered by a trust sponsored by one or more agricultural cooperatives organized  
80.30 under Minnesota Statutes, chapter 308A or 308B, or under a federal charter for the  
80.31 purpose of offering health coverage to members of the cooperatives and their families,  
80.32 provided the project satisfies the other requirements of Minnesota Statutes, chapter 62H:

80.33 (1) Minnesota Statutes, section 62H.02, paragraph (b), does not apply;



81.1 (2) the notice period required under Minnesota Statutes, section 62H.02, paragraph  
81.2 (e), is 90 days;

81.3 (3) a joint self-insurance plan may elect to treat the sale of a health plan to or for  
81.4 an employer that has only one eligible employee who has not waived coverage as the  
81.5 sale of an individual health plan as allowed under Minnesota Statutes, section 62L.02,  
81.6 subdivision 26;

81.7 (4) Minnesota Statutes, section 297I.05, subdivision 12, paragraph (c), applies; and

81.8 (5) the trust must pay the assessment for the Minnesota Comprehensive Health  
81.9 Association as provided under Minnesota Statutes, section 62E.11.

81.10 Subd. 2. **Evaluation and renewal.** The pilot project authorized under this section  
81.11 is for a period of four years from the date of initial enrollment. The commissioner of  
81.12 commerce shall grant an extension of four additional years if the trust provides evidence  
81.13 that it remains in compliance with the requirements of this section and other applicable  
81.14 laws and rules. If the commissioner determines that the operation of the trust has not  
81.15 improved access, expanded health plan choices, or improved the affordability of health  
81.16 coverage for farm families, or that it has significantly damaged access, choice, or  
81.17 affordability for other consumers not enrolled in the trust, the commissioner shall provide  
81.18 at least 180 days' advance written notice to the trust and to the chairs of the senate and  
81.19 house finance and policy committees with jurisdiction over health and insurance of the  
81.20 commissioner's intention not to renew the pilot project at the expiration of a four-year  
81.21 period.

81.22 Subd. 3. Use of surplus lines. Plans created under this section may use surplus lines  
81.23 carriers to fulfill its obligations under Minnesota Statutes, chapter 62H.

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

81.25 Sec. 100. ON-SALE LICENSE; THEATRE L'HOMME DIEU.

81.26 Notwithstanding any law, ordinance, or charter provision to the contrary, Douglas  
81.27 County may issue a wine and intoxicating malt liquor license to Theatre L'Homme Dieu.  
81.28 The license authorizes sales on all days of the week to holders of tickets for performances  
81.29 presented by the theater and to members of the nonprofit corporations holding the license  
81.30 and to their guests.

81.31 EFFECTIVE DATE. This section is effective upon approval by the licensing  
81.32 authority in the manner specified by Minnesota Statutes, section 645.021, subdivisions  
81.33 2 and 3.

82.1       Sec. 101. **2011 APPOINTMENTS TO REAL ESTATE APPRAISER ADVISORY**  
82.2 **BOARD.**

82.3       The terms of all members of the Real Estate Appraiser Advisory Board expire the  
82.4 effective date of this section. The commissioner of commerce shall, as soon as practicable  
82.5 after this date, appoint members to an initial term of office as follows: three years for one  
82.6 consumer of appraisal services member, one certified residential real property appraiser  
82.7 member, and one certified general real property appraiser member; two years for one  
82.8 consumer of appraisal services member, one certified residential real property appraiser  
82.9 member, and one certified general real property appraiser member; and one year for one  
82.10 consumer of appraisal services member, one certified residential real property appraiser  
82.11 member, and one certified general real property appraiser member.

82.12       Upon the expiration of the term of office established in this section, the successor  
82.13 must be appointed pursuant to Minnesota Statutes, section 82B.05.

82.14       All provisions of Minnesota Statutes, section 82B.05, not inconsistent with this  
82.15 section apply to the initial board appointed pursuant to this section.

82.16       **EFFECTIVE DATE.** This section is effective January 1, 2011.

82.17       Sec. 102. **COORDINATION OF BENEFITS STUDY.**

82.18       The commissioner of commerce, in consultation with the commissioner of  
82.19 health and health plan companies, shall consider the appropriateness of adopting the  
82.20 National Association of Insurance Commissioners 2005 Coordination of Benefits Model  
82.21 Regulation. The commissioner shall submit recommendations and draft legislation, if any,  
82.22 needed to implement the recommendations, to the legislature by January 15, 2011.

82.23       Sec. 103. **SAUK RAPIDS; ON-SALE LICENSE.**

82.24       Notwithstanding any other law, ordinance, or charter provision to the contrary,  
82.25 the city of Sauk Rapids may issue an on-sale intoxicating liquor license, or an on-sale  
82.26 3.2 percent malt liquor license, to the owner of an arena located on the Benton County  
82.27 Fairgrounds or to an entity holding a concession contract with the owner for use on the  
82.28 premises of that arena. Any license authorized by this section may be issued for space that  
82.29 is not compact or contiguous, provided that all of the space is within the boundaries of the  
82.30 arena and is included in the description of the licensed premises on the approved license  
82.31 application. A license issued under this section authorizes sales on all days of the week  
82.32 to persons attending activities or events at the arena. All other provisions of Minnesota  
82.33 Statutes, chapter 340A not inconsistent with this section apply to the license authorized  
82.34 under this section.

