

other business entity shall directly or indirectly, acquire or otherwise obtain any interest, whether legal, beneficial or otherwise, in any title to agricultural land unless at least 80 percent of each class of stock issued and outstanding or 80 percent of the ultimate beneficial interest of the entity is held directly or indirectly by citizens of the United States or permanent resident aliens. This section shall not apply:

(1) to agricultural land that may be acquired by devise, inheritance, as security for indebtedness, by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise. All agricultural land acquired in the collection of debts or by the enforcement of a lien or claim shall be disposed of within three years after acquiring ownership;

(2) to citizens or subjects of a foreign country whose rights to hold land are secured by treaty;

(3) to lands used for transportation purposes by a common carrier, as defined in section 218.011, subdivision 2;

(4) to lands or interests in lands acquired for use in connection with mining and mineral processing operations. Pending the development of agricultural land for mining purposes the land may not be used for farming except under lease to a family farm, a family farm corporation or an authorized farm corporation; and

(5) to agricultural land operated for research or experimental purposes if the ownership of the agricultural land is incidental to the research or experimental objectives of the person or business entity and the total acreage owned by the person or business entity does not exceed the acreage owned on May 27, 1977; or

(6) to the purchase of any tract of 40 acres or less for facilities incidental to pipeline operation by a company operating a pipeline as defined in section 116I.01, subdivision 3.

Approved June 1, 1983

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#### CHAPTER 241 — S.F.No. 892

*An act relating to insurance; authorizing the establishment of joint self-insurance employee health plans; providing administrative, trust, bonding, investment, and reporting requirements; establishing a revenue fee; authorizing certain governmental subdivisions to self-insure for long-term disability coverage; amending Minnesota Statutes 1982, section 471.617, subdivisions 1, 2, and 3; proposing new law coded as Minnesota Statutes, chapter 62H.*

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

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

**Section 1. [62H.01] JOINT SELF-INSURANCE EMPLOYEE HEALTH PLAN.**

Any three or more employers, excluding the state and its political subdivisions as described in 471.617, subdivision 1, who are authorized to transact business in Minnesota may jointly self-insure employee health, dental, or short-term disability benefits. Joint plans must have a minimum of 250 covered employees and meet all conditions and terms of sections 1 to 8.

**Sec. 2. [62H.02] REQUIRED PROVISIONS.**

A joint self-insurance plan must include aggregate excess stop-loss coverage and individual excess stop-loss coverage provided by an insurance company licensed by the state of Minnesota. Aggregate excess stop-loss coverage must include provisions to cover incurred, unpaid claim liability in the event of plan termination. The excess or stop-loss insurer must bear the risk of coverage for any member of the pool that becomes insolvent with outstanding contribution due. In addition, the plan of self-insurance must have participating employers fund an amount at least equal to the point at which the excess or stop-loss insurer must assume 100 percent of additional liability. A joint self-insurance plan must submit its proposed excess or stop-loss insurance contract to the commissioner of insurance at least 30 days prior to the proposed plan's effective date and at least 30 days subsequent to any renewal date. The commissioner shall review the contract to determine if they meet the standards established by sections 1 to 8 and respond within a 30-day period. Any excess or stop-loss insurance plan must be noncancelable for a minimum term of two years.

**Sec. 3. [62H.03] MARKETING, RISK MANAGEMENT, OR ADMINISTRATIVE SERVICES.**

No joint self-insurance plan may offer marketing, risk management, or administrative service unless these services are provided by vendors duly licensed by the commissioner to provide these services. No vendor of these services may be a trustee of any joint self-insurance plan for which they provide marketing, risk management, or administrative services.

**Sec. 4. [62H.04] COMPLIANCE WITH OTHER LAWS.**

A joint self-insurance plan is subject to the requirements of chapter 62A and sections 72A.17 to 72A.32 unless otherwise specifically exempt. A joint self-insurance plan must not offer less than a number two qualified plan or its actuarial equivalent.

**Sec. 5. [62H.05] MANAGEMENT OF FUNDS.**

Funds collected from the participating employers under joint self-insurance plans must be held in trust subject to the following requirements:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) A board of trustees elected by participating employers shall serve as fund managers on behalf of participants. Trustees must be plan participants. No participating employer may be represented by more than one trustee. A minimum of three and a maximum of seven trustees may be elected. Trustees shall receive no remuneration, but they may be reimbursed for actual and reasonable expenses incurred in connection with duties as trustees.

