

CHAPTER 135—H.F.No. 1221

An act relating to commerce; making various technical and housekeeping changes related to staff adjusters, canceled licenses, and transfer fees; providing producer training requirements for flood insurance products; regulating the Commerce Fraud Bureau; requiring property and casualty actuarial opinions of reserves and supporting documentation; regulating the agricultural cooperative health plan for farmers; regulating real property appraisals; providing application, education, and training requirements; regulating certain Public Utilities Commission requests relating to service of notices, orders, and other documents; eliminating the membership camping license requirement; repealing an obsolete collection agency rule; correcting cross-references; making adjustments to various dollar amounts as required by state law; providing for a method to periodically update Minnesota Statutes to reflect the current dollar amounts as adjusted; amending Minnesota Statutes 2012, sections 13.712, by adding a subdivision; 45.0135; 45.027, subdivision 2; 45.307; 45.43; 47.59, subdivisions 3, 6; 56.12; 56.125, subdivision 2; 56.131, subdivisions 2, 6; 60A.62, subdivision 1; 72B.10; 82.62, subdivision 7; 82.63, subdivision 8; 82A.06, subdivision 2; 82A.13, subdivision 1; 82A.18, subdivision 2; 82B.08, by adding a subdivision; 82B.094; 82B.095, subdivision 2; 82B.10, subdivision 1; 82B.13, subdivisions 1, 4, 5, 8, by adding a subdivision; 82C.16, subdivision 1; 216.17, subdivisions 2, 4; 216B.18; 299C.40, subdivision 1; 325G.22, subdivision 1; 510.02, subdivision 1; 550.37, subdivisions 4, 4a, 6, 10, 12a, 23, 24; Laws 2007, chapter 147, article 12, section 14, as amended; proposing coding for new law in Minnesota Statutes, chapters 60A; 60K; repealing Minnesota Statutes 2012, sections 82A.16; 82A.17; 82B.095, subdivision 1; 115C.09, subdivision 3k; Laws 2000, chapter 488, article 3, section 37; Minnesota Rules, part 2870.1500.

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

ARTICLE 1**MISCELLANEOUS TECHNICAL CHANGES****Section 1. [60K.366] PRODUCER TRAINING REQUIREMENTS FOR FLOOD INSURANCE PRODUCTS.**

An individual may not sell, solicit, or negotiate flood insurance through the National Flood Insurance Program (NFIP) unless the individual is licensed as an insurance producer for one or more lines of authority under section 60K.38, subdivision 1, paragraph (b), clauses (3), (4), and (6), and has in addition to the training otherwise required by this chapter, satisfied the minimum training and education requirements established by the Federal Emergency Management Agency (FEMA) for all insurance producers who sell insurance through the NFIP and published at 70 Federal Register 52, 117.

Upon request of the commissioner, an issuer must demonstrate to the commissioner that its appointed producers who sell flood insurance through the NFIP have complied with the minimum training and education requirements established by FEMA.

Sec. 2. Minnesota Statutes 2012, section 72B.10, is amended to read:

72B.10 STAFF ADJUSTERS.

A staff adjuster who adjusts losses or claims in this state shall not be subject to the application, licensing, or examination requirements or other qualifications set forth in sections 72B.01 to 72B.14. Such a staff adjuster shall not, however, engage in any of the practices forbidden to a licensee under section 72B.08, subdivision 1, ~~clause clauses~~ (3), (4), (5), (6), (7), or (8) through (15). If the commissioner has information, which if true, would establish that a staff adjuster has engaged or is engaging in any such prohibited practices, the commissioner may issue an order for a hearing to determine the facts involved. The order shall fix the time and place for hearing. The staff adjuster and one or more representatives of the insurer or insurers employing the staff adjuster shall make an appearance at the hearing unless the commissioner expressly waives the appearance of one or more such parties. If, following the hearing, the commissioner determines that the staff adjuster has engaged or is engaging in any prohibited practices, the commissioner may impose a fine, not in excess of \$500, on the staff adjuster or on the employing insurer or insurers, or on both such parties. In addition, the commissioner may order the employing insurer to suspend the staff adjuster from all duties for such period as the commissioner may deem appropriate.

Any final order of the commissioner shall be subject to judicial review. Any hearing or judicial review under this section shall be in accordance with the contested case provisions of chapter 14.

Sec. 3. Minnesota Statutes 2012, section 82.62, subdivision 7, is amended to read:

Subd. 7. **~~Cancellation~~ Reinstatement of canceled salesperson's or broker's license.** A salesperson's or broker's license that has been canceled for failure of a licensee to complete postlicensing education requirements ~~must be returned to the commissioner by the licensee's broker within ten days of receipt of notice of cancellation.~~ The license shall be reinstated without reexamination by completing the required instruction, filing an application, and paying the fee for a salesperson's or broker's license within two years of the cancellation date.

Sec. 4. Minnesota Statutes 2012, section 82.63, subdivision 8, is amended to read:

Subd. 8. **Procedure.** An application for automatic transfer shall be made only on the form prescribed by the commissioner. The transfer is ineffective if the form is not completed in its entirety.

The form shall be accompanied by a ~~\$10~~ \$20 transfer fee, and the license renewal fee, if applicable. Cash will not be accepted.

The signature of the broker from whom the salesperson is transferring must predate the signature of the broker to whom the salesperson is transferring. The salesperson is unlicensed for the period of time between the times and dates of both signatures. The broker from whom the salesperson is transferring shall sign and date the transfer application upon the request of the salesperson and shall destroy the salesperson's license immediately.

Sec. 5. Minnesota Statutes 2012, section 82A.06, subdivision 2, is amended to read:

Subd. 2. **Partial transactional exemptions.** The following transactions are exempt from the provisions of sections 82A.03; 82A.04; 82A.05; 82A.07; 82A.08; 82A.11, subdivisions 2 and 4; and 82A.14; 82A.16; and 82A.17: any sale which is made to a person who is not then physically present in this state, and any offer which invites an offeree to attend a sales presentation in another state if:

(1) the offeror has given at least ten days prior written notice to the commissioner of its intention to offer or sell membership camping contracts to residents of this state pursuant to this exemption and paid a fee of \$50;

(2) the offeror has demonstrated that the sales presentation will be made, and the sale will be consummated, in a state which specifically regulates the offer and sale of membership camping contracts;

(3) the offeror has demonstrated that it will deliver a disclosure statement to offerees who are residents of this state which contains substantially the same or greater disclosure as is required by section 82A.05; and

(4) the offeror has filed a consent to service of process pursuant to section 82A.22.

Sec. 6. Minnesota Statutes 2012, section 82A.13, subdivision 1, is amended to read:

Subdivision 1. **Untrue statements filed in documents.** No person shall make or cause to be made any untrue statement of a material fact in an application or other document filed with the commissioner under this chapter, or omit to state in the application or other document any material fact which is required to be stated therein, or fail to notify the commissioner of any material change as required by ~~sections~~ section 82A.07 and 82A.16, subdivision 3.

