

2782.0600 DISPOSITION OF APPLICATION.

Subpart 1. **Action upon application.** Upon receipt of an application, the committee or such persons as the committee appoints or designates will immediately review the application to determine what assistance the committee can give. The assistance may include:

A. discussion with the applicant liquor vender's most recent underwriter, if any, to determine if the applicant's coverage can be maintained with the most recent carrier;

B. discussion with other known available insurance markets to determine if any other carrier will accept the applicant;

C. negotiating extensions of coverage with the most recent carrier or temporary carrier, if possible, to permit additional exploration of insurance markets or accumulation of essential underwriting data; and

D. referring the application to the first five participating insurers (participants) on the list in subpart 2. Subsequent applications will be sent to the next five participants on a rotating basis. If at any time there are less than ten participants on the master list this item will no longer be utilized.

Subp. 2. **List of participating insurers.** A list of participants shall be prepared and updated at least every two years in the following manner:

A. The committee will secure a mailing list from the Department of Commerce of every licensed casualty insurer admitted to do business in Minnesota as an eligible surplus lines licensee.

B. The committee will mail to each admitted casualty insurer and eligible surplus lines licensee an outline of the conditions of participation. The department will assist the committee by including the committee's mailing with any appropriate departmental mailings.

C. A master list of participants willing to take part in the market assistance program will be created from responses to the initial mailing. The master list will be updated at least every two years pursuant to items A and B. Order on the master list shall be determined by random selection.

Subp. 3. **Referral to participants.** Upon receipt of an application, the committee or such persons as the committee appoints or designates may mail or telex copies of the application to the first five participants on the master list.

Subp. 4. **Quotes.** A participant must quote on at least one out of every three applications submitted to it. Each participant will have the right to individually evaluate the risk the applicant poses and develop a price commensurate with that risk.

Subp. 5. **Rereferral.** If no quote is received from the first five participants on the list, the next five participants on the list shall receive the application and the same procedure shall be followed until a quote is obtained or the list is exhausted. All participants may, if the committee feels it appropriate, be given the application at once.

Subp. 6. **Response from participant.** Participants may provide a quote on the same coverage basis they normally provide liquor liability insurance in Minnesota. Participants will return their quotation or refusal to quote for a monoline liquor liability policy or a multiline liquor liability policy to the committee within ten days. The applicant or the applicant's agent, if any, will be notified of quotations. The agent will then complete the placement of the insurance, if the applicant accepts coverage from a participant at the price quoted, without need for an agency appointment from that participant. The insurer is not required to pay the agent any commission, but the agent may negotiate a fee with the applicant prior to initial submission of the copy of the application.

Subp. 7. **Limitation on reapplication.** An applicant provided a quotation in accordance with the above procedure will not be eligible to seek additional quotations from the market assistance plan or to obtain coverage from the liquor liability assigned risk plan if the quotation received would not be a notice of refusal for purposes of determining eligibility for participation in the assigned risk plan.

Subp. 8. **Review by full committee.** If the procedures in subparts 1 to 7 do not produce a quote, the application may be submitted to the committee. The committee, after reviewing the application, shall proceed as follows:

- A. attempt to place the applicant with a single carrier;
 - B. attempt to arrange coverage on a quota-share basis with a number of carriers;
- and
- C. advise the applicant on where it may engage loss control or consulting services that will enhance its marketability or reduce future premium costs.

Subp. 9. **Disqualification after coverage granted.** If an application is filed with the market assistance program less than 15 business days before the expiration date of the applicant's current insurance coverage, the market assistance program may continue to seek coverage for the applicant after coverage is extended by the assigned risk plan. The market assistance program will have 15 business days from the date of filing of the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 15 business days of filing of the application and if the offer of coverage would not otherwise be considered a refusal for purposes of the assigned risk plan, the applicant will be deemed to not be qualified to participate in the assigned risk plan and coverage, if any, shall be terminated.

Subp. 10. **Notification of failure to place.** If the market assistance program does not produce a quota, it shall advise the submitting agent or the applicant with a copy to the commissioner at least 24 hours before the time the applicant's current insurance coverage terminates. Notwithstanding this subpart the market assistance program may continue to act pursuant to subpart 9. Notice that the market assistance program is continuing to act pursuant to subpart 9 shall be included in the notice required by this subpart.

Statutory Authority: *MS s 45.023; 340A.409*

History: *10 SR 592*

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