

MINNESOTA STATUTES 1977 SUPPLEMENT

INSURANCE DIVISION 60A.03

CHAPTER 56. SMALL LOANS

Sec.
56.15 Limitation on amount and insurance.

56.15 Limitation on amount and insurance.

[For text of subd 1, see M.S.1976]

Subd. 2. No licensee shall, directly or indirectly, sell or offer for sale any insurance in connection with any loan made under this chapter except as and to the extent authorized by this section. Life, accident and health insurance, or any of them, may be written upon or in connection with any loan in a manner consistent with chapter 62B and rules promulgated thereunder. The licensee shall disclose whether or not the benefits shall commence as of the first day of disability and shall further disclose the number of days that an insured obligor must be disabled, as defined in the policy, before benefits, whether retroactive or nonretroactive, shall commence. In case there are multiple obligors under a transaction subject to this chapter no policy or certificate of insurance providing credit accident and health benefits shall be procured by or through a licensee upon more than one of the obligors. In case there are multiple obligors under a transaction subject to this chapter no policy or certificate of insurance providing credit life insurance shall be procured by or through a licensee upon more than two of the obligors in which case they shall be insured jointly. The premium or identifiable charge for such insurance shall not exceed that filed by the insurer with the insurance division of the department of commerce. Such charge, computed at the time the loan is made for the full term of the loan contract on the total amount required to pay principal and charges, may be deducted from the proceeds or may be included as part of the principal of any loan. If a borrower procures insurance by or through a licensee, the statement required by section 56.14 of this chapter shall disclose the cost to the borrower and the type of insurance, and the licensee shall cause to be delivered to the borrower a copy of the policy, certificate, or other evidence thereof, within a reasonable time. No licensee shall decline new or existing insurance which meets the standards set out herein nor prevent any obligor from obtaining such insurance coverage from other sources. Notwithstanding any other provision of this chapter, any gain or advantage to the licensee or to any employee, affiliate, or associate of the licensee from such insurance or the sale or provision thereof shall not be deemed to be additional or further charges in connection with such loan; nor shall any of the provisions pertaining to insurance contained in this section be deemed prohibited by any other provision of this chapter.

[1977 c 382 s 2]

CHAPTER 60A. INSURANCE DIVISION

Sec.
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panies. [New]
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60A.03 Insurance commissioner.

Subdivision 1. **Commissioner; appointment.** The commissioner of insurance shall be appointed by the governor under the provisions of section 15.06 and shall devote his entire time to the duties of his office.

[For text of subds 2 to 8, see M.S.1976]

[1977 c 305 s 17]

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60A.08 Contracts of insurance.

[For text of subds 1 to 9, see M.S.1976]

Subd. 10. **Legal expense insurance.** No contract of insurance written pursuant to the authority to transact the kind of business enumerated in section 60A.06, subdivision 1, clause (15) shall include any provision interfering with the attorney-client relationship.

[1977 c 195 s 1]

60A.17 Agents; solicitors.

[For text of subd 1, see M.S.1976]

Subd. 2. **License procedure and requirements.** (1) A license to any person to act as insurance agent shall only be granted by the commissioner, upon the written requisition of an insurer, to a qualified person.

(2) To become qualified, a person shall complete a written application furnished by the commissioner, and he shall take and pass the examination prescribed for one or more of the following lines of insurance: fire and marine, automobile, accident and health, life, general casualty, fidelity and surety, farm property perils and farm liability. The examination shall be given only after the applicant has completed a program of studies in a school, which shall include a school conducted by an admitted insurer, a correspondence course given by an admitted insurer, or other such course of study. Said course of study shall consist of a minimum of 20 hours study for each line for which a license application is made. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by an admitted insurer shall accompany the agent's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by directive.

(3) Prior to his taking the examination, the applicant shall transmit to the commissioner of insurance, by money order or cashier's check payable to the state treasurer, a fee prescribed by section 60A.14, subdivision 1, (3) (h). If an applicant pays an examination fee and within six months from the date of that payment does not take the examination for which the fee was paid, that fee is forfeited to the state of Minnesota.