Sec. 7. Minnesota Statutes 2012, section 82A.18, subdivision 2, is amended to read:

Subd. 2. **Civil penalty.** Any person who materially or repeatedly violates section 82A.03, 82A.05, 82A.09, 82A.13, or 82A.14, or 82A.16 shall be subject to a fine of not more than \$1,000 for each violation provided, however, that the total recovery arising from the same failure to comply, but involving different purchasers, shall be limited to \$5,000. A fine authorized by this subdivision may be imposed in a civil action brought by the attorney general on behalf of the state of Minnesota, and shall be deposited into the state treasury.

Sec. 8. Minnesota Statutes 2012, section 82C.16, subdivision 1, is amended to read:

Subdivision 1. **Powers of commissioner.** (a) The commissioner may by order take any or all of the following actions:

(1) bar a person from serving as an officer, director, partner, controlling person, or any similar role at an appraisal management company, if such person has ever been the subject of a final order suspending, revoking, or denying a certification, registration, or license as a real estate agent, broker, or appraiser, or a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency;

(2) deny, suspend, or revoke an appraisal management company license;

(3) censure an appraisal management company license; and

(4) impose a civil penalty as provided for in chapter 45.027.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) that the order is in the public interest; and

(2) that an officer, director, partner, employee, agent, controlling person or persons, or any person occupying a similar status or performing similar functions, has:

(i) violated any provision of this chapter;

(ii) filed an application for a license that is incomplete in any material respect or contains a statement that, in light of the circumstances under which it is made, is false or misleading with respect to a material fact;

(iii) failed to maintain compliance with the affirmations made under section ~~80C.03~~ 82C.03, subdivision 5;

(iv) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, whether or not the act or practice involves the appraisal management company;

(v) engaged in an act or practice, whether or not the act or practice involves the business of appraisal management, appraisal assignments, or real estate mortgage related practices, that demonstrates untrustworthiness, financial irresponsibility, or incompetence;

(vi) pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or a misdemeanor involving moral turpitude;

(vii) paid a civil penalty or been the subject of disciplinary action by the commissioner, or an order of suspension or revocation, cease and desist order, or injunction order, or an order barring involvement in an industry or profession issued by this or any other state or federal regulatory agency or government-sponsored enterprise, or by the secretary of Housing and Urban Development;

(viii) been found by a court of competent jurisdiction to have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit;

(ix) refused to cooperate with an investigation or examination by the commissioner;

(x) failed to pay any fee or assessment imposed by the commissioner; or

(xi) failed to comply with state and federal tax obligations.

Sec. 9. Laws 2007, chapter 147, article 12, section 14, as amended by Laws 2010, chapter 344, section 4, subdivision 1, and Laws 2010, chapter 384, section 99, is amended to read:

Sec. 14. AGRICULTURAL COOPERATIVE HEALTH PLAN FOR FARMERS.

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

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

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

~~(3) (1) a joint self-insurance plan may elect to treat the sale of a health plan to or for an employer that has only one eligible employee who has not waived coverage as the sale of an individual health plan as allowed under Minnesota Statutes, section 62L.02, subdivision 26;~~

~~(2) notwithstanding Minnesota Statutes, section 62H.05, the cooperative board of trustees shall consist of a minimum of five and a maximum of nine trustees;~~

~~(3) notwithstanding any other provisions of state law, a trust created under Minnesota Statutes, section 62H.05, may be identified as a "cooperative trust" if it is a part of an agricultural cooperative health plan for farmers under this section;~~

~~(4) Minnesota Statutes, section 62H.11, does not apply, and notwithstanding contrary provisions of Minnesota law, the agricultural cooperatives may undertake activities directly and through agents, brokers, third-party administrators and other entities to promote and market the health plan to members of the cooperatives prior to approval of the joint self-insurance plan;~~

~~(5) the joint self-insurance plan is exempt from the requirement in Minnesota Statutes, section 62H.01, to have 1,000 covered enrollees at initial enrollment when the following conditions are met:~~

~~(i) the plan secures approval from the commissioner of commerce of marketing materials, policy forms, and application forms prior to their use in securing preenrollment commitments; and~~

(ii) the plan receives commitments in the form of executed letters of intent to enroll from a minimum of 1,000 individuals within 12 months of approval of policy and application forms by the commissioner of commerce;

(6) the plan must secure prior to initial enrollment aggregate stop-loss coverage and individual stop-loss coverage provided by an insurance company licensed by the state of Minnesota. The plan must submit the stop-loss insurance contract to the commissioner of commerce at least 30 days prior to the proposed plan's effective date and at least 30 days subsequent to any renewal date. Any excess or stop-loss insurance plan must contain a provision that the excess or stop-loss insurer will give the plan and the commissioner of commerce a minimum of 180 days notice of termination or nonrenewal. If the plan fails to secure replacement coverage within 150 days after receipt of the notice of cancellation or nonrenewal, the commissioner shall issue an order providing for the orderly termination of the plan;

(7) the cooperative must establish a reserve fund, certified by an actuary to be sufficient to cover unpaid claim liability for incurred but not reported liabilities in the event of plan termination. Actuarial certification must include all maximum funding requirements for plan fixed cost requirements and current claims liability requirements and must include calculation for the reserve levels needed to fund all incurred but not reported liabilities in the event of member or plan termination. All such reserve funds will be held in protection of a cooperative trust, in accordance with the plan bylaws. An initial deposit shall be made to the trust fund in an amount equal to the annual estimated reserve amount for each of the members required for initial approval as provided by clause (5). In addition to the initial deposit, monthly reserve funding will continue from a portion of billed rates collected from participants which will be based on standard actuarial calculations. The plan will provide scheduled financial reports to the commissioner of commerce for audit of the financial health of the plan in meeting all plan liabilities;

(4) (8) Minnesota Statutes, section 2971.05, subdivision 12, paragraph (c), applies; and

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

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

Sec. 10. **REPEALER.**

Subdivision 1. **Membership camping licensing requirement for salespersons or brokers.** Minnesota Statutes 2012, sections 82A.16; and 82A.17, are repealed.

Subd. 2. **Collection agency license renewal; obsolete rule.** Minnesota Rules, part 2870.1500, is repealed.

ARTICLE 2

ADJUSTMENTS TO STATUTORY DOLLAR AMOUNTS

Section 1. Minnesota Statutes 2012, section 47.59, subdivision 3, is amended to read:

Subd. 3. **Finance charge for loans.** (a) With respect to a loan, including a loan pursuant to open-end credit but excluding open-end credit pursuant to a credit card, a financial institution may contract for and receive a finance charge on the unpaid balance of the principal amount not to exceed the greater of:

- (1) an annual percentage rate not exceeding 21.75 percent; or
- (2) the total of:

(i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$750 \$1,125; and

(ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$750 \$1,125.

