

exist on and after August 1, 1977.

Subd. 2. **EFFECT OF CURRENT PROCEDURES.** Until rules and procedures are promulgated by the board as required by section 1, rules and procedures of the governor's commission shall remain in force and effect until superseded by board rules and procedures; provided, that the board shall have promulgated required new rules and procedures no later than July 1, 1978.

Subd. 3. **TRANSFER OF PERSONNEL; DOCUMENTS.** All employees of the governor's commission are transferred to the employ of the board without loss of compensation, seniority or other benefits. The governor's commission on crime prevention and control shall transfer to the board its books, records, other documents and equipment.

Approved May 25, 1977.

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**CHAPTER 261—S.F.No.1087**

*An act relating to nonprofit health service plan corporations; modifying retained surplus requirements; amending Minnesota Statutes 1976, Section 62C.09, Subdivision 3.*

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

Section 1. Minnesota Statutes 1976, Section 62C.09, Subdivision 3, is amended to read:

Subd. 3. **NONPROFIT HEALTH SERVICE PLAN; RETAINED SURPLUS.** If organized on a capital stock basis, a service plan corporation shall never reduce its capital, and both capital stock and membership corporations shall maintain a surplus, in addition to all reserves established, of not less than the greater of the initial surplus reduced by \$100,000 or ~~25~~ 16 2/3 percent of the sum of all health service claims incurred, and administrative expenses in connection therewith, during the ~~previous most recent~~ calendar year. The surplus shall not exceed ~~50~~ 33 1/3 percent of the sum of all health service claims incurred, and administrative expenses in connection therewith, during the ~~previous most recent~~ calendar year unless such amount is less than the initial surplus reduced by \$100,000. The percentage amounts shall be determined from a financial statement and certified audit filed annually and subject to verification of an examination by the commissioner.

Approved May 25, 1977.

**Changes or additions indicated by underline deletions by ~~strikeout~~**