

(b) **Rate making.** *The completed inspection report shall be the sole basis for establishing an adequate but not excessive rate. The company assumes the full responsibility for administering the making and fixing of rates for use by the agent.*

(c) **Application.** *The applicant shall certify in the application that his agent has been unable to procure the required coverages at standard rates and that he agrees to pay the premium stated in the application for the kind and class of insurance for the term set forth in the executed application. The application is invalid without the signature of the applicant and the agent. The insurer shall retain the application for at least one year following the termination of the coverage to which the application applies.*

(d) **Policy.** *The coverage provisions of policies issued at excess rates, except as to the use of deductibles, shall be at least as favorable to the insured as those approved and in use for risks rated at standard rates.*

(e) **Rate certification endorsement.** *Each policy issued at excess rates shall contain a prominent statement thereon or shall bear an endorsement that the policy was issued and is being delivered under the excess rate insurance laws of this state.*

(f) **Penalties.** *The commissioner may, if he finds that an agent or company has knowingly or willfully or negligently issued and delivered a policy without full compliance with the provisions of clause (c), impose a penalty of not more than \$500 for the first violation and \$50 for each additional violation. Such penalties may be in addition to any other penalty provided by law.*

Approved May 24, 1967.

CHAPTER 765—H. F. No. 2460

An act relating to insurance; regulating excess rates; amending Minnesota Statutes 1965, Section 70.38, Subdivision 7.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1965, Section 70.38, Subdivision 7, is amended to read:

Subd. 7. **Insurance; excess rate in certain cases; modification of filed standard rates.** ~~Upon the written application of an insured, stating his reasons therefor, filed with and approved by the~~

Changes or additions indicated by italics, deletions by ~~strikeout~~.

commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk. If certain insurance coverages cannot be procured from authorized insurers at filed standard rates, such coverages may be provided by a licensed insurer writing the particular kind and class of insurance through a licensed agent at excess rates, subject to the following requirements:

(a) **Inspection report.** *Prior to application for excess rating, an agent, a company representative, or qualified inspector designated by the company shall inspect the risk and complete an appropriate inspection report which reflects all underwriting characteristics prior to fixing the rate.*

(b) **Rate making.** *The completed inspection report shall be the sole basis for establishing an adequate but not excessive rate. The company assumes the full responsibility for administering the making and fixing of rates for use by the agent.*

(c) **Application.** *The applicant shall certify in the application that his agent has been unable to procure the required coverages at standard rates and that he agrees to pay the premium stated in the application for the kind and class of insurance for the term set forth in the executed application. The application is invalid without the signature of the applicant and the agent. The insurer shall retain the application for at least one year following the termination of the coverage to which the application applies.*

(d) **Policy.** *The coverage provisions of policies issued at excess rates, except as to the use of deductibles, shall be at least as favorable to the insured as those approved and in use for risks rated at standard rates.*

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(f) **Penalties.** *The commissioner may, if he finds that an agent or company has knowingly or willfully or negligently issued and delivered a policy without full compliance with the provisions of clause (c), impose a penalty of not more than \$500 for the first violation and \$50 for each additional violation. Such penalties may be in addition to any other penalty provided by law.*

Approved May 24, 1967.

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