With respect to open-end credit pursuant to a credit card, the financial institution may contract for and receive a finance charge on the unpaid balance of the principal amount at an annual percentage rate not exceeding 18 percent per year.

(b) On a loan where the finance charge is calculated according to the method provided for in paragraph (a), clause (2), the finance charge must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest one-tenth of one percent that would earn the same total finance charge at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (2), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) With respect to a loan, the finance charge must be considered not to exceed the maximum annual percentage rate permitted under this section if the finance charge contracted for and received does not exceed the equivalent of the maximum annual percentage rate calculated in accordance with Code of Federal Regulations, title 12, part 226, but using the definition of finance charge provided in this section.

(d) This subdivision does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, discount points, precomputed charges, single annual percentage rate, variable rate, interest in advance, compounding, average daily balance method, or otherwise, if the annual percentage rate does not exceed that permitted by this section. Discount points permitted by this paragraph and not collected but included in the principal amount must not be included in the amount on which credit insurance premiums are calculated and charged.

(e) With respect to a loan secured by real estate, if a finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the financial institution shall credit the borrower with a refund of the charge to the extent that the annual percentage rate yield on the loan would exceed the maximum rate permitted under paragraph (a), taking into account the prepayment. The refund need not be made if it would be less than ~~\$5~~ \$7.50.

(f) With respect to all other loans, if the finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the financial institution shall credit the borrower with a refund of the charge to the extent the annual percentage rate yield on the loan would exceed the annual percentage rate on the loan as originally determined under paragraph (a) and taking into account the prepayment. The refund need not be made if it would be less than ~~\$5~~ \$7.50.

(g) For the purpose of calculating the refund under this subdivision, the financial institution may assume that the contract was paid before the date of prepayment according to the schedule of payments under the loan and that all payments were paid on their due dates.

(h) For loans repayable in substantially equal successive monthly installments, the financial institution may calculate the refund under paragraph (f) as the portion of the finance charge allocable on an actuarial basis to all wholly unexpired payment periods following the date of prepayment, based on the annual percentage rate on the loan as originally determined under paragraph (a), and for the purpose of calculating the refund may assume that all payments are made on the due date.

(i) The dollar amounts in this subdivision ~~and~~, subdivision 6, paragraph (a), clause (4), and the dollar amount of original principal amount of closed-end credit in subdivision 6, paragraph (d), shall change periodically, as provided in this section, according to and to the extent of changes in the implicit price deflator for the gross domestic product, ~~1987~~ 2005 = 100, compiled by the United States Department of

Commerce, and hereafter referred to as the index. The index for December ~~1994~~ 2011 is the reference base index for adjustments of dollar amounts.

(j) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more; but

(1) the portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts appearing in Laws 1995, chapter 202, on May 24, 1995; and

(2) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to Laws 1995, chapter 202, as a result of earlier application of this section.

(k) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the Department of Commerce. If the index is superseded, the index referred to in this section is the one represented by the Department of Commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(l) The commissioner shall ~~announce and publish~~:

(1) announce and publish on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (j); ~~and~~

(2) announce and publish promptly after the changes occur, changes in the index required by paragraph (k) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index; and

(3) promptly notify the revisor of statutes in writing of the changes announced and published by the commissioner pursuant to clauses (1) and (2). The revisor shall publish the changes in the next edition of Minnesota Statutes.

(m) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if that person relies on dollar amounts either determined according to paragraph (j), clause (2), or appearing in the last publication of the commissioner announcing the then current dollar amounts.

(n) The adjustments provided in this section shall not be affected unless explicitly provided otherwise by law.

Sec. 2. Minnesota Statutes 2012, section 47.59, subdivision 6, is amended to read:

Subd. 6. **Additional charges.** (a) For purposes of this subdivision, "financial institution" includes a person described in subdivision 4, paragraph (a). In addition to the finance charges permitted by this section, a financial institution may contract for and receive the following additional charges that may be included in the principal amount of the loan or credit sale unpaid balances:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan or credit sale contract secured by real estate, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the financial institution;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents;

(v) appraisal and credit report fees; and

(vi) fees for determining whether any portion of the property is located in a flood zone and fees for ongoing monitoring of the property to determine changes, if any, in flood zone status;

(4) a delinquency charge on a payment, including the minimum payment due in connection with open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the payment or ~~\$5.20~~ \$7.80, whichever is greater;

(5) for a returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 604.113, except that, on a loan transaction that is a consumer small loan as defined in section 47.60, subdivision 1, paragraph (a), in which cash is advanced in exchange for a personal check, the civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the principal amount of the loan or credit sale unpaid balances:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the financial institution furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance or mortgage insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the financial institution, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to the vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower; and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the financial institution as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower according to clause (1); and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the financial institution to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive the following additional charges in connection with open-end credit, which may be included in the principal amount of the loan or balance upon which the finance charge is computed:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the financial institution's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 604.113;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 604.113; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

(d) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive a onetime loan administrative fee not exceeding \$25 in connection with closed-end credit, which may be included in the principal balance upon which the finance charge is computed. This paragraph applies only to closed-end credit in an original principal amount of ~~\$4,320~~ \$6,480 or less. The determination of an original principal amount must exclude the administrative fee contracted for and received according to this paragraph.

Sec. 3. Minnesota Statutes 2012, section 56.12, is amended to read:

56.12 ADVERTISING; TAKING OF SECURITY; PLACE OF BUSINESS.

No licensee shall advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action which is false, misleading, or deceptive. The commissioner may order any licensee to desist from any conduct which the commissioner shall find to be a violation of the foregoing provisions.

The commissioner may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as the commissioner may deem necessary to prevent misunderstanding thereof by prospective borrowers. In lieu of the disclosure requirements of this section and section 56.14, a licensee may give the disclosures required by the federal Truth-in-Lending Act.

A licensee may take a lien upon real estate as security for any loan exceeding ~~\$4,320~~ \$6,480 in principal amount made under this chapter. The provisions of sections 47.20 and 47.21 do not apply to loans made under this chapter, except as provided in this section. No loan secured by a first lien on a borrower's primary residence shall be made pursuant to this section if the proceeds of the loan are used to finance the purchase of the borrower's primary residence, unless:

(1) the proceeds of the loan are used to finance the purchase of a manufactured home or a prefabricated building; or

(2) the proceeds of the loan are used in whole or in part to satisfy the balance owed on a contract for deed.

