

1 Department of Commerce

2

3 Adopted Permanent Rules Relating to Plan Administrators

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5 Rules as Adopted

6 2767.0100 DEFINITIONS.

7 Subpart 1. [Unchanged.]

8 Subp. 2. **Administrator.** "Administrator" means vendors of  
9 risk management services and entities administering  
10 self-insurance plans or insurance plans as defined in Minnesota  
11 Statutes, section 60A.23, subdivision 8, clause (2), that  
12 provide coverage to residents of and risks located in Minnesota.

13 Subp. 3. [Unchanged.]

14 Subp. 4. **Key employees.** "Key employees" means those  
15 persons who, notwithstanding their titles, are of substantial  
16 importance to the operation of the plan administrator. Persons  
17 who have substantial discretionary, supervisory, or decision  
18 making authority which has a significant impact on the operation  
19 of the plan administration are key employees. Officers and  
20 managers are presumptively included within this definition.

21 Subp. 5. and 6. [Unchanged.]

22 Subp. 7. **Services or risk management services.** "Services"  
23 or "risk management services" includes accounting and record  
24 retention, actuarial in conjunction with other services, claims  
25 administration, general administration, insurance, legal, loss  
26 control and safety, rehabilitation, risk management and  
27 analysis, and other services related to the establishment and  
28 maintenance of a program of self-insurance or a program of  
29 insurance.

30 2767.0200 PURPOSE AND SCOPE.

31 Parts 2767.0100 to 2767.0950 are designed to assure that  
32 administrators are capable of providing risk management  
33 services, financially solvent, and able to process claims in a  
34 prompt and equitable manner; and to allow the commissioner to  
35 authorize qualified entities to engage in the business in a

1 manner which is fair, equitable, and consistent with all  
2 applicable Minnesota statutes.

3 2767.0400 REQUIREMENTS FOR LICENSING.

4       Subpart 1. **Application procedure.** Any person or entity  
5 desiring to be licensed as an administrator pursuant to  
6 Minnesota Statutes, section 60A.23, subdivision 8, shall apply  
7 to the commissioner in writing and on forms available from the  
8 commissioner. The licensee shall designate areas of risk  
9 management services which the administrator may perform. Any  
10 license granted is effective for a period of two years unless  
11 surrendered by the licensee, or unless the license is revoked or  
12 suspended by order of the commissioner. The license is  
13 transferable only upon prior written approval by the  
14 commissioner as to new ownership or new management of the  
15 administrator.

16       Subp. 2. **Application contents.** Each application for a  
17 license as an administrator must:

18           A. Be signed and sworn to by the applicant, or its  
19 owners, and be accompanied by the license fee required by  
20 Minnesota Statutes, section 60A.23. If the applicant is a  
21 corporate applicant, it must be verified by the president and  
22 secretary of the corporation. All fees must be paid by check,  
23 draft, or other negotiable instrument. Cash will not be  
24 accepted.

25           B. Describe the specific areas of risk management  
26 services intended to be provided.

27           C. Identify the owners of the company, including all  
28 partners of a partnership and all officers of a corporation.

29           D. Describe the organization and staff, with specific  
30 information concerning their expertise to provide service in the  
31 areas stated. This information must include detailed resumes of  
32 the applicant's key employees and all officers of any  
33 subcontractor. Resumes must state each person's name, age,  
34 resident address, licensing history, and qualifications and  
35 experience relating to the work they are to perform. The

1 information must include:

2 (1) the experience and history of accountants, if  
3 applicable;

4 (2) if the applicant or its subcontractor intends  
5 to provide workers' compensation and other liability claims  
6 adjusting, a resume detailing the experience of the supervisor  
7 who shall possess at least three years' experience adjusting  
8 claims in the area of services to be provided; and

9 (3) a copy of the license of the adjuster  
10 responsible for adjusting workers' compensation or other  
11 liability claims, if applicable. The administrator or its  
12 subcontractor shall have at least one adjuster who holds a  
13 license under Minnesota Statutes, chapter 72B and that adjuster  
14 shall be a resident of Minnesota.

15 E. Fully describe violations or investigations by any  
16 governmental agency which are known to the applicant concerning  
17 any person who is or may be affiliated with the applicant as an  
18 owner, shareholder, officer, employee, subcontractor, or  
19 employee of a subcontractor.

20 F. Submit proof of coverage under a fidelity bond for  
21 all persons involved in collecting money and making claims  
22 payments, and all officers of the company. The bond must cover  
23 losses from dishonesty, theft, forgery or alteration, and  
24 misplacement or mysterious and unexplainable disappearance. The  
25 bond must cover the actions of the persons subject to the bond  
26 as to their handling of clients' money as well as the  
27 administrator's money.