(b) Trustees shall be bonded in an amount not less than \$100,000 or no more than \$500,000 from a licensed bonding company.

(c) Investment of plan funds is subject to the same restrictions as are applicable to political subdivisions pursuant to section 475.66. All investments must be managed by a bank or other investment organization licensed to operate in Minnesota.

(d) Trustees, on behalf of the fund, shall file annual reports with the commissioner of insurance within 30 days immediately following the end of each calendar year. The reports must summarize the financial condition of the fund, itemize collection from participating employers, and detail all fund expenditures.

#### Sec. 6. [62H.06] REGULATION OF PLANS BY COMMISSIONER.

The commissioner of insurance shall promulgate rules, including temporary rules, to insure the solvency and operation of all self-insured plans subject to this chapter. The commissioner may examine the joint self-insurance plans pursuant to sections 60A.03 and 60A.31.

#### Sec. 7. [62H.07] REVENUE FEE.

A joint self-insurance plan shall pay a two percent revenue fee. This revenue must be computed based on two percent of the paid claims level for the most recently completed calendar year. This revenue must be deposited in the general fund.

#### Sec. 8. [62H.08] EXEMPTION.

A homogenous joint employer plan providing group health benefits, which was in existence prior to March 1, 1983, and which is associated with, or organized or sponsored by, an association exempt from taxation under United States Code, title 26, section 501(c)(6), and controlled by a board of trustees a majority of whom are members of the association, is exempt from the requirements of this act and the insurance laws of this state.

Sec. 9. Minnesota Statutes 1982, section 471.617, subdivision 1, is amended to read:

Subdivision 1. A statutory or home rule charter city ~~or~~, county ~~or~~, school district, or instrumentality thereof which has more than 100 employees, may by ordinance or resolution self-insure for any employee health benefits ~~except including long-term disability and, but not for employee life benefits.~~ Any self-insurance plan shall provide all benefits which are required by law to be provided by group health insurance policies. Self-insurance plans shall be certified as provided by section 62E.05. Employee wage deductions for the

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purpose of funding a self-insured health benefit plan shall be are subject to the licensing provisions of section 60A.23, subdivision 7.

Sec. 10. Minnesota Statutes 1982, section 471.617, subdivision 2, is amended to read:

Subd. 2. Any two or more statutory or home rule charter cities ~~or~~<sub>2</sub> counties ~~or~~<sub>2</sub> school districts<sub>2</sub> or instrumentalities thereof which together have more than 100 employees may jointly self-insure for any employee health benefits except including long-term disability and, but not for employee life benefits, subject to the same requirements as an individual self-insurer under subdivision 1. The commissioner of insurance is ~~authorized to promulgate administrative~~ may adopt rules, including emergency rules, pursuant to sections 14.01 to 14.70, providing standards or guidelines for the operation and administration of self-insurance pools.

Sec. 11. Minnesota Statutes 1982, section 471.617, subdivision 3, is amended to read:

Subd. 3. Any self-insurance plan covering fewer than 1,000 employees shall include excess or stop-loss coverage, provided by a licensed insurance company ~~or~~<sub>2</sub> an insurance company approved pursuant to section 60A.20<sub>2</sub> or service plan corporation<sub>2</sub> but excess or stop-loss coverage need not be obtained for long-term disability.

This excess or stop-loss coverage shall cover all eligible claims incurred during the term of the policy or contract. In addition to excess or stop-loss coverage, the self-insurance plan shall provide for reserving of an appropriate amount of funds to cover the estimated cost of claims incurred, but unpaid, during the term of the policy or contract which shall be added to the expected claim level. These funds shall be in addition to funds reserved to cover the claims paid during the term of the policy or contract. The excess or stop-loss coverage shall be provided at levels in excess of self-insured retention which is appropriate, taking into account the number of covered persons in the group.

Sec. 12. **EFFECTIVE DATE.**

Sections 6 and 9 to 11 are effective the day after final enactment. Sections 1 to 5, 7, and 8 are effective January 1, 1984.

Approved June 1, 1983

**CHAPTER 242 — S.F.No. 996**

*An act relating to financial institutions; authorizing the approval of applications for bank charters and detached facilities; establishing emergency procedures to prevent loss of banking services in a community as a result of a failing bank; amending Minnesota Statutes 1982, section 45.05; proposing new law coded in Minnesota Statutes, chapter 47.*

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