If the proceeds of the loan are used to finance the purchase of the borrower's primary residence, the licensee shall consent to the subsequent transfer of the real estate if the existing borrower continues after transfer to be obligated for repayment of the entire remaining indebtedness. The licensee shall release the existing borrower from all obligations under the loan instruments, if the transferee (1) meets the standards of credit worthiness normally used by persons in the business of making loans, including but not limited to the ability of the transferee to make the loan payments and satisfactorily maintain the property used as collateral, and (2) executes an agreement in writing with the licensee whereby the transferee assumes the obligations of the existing borrower under the loan instruments. Any such agreement shall not affect the priority, validity or enforceability of any loan instrument. A licensee may charge a fee not in excess of one-tenth of one percent of the remaining unpaid principal balance in the event the loan is assumed by the transferee and the existing borrower continues after the transfer to be obligated for repayment of the entire assumed indebtedness. A

licensee may charge a fee not in excess of one percent of the remaining unpaid principal balance in the event the remaining indebtedness is assumed by the transferee and the existing borrower is released from all obligations under the loan instruments, but in no event shall the fee exceed ~~\$240~~ \$360.

A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.

No licensee shall conduct the business of making loans under this chapter within any office, room, or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, if the commissioner finds that the character of the other business is such that it would facilitate evasions of this chapter or of the rules lawfully made hereunder. The commissioner may promulgate rules dealing with such other businesses.

No licensee shall transact the business or make any loan provided for by this chapter under any other name or at any other place of business than that named in the license. No licensee shall take any confession of judgment or any power of attorney. No licensee shall take any note or promise to pay that does not accurately disclose the principal amount of the loan, the time for which it is made, and the agreed rate or amount of charge, nor any instrument in which blanks are left to be filled in after execution. Nothing herein is deemed to prohibit the making of loans by mail or arranging for settlement and closing of real estate secured loans by an unrelated qualified closing agent at a location other than the licensed location.

Sec. 4. Minnesota Statutes 2012, section 56.125, subdivision 2, is amended to read:

Subd. 2. **Real estate as security.** A licensee may take a lien upon real estate as security for any open-end loan at or after such time as the outstanding balance first exceeds ~~\$4,320~~ \$6,480. A subsequent reduction in the balance below ~~\$4,320~~ \$6,480 has no effect on the lien. A licensee may retain the security interest until it terminates the open-end account. If there is no outstanding balance in the account and there is no commitment by the licensee to a line of credit in excess of ~~\$4,320~~ \$6,480, the licensee shall, within 20 days following written demand by the borrower, deliver to the borrower a release of the mortgage on any real property taken as security for the open-end loan agreement. A real estate mortgage authorized for a financial institution secures all advances and obligations thereunder from the date of recording.

Sec. 5. Minnesota Statutes 2012, section 56.131, subdivision 2, is amended to read:

Subd. 2. **Additional charges.** In addition to the charges provided for by this section and section 56.155, and notwithstanding section 47.59, subdivision 6, to the contrary, no further or other amount whatsoever, shall be directly or indirectly charged, contracted for, or received for the loan made, except actual out of pocket expenses of the licensee to realize on a security after default, and except for the following additional charges which may be included in the principal amount of the loan:

(a) lawful fees and taxes paid to any public officer to record, file, or release security;

(b) with respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section; provided the costs do not exceed one percent of the principal amount or ~~\$400~~ \$600, whichever is greater:

(1) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(2) fees, if not paid to the licensee, an employee of the licensee, or a person related to the licensee, for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, and appraisal fees;

(c) the premium for insurance in lieu of perfecting and releasing a security interest to the extent that the premium does not exceed the fees described in paragraph (a);

(d) discount points and appraisal fees may not be included in the principal amount of a loan secured by an interest in real estate when the loan is a refinancing for the purpose of bringing the refinanced loan current and is made within 24 months of the original date of the refinanced loan. For purposes of this paragraph, a refinancing is not considered to be for the purpose of bringing the refinanced loan current if new funds advanced to the customer, not including closing costs or delinquent installments, exceed ~~\$1,000~~ \$1,500; and

(e) the onetime loan administrative fee in section 47.59, subdivision 6, paragraph (d).

Sec. 6. Minnesota Statutes 2012, section 56.131, subdivision 6, is amended to read:

Subd. 6. **Discount points.** A loan made under this section that is secured by real estate and that is in a principal amount of ~~\$12,000~~ \$18,000 or more and has a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this section. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this section when the prepayment is taken into account. Discount points permitted by this subdivision and not collected but included in the principal amount must not be included in the amount on which credit insurance premiums are calculated and charged.

Sec. 7. Minnesota Statutes 2012, section 325G.22, subdivision 1, is amended to read:

Subdivision 1. **Personal liability of buyer limited.** If the seller or lender repossesses or voluntarily accepts surrender of personal property in which the seller or lender has a security interest arising out of a consumer credit transaction and the aggregate amount of the credit extended in the transaction was ~~\$3,000~~ \$6,900 or less, the buyer is not personally liable to the seller or lender for the unpaid balance of the debt arising from the consumer credit transaction, and the seller or lender is not obligated to resell the collateral.

Sec. 8. Minnesota Statutes 2012, section 510.02, subdivision 1, is amended to read:

Subdivision 1. **Exemption.** The homestead may include any quantity of land not exceeding 160 acres. The exemption per homestead, whether the exemption is claimed by one or more debtors, may not exceed ~~\$300,000~~ \$390,000 or, if the homestead is used primarily for agricultural purposes, ~~\$750,000~~ \$975,000, exclusive of the limitations set forth in section 510.05.

Sec. 9. Minnesota Statutes 2012, section 550.37, subdivision 4, is amended to read:

Subd. 4. **Personal goods.** (a) All wearing apparel, one watch, utensils, and foodstuffs of the debtor and the debtor's family.

(b) Household furniture, household appliances, phonographs, radio and television receivers of the debtor and the debtor's family, not exceeding ~~\$4,500~~ \$10,350 in value.

(c) The debtor's aggregate interest, not exceeding ~~\$1,225~~ \$2,817.50 in value, in wedding rings or other religious or culturally recognized symbols of marriage exchanged between the debtor and spouse at the time of the marriage and in the debtor's possession.

The exemption provided by this subdivision may not be waived except with regard to purchase money security interests. Except for a pawnbroker's possessory lien, a nonpurchase money security interest in the property exempt under this subdivision is void.

If a debtor has property of the type which would qualify for the exemption under clause (b), of a value in excess of ~~\$4,500~~ \$10,350 an itemized list of the exempt property, together with the value of each item listed, shall be attached to the security agreement at the time a security interest is taken, and a creditor

may take a nonpurchase money security interest in the excess over ~~\$4,500~~ \$10,350 by requiring the debtor to select the exemption in writing at the time the loan is made.

