

1 Department of Commerce

2

3 Adopted Rules Relating to the Market Assistance Plan for Liquor

4 Liability Assistance

5

6 Rules as Adopted

7 2782.0100 PURPOSE.

8 Parts 2782.0100 to 2782.0800 establish a marketing  
9 assistance program to assist liquor licensees in obtaining  
10 liquor liability insurance coverage.

11 2782.0200 DEFINITIONS.

12 Subpart 1. Scope. For the purposes of parts 2782.0100 to  
13 2782.0800, the terms defined in this part have the meanings  
14 given them.

15 Subp. 2. Applicant. "Applicant" means a liquor vendor who  
16 makes application to the market assistance plan or the liquor  
17 liability assigned risk plan for insurance coverage.

18 Subp. 3. Assigned risk plan. "Assigned risk plan" means  
19 the methods and procedures established pursuant to Minnesota  
20 Statutes, section 340.11, subdivision 23 to provide liquor  
21 liability coverage as required by Minnesota Statutes, section  
22 340.11, subdivision 21 to those liquor vendors unable to obtain  
23 coverage through insurance companies.

24 Subp. 4. Commissioner. "Commissioner" means the  
25 commissioner of the Department of Commerce.

26 Subp. 5. Liquor vendor. "Liquor vendor" means any person  
27 required by Minnesota Statutes, section 340.11, subdivision 21  
28 to demonstrate proof of financial responsibility.

29 Subp. 6. Market assistance plan. "Market assistance plan"  
30 means the methods and procedures established pursuant to  
31 Minnesota Statutes, section 340.11, subdivision 21.

32 Subp. 7. Monoline liquor liability policy. "Monoline  
33 liquor liability policy" means an insurance policy for only one  
34 type of coverage. In regard to this chapter, it refers to a  
35 policy for only liquor liability insurance without any other

1 type of coverage.

2 Subp. 8. Multiline liquor liability policy. "Multiline  
3 liquor liability policy" means an insurance policy which  
4 includes more than one type of insurance coverage. In regard to  
5 this chapter, it refers to liquor liability insurance offered in  
6 conjunction with other types of coverage such as general  
7 liability insurance, or fire insurance offered in a single  
8 package or policy.

9 2782.0300 MARKETING ASSISTANCE PROGRAM COMMITTEE.

10 Subpart 1. Structure. A market assistance program  
11 committee is created consisting of 12 members appointed by the  
12 commissioner of commerce. The commissioner or the  
13 commissioner's designated representative shall serve as an ex  
14 officio member.

15 The commissioner shall appoint four members representing  
16 casualty insurance companies; two members who are surplus lines  
17 agents or brokers; two members who are insurance agents; two  
18 members from the liquor industry; and two public members. If at  
19 any time after their appointment a member of the committee  
20 through change of employment or similar circumstances no longer  
21 is representative of the group he or she was appointed to  
22 represent, that member will be deemed to be unable to continue  
23 to serve as a member of the committee.

24 Subp. 2. Terms and vacancies. In the event of a member's  
25 inability to continue to serve, the commissioner shall appoint a  
26 replacement. The committee shall elect a chairperson and a vice  
27 chairperson from among the members. The term of each member is  
28 one year commencing on the first day of June.

29 2782.0400 MEETINGS.

30 The committee shall convene upon the call of the  
31 commissioner, the chairperson, or the vice chairperson, or at  
32 the request of one-third of the committee members. No quorum  
33 requirements are necessary.

34 2782.0500 ELIGIBILITY FOR ASSISTANCE.

35 A Minnesota liquor vendor or an insurance agent licensed by

1 the Department of Commerce must submit a copy of the completed  
2 assigned risk plan application form to the Department of  
3 Commerce. The Department of Commerce will immediately advise  
4 the committee of the receipt of the application and forward the  
5 copy to the committee at an address the committee designates.  
6 Submission of the copy of the application to the Department of  
7 Commerce is submission to the market assistance program for all  
8 purposes under this chapter or applicable statutes.

9 2782.0600 DISPOSITION OF APPLICATION.

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

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

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

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

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

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

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

1 lines licensee:

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

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

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

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

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

27           Subp. 6. Response from participant. Participants may  
28 provide a quote on the same coverage basis they normally provide  
29 liquor liability insurance in Minnesota. Participants will  
30 return their quotation or refusal to quote for a monoline liquor  
31 liability policy or a multiline liquor liability policy to the  
32 committee within ten days. The applicant or the applicant's  
33 agent, if any, will be notified of quotations. The agent will  
34 then complete the placement of the insurance, if the applicant  
35 accepts coverage from a participant at the price quoted, without  
36 need for an agency appointment from that participant. The

1 insurer is not required to pay the agent any commission, but the  
2 agent may negotiate a fee with the applicant prior to initial  
3 submission of the copy of the application.

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

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

15 A. attempt to place the applicant with a single  
16 carrier;

17 B. attempt to arrange coverage on a quota-share basis  
18 with a number of carriers; and

19 C. advise the applicant on where it may engage loss  
20 control or consulting services that will enhance its  
21 marketability or reduce future premium costs.

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

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

10 2782.0700 PROGRAM PARTICIPATION.

11        Subpart 1. Termination. A participant may terminate its  
12 participation in the program at any time by providing written  
13 notice 90 days in advance of the termination to the commissioner  
14 and to the committee.

15        Subp. 2. New participants. New participants may join the  
16 program at any time by submitting a written request to the  
17 commissioner and to the committee.

18 2782.0800 REPORTS.

19        The committee shall prepare and submit to the commissioner  
20 an annual report specifying the number and type of applicant  
21 liquor vendors assisted and results of the assistance for each  
22 liquor vendor. At the request of the commissioner, periodic  
23 reports shall be prepared.