(4) (a) A license expires May 31 of each year, unless renewed by written request of the insurer with payment of renewal fee as prescribed by section 60A.14, subdivision 1, (3) (i). The insurer shall remit the fee prescribed by section 60A.14, subdivision 1, (3) (i), for each amendment requested on a license.

Any applicant who has held a license as an agent for a specific line within three years prior to his application or renewal application shall be entitled to a renewal of his license for that line without examination.

(b) A person whose renewal application has been properly and timely filed and who has not received a notice of denial of renewal by June 1, may transact business without a license until notice of renewal or nonrenewal is received. An application for renewal of a license is properly and timely filed if it: (i) is addressed to the commissioner and postmarked prior to 12:01 a.m. on May 14, or received by the commissioner on or before May 15, in each year; and (ii) is accompanied by the fees prescribed in this chapter, and by the information that the commissioner by rule may require to determine eligibility for a renewal.

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(c) A person who fails to make a properly and timely filed application for renewal of a license and who does not receive a renewal license by June 1, is unlicensed until he receives a new license from the commissioner.

(5) An application to amend a license to include an additional class of insurance shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and the proper fees. An applicant who surrenders his license pursuant to this clause retains his licensed status until an amended license is received or the original license expires without renewal, whichever event occurs first.

(6) (a) Any officer of a licensed insurer may, without license or other qualification, act in its behalf in the negotiation and consummation of insurance and appoint agents for the company.

(b) Where the agent or solicitor has previously filed with the commissioner such an application, the commissioner may renew his license without requiring further application.

(c) No agent or solicitor licensed on January 1, 1944, shall be required to take an examination to determine his competence to transact business in the lines of insurance for which he was licensed on that date. No insurance agent for a fraternal benefit association shall be required to take an examination to become eligible for an agent's or solicitor's license if it is certified by one or more licensed fraternal benefit associations that such agent has been acting in the capacity of an agent prior to January 1, 1971.

(d) No examination or program of studies or study course shall be required of an applicant for a license as a non-resident agent who is duly licensed as an agent or broker in the state of his residence, provided such state requires no like examination of licensed agents of this state.

(e) No agent or solicitor for a township mutual shall be required to take an examination to become eligible for an agent's or solicitor's license in farm property perils and farm liability if it is certified by one or more township mutual companies that such agent has been acting in the capacity of an agent at least since January 1, 1971, and no new examination shall be required for eligibility for a license in farm property perils and farm liability for a licensed agent in farm windstorm and hail insurance who was licensed prior to January 1, 1971.

[For text of subds 2a and 3, see M.S.1976]

Subd. 4. Solicitors. (1) Agent may employ. An insurance agent, duly authorized as such and representing one or more insurers within this state, may employ solicitors to represent him, but these solicitors shall not represent themselves, by advertisement or otherwise, as agents of the insurer or insurers represented by their employer, and they shall in all instances represent themselves only as solicitors for the insurance agents.

(2) **Requirements.** No person shall act, or assume to act, as an insurance solicitor until he obtains a license from the commissioner and pays a fee of \$25. A solicitor's license shall be issued only on the requisition of an insurance agent duly licensed in this state and the filing of the application and the passing of the examinations required of agents. All fees received pursuant to this subdivision shall be deposited in the general fund.

[For text of subd 5, see M.S.1976]

Subd. 5a. Cease and desist orders; injunctions. Whenever it appears to the

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commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule or order of the commissioner:

(1) He may issue and cause to be served upon the person an order requiring the person to cease and desist from the violation. The order shall be calculated to give reasonable notice of the time and place of hearing and shall state the reasons for the entry of the order. A hearing shall be held not later than seven days after the issuance of the order after which, and within 20 days of the date of the hearing, the commissioner shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of chapter 15. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against him upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(2) He may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter and any rule or order of the commissioner; and

(3) In any proceeding under this chapter relating to injunction, the request for injunction may be brought on for hearing and disposition upon an order to show cause returnable upon not more than eight days notice to the defendant and the case shall have precedence over other matters on the court calendar and shall not be continued without the consent of the state of Minnesota, except upon good cause shown to the court, and then only for a reasonable length of time as may be necessary in the opinion of the court to protect the rights of the defendant.