Sec. 10. Minnesota Statutes 2012, section 550.37, subdivision 4a, is amended to read:

Subd. 4a. **Adjustment of dollar amounts.** (a) Except for subdivisions 5 and 7, the dollar amounts in this section shall change periodically as provided in this subdivision to the extent of changes in the implicit price deflator for the gross ~~national~~ domestic product, ~~1972~~ 2005 = 100, compiled by the United States Department of Commerce, and hereafter referred to as the index. The index for December ~~1980~~ 2011 is the reference base index.

(b) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more. The portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts stated in this section.

(c) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the Department of Commerce. If the index is superseded, the index referred to in this section is the one represented by the Department of Commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(d) The commissioner of commerce shall ~~announce and publish~~:

(1) announce and publish on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (b); ~~and~~

(2) announce and publish promptly after the changes occur, changes in the index required by paragraph (c) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index; ~~and~~

(3) promptly notify the revisor of statutes in writing of the changes announced and published by the commissioner pursuant to clauses (1) and (2). The revisor shall publish the changes in the next edition of Minnesota Statutes.

(e) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if the person relies on dollar amounts either determined according to paragraph (b) or appearing in the last publication of the commissioner announcing the then current dollar amounts.

Sec. 11. Minnesota Statutes 2012, section 550.37, subdivision 6, is amended to read:

Subd. 6. **Tools of trade.** The tools, implements, machines, instruments, office furniture, stock in trade, and library reasonably necessary in the trade, business, or profession of the debtor, not exceeding ~~\$5,000~~ \$11,500 in value.

Sec. 12. Minnesota Statutes 2012, section 550.37, subdivision 10, is amended to read:

Subd. 10. **Insurance proceeds.** All money received by, or payable to, a surviving spouse or child from insurance payable at the death of a spouse, or parent, not exceeding ~~\$20,000~~ \$46,000. The ~~\$20,000~~ \$46,000 exemption provided by this subdivision shall be increased by ~~\$5,000~~ \$11,500 for each dependent of the surviving spouse or child.

Sec. 13. Minnesota Statutes 2012, section 550.37, subdivision 12a, is amended to read:

Subd. 12a. **Motor vehicles.** One motor vehicle to the extent of a value not exceeding ~~\$2,000~~ \$4,600; or one motor vehicle to the extent of a value not exceeding ~~\$20,000~~ \$46,000 that has been modified, at a cost of not less than ~~\$1,500~~ \$3,450, to accommodate the physical disability making a disabled person eligible for a certificate authorized by section 169.345.

Sec. 14. Minnesota Statutes 2012, section 550.37, subdivision 23, is amended to read:

Subd. 23. **Life insurance aggregate interest.** The debtor's aggregate interest not to exceed in value ~~\$4,000~~ \$9,200 in any accrued dividend or interest under or loan value of any unmatured life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent.

Sec. 15. Minnesota Statutes 2012, section 550.37, subdivision 24, is amended to read:

Subd. 24. **Employee benefits.** (a) The debtor's right to receive present or future payments, or payments received by the debtor, under a stock bonus, pension, profit sharing, annuity, individual retirement account, Roth IRA, individual retirement annuity, simplified employee pension, or similar plan or contract on account of illness, disability, death, age, or length of service, to the extent of the debtor's aggregate interest under all plans and contracts up to a present value of ~~\$30,000~~ \$69,000 and additional amounts under all the plans and contracts to the extent reasonably necessary for the support of the debtor and any spouse or dependent of the debtor.

(b) The exemptions in paragraph (a) do not apply when the debt is owed under a support order as defined in section 518A.26, subdivision 21.

Sec. 16. **EFFECTIVE DATE.**

Sections 1 to 15 are effective the day following final enactment.

ARTICLE 3

COMMERCE AND CONSUMER PROTECTION POLICY

Section 1. Minnesota Statutes 2012, section 13.712, is amended by adding a subdivision to read:

Subd. 4. **Actuarial data.** Actuarial reports and related data of the Department of Commerce are classified under section 60A.1296.

Sec. 2. Minnesota Statutes 2012, section 45.0135, is amended to read:

45.0135 DIVISION OF INSURANCE COMMERCE FRAUD PREVENTION BUREAU.

Subd. 2a. **Authorization.** The commissioner may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), known as the ~~Division of Insurance~~ Commerce Fraud Prevention Bureau, to conduct investigations, and to make arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to offenses related to insurance fraud.

Subd. 2b. **Duties.** The ~~Division of Insurance~~ Commerce Fraud Prevention Bureau shall:

(1) review notices and reports of insurance fraud submitted by authorized insurers, their employees, and agents or producers;

(2) respond to notifications or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal governmental units, or any other person;

(3) initiate inquiries and conduct investigations when the ~~division~~ bureau has reason to believe that insurance fraud has been or is being committed; and

(4) report incidents of alleged insurance fraud disclosed by its investigations to appropriate law enforcement agencies, including, but not limited to, the attorney general, county attorneys, or any other appropriate law enforcement or regulatory agency, and shall assemble evidence, prepare charges, and otherwise assist any law enforcement authority having jurisdiction.

Subd. 2c. **Arrests and investigations.** The initial processing of a person arrested by the ~~Division of Insurance Commerce Fraud Prevention Bureau~~ for an offense within its jurisdiction is the responsibility of the ~~Division of Insurance Fraud Prevention bureau~~ unless otherwise directed by the law enforcement agency with primary jurisdiction. Subsequent investigation shall be the responsibility of the ~~Division of Insurance Fraud Prevention bureau~~ unless otherwise directed by the law enforcement agency with primary jurisdiction. At the request of the primary jurisdiction, the ~~Division of Insurance Fraud Prevention bureau~~ may assist in a subsequent investigation being carried out by the primary jurisdiction.

Subd. 2d. **Policy for notice of investigations.** The ~~Division of Insurance Commerce Fraud Prevention Bureau~~ must develop a policy for notifying the law enforcement agency with primary jurisdiction when it has initiated investigation of any person within the jurisdiction of that agency.

Subd. 2e. **Chief law enforcement officer.** The commissioner shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the ~~Division of Insurance Commerce Fraud Prevention Bureau~~. The chief law enforcement officer shall possess the necessary police and management experience to manage a law enforcement agency. The chief law enforcement officer may appoint, discipline, and discharge all employees of the ~~Division of Insurance Fraud Prevention bureau~~. All police managerial and supervisory personnel must be full-time employees of the ~~Division of Insurance Fraud Prevention bureau~~. Supervisory personnel must be on duty and available any time peace officers of the ~~Division of Insurance Fraud Prevention bureau~~ are on duty.

Subd. 2f. **Compliance.** Except as otherwise provided in this section, the ~~Division of Insurance Fraud Prevention Commerce Fraud Bureau~~ shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency.

Subd. 3. **Evidence, documentation, and related materials.** If the ~~division~~ bureau seeks evidence, documentation, and related materials pertinent to an investigation, and the matter is located outside of this state, the ~~division~~ bureau may designate representatives, including officials of the state where the matter is located, to secure the matter or inspect the matter on its behalf.