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

83.2 Sec. 104. **REPEALER.**

83.3 Minnesota Statutes 2008, sections 82.19, subdivision 3; 82.22, subdivisions 1, 6, 7,  
83.4 8, and 9; 82.31, subdivision 6; 82.34, subdivision 16; 82.41, subdivisions 3 and 7; 332.31,  
83.5 subdivision 7; and 332.335, are repealed.

83.6 Minnesota Statutes 2009 Supplement, section 65B.133, subdivision 3; and 72B.02,  
83.7 subdivision 11, are repealed.

83.8 Minnesota Statutes 2008, section 72B.04, is repealed effective July 1, 2010.

83.9 Minnesota Statutes 2008, section 62L.056, is repealed effective January 1, 2012."

83.10 Delete the title and insert:

83.11 "A bill for an act  
83.12 relating to state government; regulating various licensees and other entities;  
83.13 regulating various insurance coverages and practices; modifying definitions,  
83.14 informational requirements, continuing education requirements, information  
83.15 reporting requirements, and notice requirements; making various housekeeping,  
83.16 technical, and clarifying changes; authorizing certain flexible benefit health  
83.17 plans; regulating insurance continuation provisions for local government  
83.18 employees; regulating securities; reorganizing and modifying various provisions  
83.19 relating to real estate brokers, salespersons, and closing agents; modifying the  
83.20 membership requirements of, and appointment authority to, the real estate  
83.21 appraiser advisory board; regulating certain workers' compensation self-insurers;  
83.22 modifying the eligibility criteria for a University Promise Scholarship;  
83.23 authorizing and conditioning the issuance of certain on-sale liquor licenses;  
83.24 modifying certain lien notices; requiring a certain study; amending Minnesota  
83.25 Statutes 2008, sections 45.0112; 60A.031, subdivision 4; 60A.084; 60A.204;  
83.26 60A.36, by adding a subdivision; 60K.31, subdivision 10; 61A.092, subdivision  
83.27 3; 62A.046, subdivision 6, by adding a subdivision; 62A.17, subdivision 5;  
83.28 62A.3099, subdivision 17; 62A.65, subdivision 2; 62E.02, subdivision 15;  
83.29 62E.14, subdivision 4c; 62L.05, subdivision 4; 62S.24, subdivision 8; 62S.266,  
83.30 subdivision 4; 62S.29, subdivision 1; 72A.08, subdivision 4; 72A.12, subdivision  
83.31 4; 72A.20, subdivisions 10, 36, 37; 72A.492, subdivision 2; 72A.51, subdivision  
83.32 2; 72B.01; 72B.08, subdivision 8; 79A.03, subdivision 8; 79A.06, subdivision  
83.33 5; 79A.21, subdivision 3; 80A.41; 80A.46; 80A.65, subdivision 6; 82.17,  
83.34 subdivision 15, by adding subdivisions; 82.19; 82.21, subdivision 2; 82.24,  
83.35 subdivision 3; 82.29, subdivisions 4, 5, 8; 82.31, subdivisions 1, 2; 82.33,  
83.36 subdivisions 1, 2, by adding a subdivision; 82.34, subdivisions 1, 2, 4, 5, 13;  
83.37 82.39; 82.41, subdivisions 1, 2, by adding a subdivision; 82.45, subdivision 3,  
83.38 by adding subdivisions; 82.48, subdivisions 2, 3; 82B.05, as amended; 82B.06;  
83.39 82B.14; 326.3382, subdivision 3; 326B.33, subdivision 16; 326B.46, by adding  
83.40 a subdivision; 326B.56, subdivision 2; 326B.86, subdivision 2; 326B.921,  
83.41 subdivision 6; 327B.04, subdivision 4; 332.34; 340A.409, subdivision 1; 471.61,  
83.42 subdivision 2b; 514.20; Minnesota Statutes 2009 Supplement, sections 45.027,  
83.43 subdivision 1; 45.30, subdivision 4; 60A.39, subdivisions 1, 4, 5; 60A.9572,  
83.44 subdivision 6; 60K.361; 62A.3099, subdivision 18; 65A.29, subdivision 13;  
83.45 72B.03, subdivision 2; 72B.045, subdivision 1; 72B.06; 82.31, subdivision 4;  
83.46 82.32; 137.0225; 326B.46, subdivision 2; 340A.404, subdivision 4a; Laws 2007,  
83.47 chapter 147, article 12, section 14; proposing coding for new law in Minnesota  
83.48 Statutes, chapters 62L; 82; 137; 332; repealing Minnesota Statutes 2008,  
83.49 sections 62L.056; 72B.04; 82.19, subdivision 3; 82.22, subdivisions 1, 6, 7, 8, 9;  
83.50 82.31, subdivision 6; 82.34, subdivision 16; 82.41, subdivisions 3, 7; 332.31,

84.1 subdivision 7; 332.335; Minnesota Statutes 2009 Supplement, sections 65B.133,  
84.2 subdivision 3; 72B.02, subdivision 11."

85.1 We request the adoption of this report and repassage of the bill.

85.2 Senate Conferees:

85.3 .....  
85.4 Linda Scheid Sandra Pappas

85.5 .....  
85.6 Geoff Michel

85.7 House Conferees:

85.8 .....  
85.9 Joe Atkins Leon Lillie

85.10 .....  
85.11 Joe Hoppe