28 G. State the name and address of a resident agent who  
29 is authorized to act on behalf of the administrator and to  
30 accept service of process.

31 H. Include financial statements for the previous  
32 three years, or for as many years as the administrator has been  
33 in business up to three years. Financial statements for a  
34 period ending more than six months prior to the date of the  
35 application must be accompanied by an affidavit signed by a  
36 company officer under oath describing any material change in the

1 net worth or the financial condition of the applicant since the  
2 date of the last financial statement.

3 I. Contain a statement that the applicant and its  
4 officers and supervising managers shall be responsible for the  
5 supervision of the actions of any and all personnel and  
6 subcontractors acting on behalf of the applicant.

7 2767.0600 LICENSE RENEWALS.

8 Subpart 1. [Unchanged.]

9 Subp. 2. Required information. In support of the  
10 application for license renewal, an administrator shall submit:

11 A. Any changes in the description of the  
12 administrative services intended to be provided.

13 B. Any changes in ownership of the company, including  
14 detailed information about the new owners.

15 C. Any changes in key staff or an employee's  
16 responsibilities, including resumes of all new key staff members  
17 or additional information to show qualifications of current  
18 staff to take on new responsibilities.

19 D. An explanation of any changes of the  
20 responsibilities of any subcontractor, including changes in  
21 firms contracted with, services provided, or individuals  
22 providing services contracted for.

23 E. Financial statements for the previous two years,  
24 including a certified financial statement for the most recent  
25 fiscal year. Certified financial statements for a period ending  
26 more than six months prior to the date of the application must  
27 be accompanied by an affidavit signed by a company officer under  
28 oath describing any material change in the net worth or  
29 financial condition of the applicant since the date of the  
30 certified financial statement. If the company has a gross  
31 income of less than \$15,000 per year so that the completion of  
32 the certified financial statement proves to be an undue  
33 financial burden, the applicant may have this requirement waived  
34 if:

35 (1) it has two years of operation within

1 Minnesota on a solvent basis with no history of corporate  
2 bankruptcy or personal bankruptcy among chief officers and  
3 stockholders; and

4 (2) the administrator provides for a review audit  
5 by an independent certified public accountant or licensed public  
6 accountant, and provides to the department a copy of the review  
7 letter pursuant to the audit and corporate bank references.

8 F. Proof of coverage under a fidelity bond for all  
9 persons involved in making claims payments, and all officers of  
10 the company.

11 G. Information relating to any changes in personnel  
12 acting as resident agent for the administrator.

13 2767.0700 LICENSE REPORTING REQUIREMENTS.

14 Subpart 1. Time limit. Within 30 days after signing an  
15 administrator contract, a licensee shall inform the department  
16 in writing of the name or names of the client under contract and  
17 the areas for which the client is self-insured or insured.

18 Subp. 2. [Unchanged.]

19 Subp. 3. Report compliance. Each licensee shall file or  
20 ensure that the clients it services file all required reports  
21 relating to those services which the administrator provides  
22 within the times established by statute, rule, or order of the  
23 commissioner. Required reports include:

24 A. an annual activity report, filed within 60 days of  
25 the end of the calendar year, stating:

26 (1) the name and address of clients administered  
27 by the licensee in Minnesota during the previous calendar year;

28 (2) the area and type of service provided to each  
29 plan;

30 (3) the starting and/or termination date each  
31 client was serviced;

32 (4) the total number and total amount of claims  
33 paid and loss payments disbursed on behalf of each client; and

34 (5) the reserves established for each client;

35 B. loss information reports required by part

1 2780.0500;

2 C. any reports required by the Workers' Compensation  
3 Reinsurance Association, if applicable;

4 D. any report required by the Minnesota Department of  
5 Labor and Industry, if applicable; and

6 E. any other report required by the Department of  
7 Commerce.

8 Subp. 4. **Notification of contract termination.** If the  
9 contract between a licensee and a client is terminated, the  
10 licensee shall notify the commissioner in writing within 30 days  
11 after termination. The licensee shall maintain copies of all  
12 records relating to the client for six years after the  
13 termination date of each contract, if the records are not  
14 returned to the client.

15 Subp. 5. **Notification of cessation of business**  
16 **activities.** If a licensee ceases doing business as an  
17 administrator, the license must be surrendered and the  
18 commissioner must be informed in writing of the name and address  
19 of the custodian and the location of any files of clients  
20 formerly administered by the licensee.

21 Subp. 6. [Unchanged.]

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23 **REPEALER.** Minnesota Rules, parts 2767.0300; 2767.0500;  
24 2767.0800; and 2767.0950 are repealed.