Subd. 4. **Confidentiality and immunity.** The provisions of chapter 13, including, but not limited to, section 13.82, apply to the classification, disclosure, and collection of data relating to the ~~Division of Insurance Commerce Fraud Prevention Bureau~~.

Subd. 5. **Annual report on activities and cost-effectiveness.** The ~~Division of Insurance Commerce Fraud Prevention Bureau~~ shall maintain records and information in order to produce an annual report of its activities as may be prescribed by the commissioner of commerce. The commissioner shall report annually to the house of representatives and senate standing committees with jurisdiction over insurance issues as to the activities of the ~~division~~ bureau and the cost-effectiveness of the programs established by the ~~division~~ bureau.

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Subd. 7. **Assessment.** Each insurer authorized to sell insurance in the state of Minnesota, including surplus lines carriers, and having Minnesota earned premium the previous calendar year shall remit an assessment to the commissioner for deposit in the insurance fraud prevention account on or before June 1 of each year. The amount of the assessment shall be based on the insurer's total assets and on the insurer's total written Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13. The assessment is calculated to be an amount up to the following:

Total Assets	Assessment
Less than \$100,000,000	\$ 200
\$100,000,000 to \$1,000,000,000	\$ 750
Over \$1,000,000,000	\$ 2,000
Minnesota Written Premium	Assessment
Less than \$10,000,000	\$ 200
\$10,000,000 to \$100,000,000	\$ 750
Over \$100,000,000	\$ 2,000

For purposes of this subdivision, the following entities are not considered to be insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or township mutuals organized under chapter 67A.

Subd. 8. **Investigations; health-related boards.** (a) ~~The Division of Insurance~~ Commerce Fraud Prevention Bureau may consult with the appropriate health-related board when a licensee, licensed under chapter 144E, 147, 148, 148B, or 150A, is suspected of insurance fraud.

(b) ~~The division~~ bureau shall, for any conviction involving or related to insurance, send copies of all public data in its possession to the appropriate health-related licensing board.

Sec. 3. Minnesota Statutes 2012, section 45.027, subdivision 2, is amended to read:

Subd. 2. **Power to compel production of evidence.** For the purpose of any investigation, hearing, proceeding, or inquiry related to the duties and responsibilities entrusted to the commissioner, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

A subpoena issued pursuant to this subdivision must state that the person to whom the subpoena is directed may not disclose the fact that the subpoena was issued or the fact that the requested records have been given to law enforcement personnel except:

- (1) insofar as the disclosure is necessary to find and disclose the records; or
- (2) pursuant to court order.

Sec. 4. Minnesota Statutes 2012, section 45.307, is amended to read:

45.307 EDUCATION PROVIDER.

Subdivision 1. Duty to make records and data available to commissioner. A person applying for approval as an education provider must make available upon request such records and data required by the commissioner to administer the provisions and further the purposes of this chapter.

Subd. 2. **Responsibility for actions of coordinators and instructors.** An education provider is responsible for any actions taken by one or more of its coordinators or instructors in the course of performing activities associated with license education courses provided under this chapter.

Subd. 3. **Responsibility for approval of coordinator.** An education provider must ensure that an individual acting as a coordinator on its behalf under this chapter has received prior approval from the commissioner to act as a coordinator.

Sec. 5. Minnesota Statutes 2012, section 45.43, is amended to read:

45.43 REPORTING REQUIREMENTS.

Subdivision 1. **Course completions.** Required education must be reported in a manner prescribed by the commissioner within ten days of the course completion.

Subd. 2. **Violations and penalties.** (a) Each failure to report an individual licensee's course completion in the manner prescribed by subdivision 1 constitutes a separate violation.

(b) The commissioner may impose a civil penalty not to exceed \$500 per violation upon an education provider that violates subdivision 1.

Sec. 6. **[60A.1295] ACTUARIAL OPINION OF RESERVES AND SUPPORTING DOCUMENTATION.**

Subdivision 1. **Statement of actuarial opinion.** Every property and casualty insurance company doing business in this state, unless otherwise exempted by the domiciliary commissioner, shall annually submit the opinion of an appointed actuary entitled "Statement of Actuarial Opinion." This opinion must be filed in accordance with the appropriate National Association of Insurance Commissioners (NAIC) Property and Casualty Annual Statement Instructions.

Subd. 2. **Actuarial opinion summary.** (a) Every property and casualty insurance company domiciled in this state that is required to submit a statement of actuarial opinion shall annually submit an actuarial opinion summary, written by the company's appointed actuary. This actuarial opinion summary must be filed in accordance with the appropriate NAIC Property and Casualty Annual Statement Instructions and must be considered as a document supporting the actuarial opinion required in subdivision 1.

(b) A company licensed but not domiciled in this state shall provide the actuarial opinion summary upon request.

Subd. 3. **Actuarial report and workpapers.** (a) An actuarial report and its underlying workpapers as required by the appropriate NAIC Property and Casualty Annual Statement Instructions must be prepared to support each actuarial opinion.

(b) If the insurance company fails to provide a supporting actuarial report and/or workpapers at the request of the commissioner or the commissioner determines that the supporting actuarial report or workpapers provided by the insurance company are otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting actuarial report or workpapers.

Subd. 4. **Liability.** The appointed actuary shall not be liable for damages to any person, other than the insurance company and the commissioner, for any act, error, omission, decision, or conduct with respect to the actuary's opinion, except in cases of fraud or willful misconduct on the part of the appointed actuary.

EFFECTIVE DATE. This section is effective December 31, 2013.

Sec. 7. **[60A.1296] CONFIDENTIALITY.**

Subdivision 1. **Actuarial opinion; public document.** The statement of actuarial opinion must be provided with the annual statement in accordance with the appropriate National Association of Insurance Commissioners (NAIC) Property and Casualty Annual Statement Instructions and must be treated as a public document.

Subd. 2. **Supporting materials; confidential and privileged.** (a) Documents, materials, or other information in the possession or control of the Department of Commerce that are considered an actuarial report, workpapers, or actuarial opinion summary provided in support of the opinion, and any other material provided by the company to the commissioner in connection with the actuarial report, workpapers, or actuarial opinion summary, are confidential data on individuals or protected nonpublic data as defined in section 13.02, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

(b) This provision shall not be construed to limit the commissioner's authority to:

(1) release the documents to the Actuarial Board for Counseling and Discipline (ABCD) so long as the material is required for the purpose of professional disciplinary proceedings and the ABCD establishes procedures satisfactory to the commissioner for preserving the confidentiality of the documents; or

(2) use the documents, materials, or other information in furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

Subd. 3. **Protections.** Neither the commissioner nor any person who received the documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subdivision 2.

