

Subd. 4. **BOARD INITIATION.** The board may initiate proceedings for the concurrent detachment and annexation of portions of one municipality completely surrounded by another municipality, on its own motion or upon the petition of all of the owners of property in the completely surrounded area. In such cases the board shall conduct hearings and issue its order as in the case of consolidations of two or more municipalities under sections 414.041, subdivision 5, and pursuant to section 414.09. In arriving at its decision, the board shall consider the factors in section 414.02, subdivision 3. The board shall order the proposed action if it finds that it will be for the best interests of the municipalities and the property owners. In all cases, the board shall set forth the factors which are the basis for the decision.

Sec. 18. Minnesota Statutes 1994, section 414.061, subdivision 5, is amended to read:

Subd. 5. **PROPERTY OWNER INITIATION.** Property owners may initiate proceedings for the concurrent detachment of their property from one municipality and its annexation to an adjacent municipality by a petition signed by all of them that they submit to the board accompanied by a resolution of the city council of at least one of the affected municipalities. The board shall conduct hearings and issue its order as in the case of consolidations of two or more municipalities under sections 414.041, subdivision 5 and pursuant to section 414.09. In arriving at its decision, the board shall consider the factors in section 414.02, subdivision 3. The board shall order the proposed action if it finds that it will be for the best interests of the municipalities and the property owner. In all cases, the board shall set forth the factors which are the basis for the decision.

Sec. 19. **REPEALER.**

Minnesota Statutes 1994, sections 414.01, subdivisions 3, 3a, and 4; and 414.061, subdivision 4a, are repealed.

Sec. 20. **EFFECTIVE DATE.**

Sections 1 to 19 are effective August 1, 1996, to apply to petitions filed after July 31, 1996.

Presented to the governor March 12, 1996

Signed by the governor March 13, 1996, 2:14 p.m.

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**CHAPTER 304—H.F.No. 2044**

*An act relating to insurance; group life and health coverages; prohibiting retroactive termination of a person's coverage without the consent of the covered person; proposing coding for new law in Minnesota Statutes, chapter 60A.*

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

Section 1. **[60A.086] RETROACTIVE TERMINATION OF COVERAGE UNDER GROUP POLICIES PROHIBITED.**

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **APPLICABILITY.** This section applies to:

- (1) health plans as defined in section 62A.011, issued to groups;
- (2) group accident and health insurance;
- (3) group life insurance;
- (4) group accidental death and dismemberment insurance; and
- (5) group disability income insurance.

Subd. 2. **REQUIREMENT.** No plan of coverage described in subdivision 1 shall permit the issuer to retroactively cancel, retroactively rescind, or otherwise retroactively terminate the coverage of an employee, dependent, or other covered person under the group coverage, without the written consent of that employee, dependent, or other covered person. For purposes of this subdivision, "covered person" includes a person on continuation coverage or eligible for continuation coverage.

Subd. 3. **NONAPPLICABILITY.** (a) This section does not apply where the group policy or contract is lawfully terminated retroactively and not replaced with substantially similar coverage.

(b) This section does not apply where the employee, dependent, or other covered person committed fraud or misrepresentation with respect to eligibility under the terms of the group policy or contract or with respect to any other material fact, but retroactive termination without written consent must not be based upon the failure of the employee, dependent, or other covered person to meet the group sponsor's eligibility requirements, if the group sponsor requested the issuer of the coverage to include the person as a covered person.

(c) This section does not apply where the issuer of coverage described in subdivision 1 retroactively terminates coverage of an employee, dependent, or other covered person solely because the group sponsor did not notify the issuer of the coverage in advance of the employee's voluntary or involuntary termination from employment, provided that the retroactive termination of coverage is effective no earlier than the end of the day of termination from employment. This paragraph does not affect continuation rights under federal or state law and does not limit the effect of section 62Q.16.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following enactment and applies to coverage issued or renewed on or after that date.

Presented to the governor March 12, 1996

Signed by the governor March 13, 1996, 2:20 p.m.

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**CHAPTER 305—H.F.No. 2938**

*An act relating to Minnesota Statutes; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making*

**New language is indicated by underline, deletions by strikethrough.**