Subd. 4. **Exceptions.** In order to assist in the performance of the commissioner's duties, the commissioner:

(1) may share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 2 with other state, federal, and international regulatory agencies; with the NAIC and its affiliates and subsidiaries; and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information and has the legal authority to maintain confidentiality;

(2) may receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from NAIC and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(3) may enter into agreements governing sharing and use of information consistent with subdivisions 2 to 4.

Subd. 5. **Nonwaiver.** No waiver of applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 4.

EFFECTIVE DATE. This section is effective December 31, 2013.

Sec. 8. Minnesota Statutes 2012, section 60A.62, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "Company action level event" means any of the following events:

(1) the filing of a risk-based capital report by an insurer which indicates that:

(i) the insurer's total adjusted capital is greater than or equal to its regulatory action level risk-based capital but less than its company action level risk-based capital; ~~or~~

(ii) if a life and/or health insurer, the insurer has total adjusted capital that is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and ~~2.5~~ 3.0 and has a negative trend; or

(iii) if a property and casualty insurer, the insurer has total adjusted capital which is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the property and casualty risk-based capital instructions;

(2) the notification by the commissioner to the insurer of an adjusted risk-based capital report that indicates an event in clause (1), provided the insurer does not challenge the adjusted risk-based report under section 60A.66; or

(3) if, pursuant to section 60A.66, an insurer challenges an adjusted risk-based capital report that indicates the event in clause (1), the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

EFFECTIVE DATE. This section is effective December 31, 2013.

Sec. 9. Minnesota Statutes 2012, section 82B.08, is amended by adding a subdivision to read:

Subd. 2a. Criminal history record check; fingerprints. (a) An applicant for a license must:

(1) consent to a criminal history record check;

(2) submit a fingerprint card in a form acceptable to the commissioner; and

(3) pay the fee required to perform criminal history record checks with the Minnesota Bureau of Criminal Apprehension and the Federal Bureau of Investigation.

(b) The commissioner may contract for the collection and transmission of fingerprints required under this chapter and may order the fee for collecting and transmitting fingerprints to be payable directly to the contractor by the applicant. The commissioner may agree to a reasonable fingerprinting fee to be charged by the contractor.

(c) The commissioner shall submit the applicant's fingerprints, consent, and the required fee to the superintendent of the Bureau of Criminal Apprehension. The superintendent shall perform a check of the state criminal history repository and is authorized to exchange the applicant's fingerprints with the Federal Bureau of Investigation to obtain the national criminal history record. The superintendent shall return the results of the state and national criminal history records checks to the commissioner.

(d) This subdivision applies to an applicant for an initial license or a renewal license.

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to persons applying for a license pursuant to Minnesota Statutes, chapter 82B, on or after that date who were not previously fingerprinted in compliance with the terms of this subdivision.

Sec. 10. Minnesota Statutes 2012, section 82B.094, is amended to read:

82B.094 SUPERVISION OF TRAINEE REAL PROPERTY APPRAISERS.

(a) A certified residential real property appraiser or a certified general real property appraiser, in good standing, may engage a trainee real property appraiser to assist in the performance of real estate appraisals, provided that the certified residential real property appraiser or a certified general real property appraiser:

(1) has been licensed in good standing as either a certified residential real property appraiser or a certified general real property appraiser for a total of at least three years;

(2) has completed a course that is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers;

(3) has not been the subject of any license or certificate suspension or revocation or has not been prohibited from supervising activities in this state or any other state within the previous two years;

(2) (4) has no more than three trainee real property appraisers working under supervision at any one time;

(3) (5) actively and personally supervises the trainee real property appraiser, which includes ensuring that research of general and specific data has been adequately conducted and properly reported, application of appraisal principles and methodologies has been properly applied, that the analysis is sound and adequately reported, and that any analyses, opinions, or conclusions are adequately developed and reported so that the appraisal report is not misleading;

(4) (6) discusses with the trainee real property appraiser any necessary and appropriate changes that are made to a report, involving any trainee appraiser, before it is transmitted to the client. Changes not discussed with the trainee real property appraiser that are made by the supervising appraiser must be provided in writing to the trainee real property appraiser upon completion of the appraisal report;

(5) (7) accompanies the trainee real property appraiser on the inspections of the subject properties and drive-by inspections of the comparable sales on all appraisal assignments for which the trainee will perform work until the trainee appraiser is determined to be competent, in accordance with the competency rule of USPAP for the property type;

(6) (8) accepts full responsibility for the appraisal report by signing and certifying that the report complies with USPAP; and

(7) (9) reviews and signs the trainee real property appraiser's appraisal report or reports or if the trainee appraiser is not signing the report, states in the appraisal the name of the trainee and scope of the trainee's significant contribution to the report.

(b) The supervising appraiser must review and sign the applicable experience log required to be kept by the trainee real property appraiser.

(c) The supervising appraiser must notify the commissioner within ten days when the supervision of a trainee real property appraiser has terminated or when the trainee appraiser is no longer under the supervision of the supervising appraiser.

(d) The supervising appraiser must maintain a separate work file for each appraisal assignment.

(e) The supervising appraiser must verify that any trainee real property appraiser that is subject to supervision is properly licensed and in good standing with the commissioner.

Sec. 11. Minnesota Statutes 2012, section 82B.095, subdivision 2, is amended to read:

Subd. 2. **Components on or after January 1, 2009 Conformance to Appraiser Qualifications Board criteria.** (a) ~~On or after January 1, 2009, an applicant for a class of license must document that the applicant has met the education, experience, and examination components in effect after January 1, 2008.~~

~~(b)~~ Qualifications for all levels of licensing must conform to the Real Property Qualification Criteria established by the Appraisal Qualifications Board for implementation effective January 1, ~~2008~~ 2015.

Sec. 12. Minnesota Statutes 2012, section 82B.10, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) An applicant for a license must pass an examination conducted by the commissioner. The examinations must be of sufficient scope to establish the competency of the applicant to act as a real estate appraiser and must conform with the current National Uniform Exam Content Outlines published by the Appraiser Qualifications Board.

(b) A passing grade for a real estate appraiser licensing examination must be the cut score defined by the Appraiser Qualifications Board criteria.

(c) To qualify for a license as a trainee real property appraiser, an applicant must pass a current trainee real property appraiser examination. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(d) To qualify for a license as a licensed real property appraiser, an applicant must pass a current uniform licensed real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(e) To qualify for a license as a certified residential real property appraiser, an applicant must pass a current uniform certified residential real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(f) To qualify for a license as a certified general real property appraiser, an applicant must pass a current uniform certified general real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(g) An applicant must complete the applicable education prerequisites in section 82B.13 and the experience requirements in section 82B.14 before the applicant takes the examination required under this section.

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 13. Minnesota Statutes 2012, section 82B.13, subdivision 1, is amended to read:

Subdivision 1. **~~Trainee real property appraiser or licensed real property appraiser.~~** (a) ~~As a prerequisite for licensing as a trainee real property appraiser or licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

(1) at least ~~90 classroom~~ 75 hours of prelicense courses approved by the commissioner. The courses must consist Fifteen of the 75 hours must include successful completion of general real estate appraisal principles and the 15-hour national USPAP course; and

(2) in addition to the required hours under clause (1), a course that is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers.

~~(a) After January 1, 2008, a trainee real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed at least 75 hours of prelicense courses approved by the commissioner.~~

~~(b) After January 1, 2008, a licensed real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed at least 150 hours of prelicense courses approved by the commissioner. All qualifying education must be completed within the five-year period prior to the date of submission of a trainee real property appraiser license application.~~

Sec. 14. Minnesota Statutes 2012, section 82B.13, is amended by adding a subdivision to read:

Subd. 1a. **Licensed real property appraiser.** As a prerequisite for licensing as a licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least 150 hours of prelicense courses approved by the commissioner. The courses must consist of 75 hours of general real estate appraisal principles and the 15-hour national USPAP course; and

(2) an associate degree or higher from an accredited college or university. In lieu of the required degree, the applicant may present satisfactory documentation of successful completion of 30 semester credit hours of instruction from an accredited college or university.

Sec. 15. Minnesota Statutes 2012, section 82B.13, subdivision 4, is amended to read:

Subd. 4. **Certified residential real property appraiser.** As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least ~~120 classroom~~ 200 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of one to four unit residential properties. Fifteen of the ~~120~~ 200 hours must include successful completion of the 15-hour national USPAP course; and

~~After January 1, 2008, A certified residential real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

~~(1) 200 hours of prelicense courses approved by the commissioner; and~~

~~(2) an associate a bachelor's degree or higher from an accredited college or university. In lieu of the required degree the applicant may present satisfactory documentation of completion of 21 semester credit hours from an accredited college or university covering the following subject matter courses: English composition; principles of economics (micro or macro); finance; algebra, geometry, or higher mathematics; statistics; computer science; and business or real estate law. If an applicant has completed education requirements before January 1, 2008, no college degree is required.~~

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 16. Minnesota Statutes 2012, section 82B.13, subdivision 5, is amended to read:

Subd. 5. **Certified general real property appraiser.** As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least ~~180 classroom~~ 300 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of nonresidential properties. Fifteen of the ~~180~~ 300 hours must include successful completion of the 15-hour national USPAP course; and

~~After January 1, 2008, A certified general real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

~~(1) 300 hours of prelicense courses approved by the commissioner; and~~

~~(2) a bachelor's degree or higher from an accredited college or university. In lieu of the required degree the applicant may present satisfactory documentation of completion of 30 semester credit hours from an accredited college or university covering the following subject matters courses: English composition; micro economics; macro economics; finance; algebra, geometry, or higher mathematics; statistics; computer science; business or real estate law; and two elective courses in accounting, geography, ag-economics, business management, or real estate. If an applicant has complete education requirements before January 1, 2008, no college degree is required.~~

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 17. Minnesota Statutes 2012, section 82B.13, subdivision 8, is amended to read:

Subd. 8. **Appraiser prelicense education.** (a) Credit toward the qualifying education requirements of this section may also be obtained via the completion of a degree in real estate from an accredited degree-granting college or university approved by the Association to Advance Collegiate Schools of Business, or a regional or national accreditation agency recognized by the United States Secretary of Education, provided that the college or university has had its curriculum reviewed and approved by the Appraiser Qualifications Board.

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

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

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

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

Sec. 18. Minnesota Statutes 2012, section 216.17, subdivision 2, is amended to read:

Subd. 2. **Service of notice, order, or other document from commission.** Service of all notices, orders, and other documents by the commission may be made by mail, personal delivery, or electronic service upon any person or firm, or upon the president, general manager, or other proper executive officer of any corporation interested. If any party has appeared by attorney, such service must be made upon the attorney. Notwithstanding section 14.62, orders and decisions may be served by mail, by personal delivery, or by electronic service. The commission may provide electronic service to any person who has provided an electronic address to the commission for service purposes. For purposes of this section, the term "person" includes a natural person or an organization, whether for profit or not for profit. Regulated utilities and state agencies must provide an electronic address for electronic service purposes and must accept electronic service as official service.

Sec. 19. Minnesota Statutes 2012, section 216.17, subdivision 4, is amended to read:

Subd. 4. **Service by a party, participant, or other interested person.** When an applicable statute or commission rule requires service of a filing or other document by a party, participant, or other interested person upon persons on a service list maintained by the commission, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the official service list who have previously agreed in writing to accept electronic service at an electronic address provided to the commission for electronic service purposes. This section does not apply to the extent another

provision of this chapter or chapter 216A requires a specific method of service. Regulated utilities and state agencies must provide an electronic address to the commission for electronic service purposes and agree to accept electronic service as official service.

Sec. 20. Minnesota Statutes 2012, section 216B.18, is amended to read:

216B.18 SERVICE OF NOTICE.

Service of notice of all hearings, investigations, and proceedings pending before the commission and of complaints, reports, orders, and other documents must be made personally, by electronic service as provided in section 216.17, or by mail as the commission may direct. Regulated utilities and state agencies must provide an electronic address to the commission for electronic service purposes and agree to accept electronic service as official service.

Sec. 21. Minnesota Statutes 2012, section 299C.40, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "CIBRS" means the Comprehensive Incident-Based Reporting System, located in the Department of Public Safety and managed by the Bureau of Criminal Apprehension. A reference in this section to "CIBRS" includes the Bureau of Criminal Apprehension.

(c) "Law enforcement agency" means a Minnesota municipal police department, the Metropolitan Transit Police, the Metropolitan Airports Police, the University of Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit, a Minnesota county sheriff's department, the Enforcement Division of the Department of Natural Resources, the Commerce Fraud Bureau, the Bureau of Criminal Apprehension, or the Minnesota State Patrol.

Sec. 22. **REVISOR INSTRUCTION.**

Consistent with the name change in section 2, the revisor of statutes shall change the term "Division of Insurance Fraud Prevention" or similar term to "Commerce Fraud Bureau" or similar term wherever it appears in Minnesota Statutes and Minnesota Rules.

Sec. 23. **REPEALER.**

Subdivision 1. **Petroleum tank release cleanup; PVC piping at residential locations.** Minnesota Statutes 2012, section 115C.09, subdivision 3k, is repealed.

Subd. 2. **Agricultural storage tank removal.** Laws 2000, chapter 488, article 3, section 37, is repealed.

Subd. 3. **Prior appraiser qualification requirements.** Minnesota Statutes 2012, section 82B.095, subdivision 1, is repealed.

Presented to the governor May 22, 2013

Signed by the governor May 24, 2013, 2:36 p.m.