[For text of subd 6, see M.S.1976]

Subd. 6a. Violations by agents or solicitors. In addition to any other remedy provided by this section, if the commissioner determines that any person licensed as an agent or solicitor has violated any of the provisions of this section, he may alternatively or in any combination:

(a) Revoke or suspend the agent or solicitor's license as provided in subdivision 7;

(b) Lodge a criminal complaint against the person and cause him to be prosecuted as provided in section 72A.07; or

(c) By his order impose a civil penalty not exceeding \$300 for each violation.

If the commissioner imposes a civil penalty his order may be appealed under the contested case provisions of sections 15.0418 to 15.0426. If the penalty is not paid within 30 days of its imposition or within 30 days of the final determination of an appeal, whichever occurs later, the amount of the penalty may be recovered as a debt owed in an action brought by the attorney general for that purpose. No agent or solicitor's license may be renewed or reinstated until the applicant has paid any penalty owed as a debt under this subdivision.

[For text of subds 7 to 14, see M.S.1976]

[1977 c 194 s 1; 1977 c 243 s 1-3]

NOTE: Subdivision 2, as amended by Laws 1977, Chapter 194, Section 1, shall not apply to renewals of licenses granted before January 1, 1978.

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60A.171 Cancellation of agency contracts by fire and casualty loss insurance companies.

Subdivision 1. After an agency contractual relationship has been in effect for a period of three years an insurance company writing fire or casualty loss insurance in this state may not terminate the agency contractual relationship with any appointed agent unless the company gives the agent notice in writing of the termination at least three months in advance.

Subd. 2. The company shall at the request of the agent renew any insurance contract written by the agent for the company for not more than one year for fire or casualty loss insurance during a period of nine months after the effective date of the termination, but in the event any risk does not meet current underwriting standards of the company, the company may decline its renewal, provided that the company shall give the agent not less than 60 days notice of its intention not to renew the contract of insurance.

Subd. 3. No new business or increases in liability on renewal or in force business shall be written by the agent for the company after notice of termination without the written approval of the company, or a limited contract.

Subd. 4. Nothing contained in this section prohibits the earlier termination of an amendment or addendum subsequent to the inception date of the original agency agreement provided that the subsequent amendment or addendum provides for termination on shorter notice and the agent agrees in writing to the earlier termination.

Subd. 5. During the term of the contract the company shall not refuse to renew such business from the agent as would be in accordance with the company's current underwriting standards.

Subd. 6. The provisions of this section do not apply to the termination of an agent's contract for insolvency, abandonment, gross and willful misconduct, or failure to pay over to the company money due to the company after his receipt of a written demand therefor, or after revocation of the agent's license by the commissioner of insurance; nor to the termination of agents who write insurance business exclusively for one company or agents in the direct employ of the company.

Subd. 7. All future and presently existing agency contractual relationships between an agent and a company writing fire or casualty loss insurance in this state are subject to the provisions of this section.

Subd. 8. If it is found, after notice and an opportunity to be heard as determined by the commissioner of insurance, that an insurance company has violated this section, the insurance company shall be subject to a civil action by the agent for actual damages suffered because of the premature termination of the contract by the company.

[1977 c 287 s 1]

60A.19 Foreign companies.

Subdivision 1. **Requirements.** Any insurance company of another state, upon compliance with all laws governing such corporations in general and with the foregoing provisions so far as applicable and the following requirements, shall be admitted to do business in this state:

(1) It shall deposit with the commissioner a certified copy of its charter or certificate of incorporation and its bylaws, and a statement showing its financial condition and business, verified by its president and secretary or other proper officers;

(2) It shall furnish the commissioner satisfactory evidence of its legal organization and authority to transact the proposed business and that its capital, assets, deposits with the proper official of its own state, amount insured, number of risks, reserve and other securities, and guaranties for protection of policyholders, creditors, and the public, comply with those required of like domestic companies;

(3) By a duly executed instrument filed in the office of the commissioner, it shall appoint him and his successors in office its lawful attorneys in fact and therein irrevocably agree that legal process in any action or proceeding against it

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may be served upon them with the same force and effect as if personally served upon it, so long as any of its liability exists in this state;

(4) It shall appoint, as its agents in this state, residents thereof, and obtain from the commissioner a license to transact business therein;

(5) Regardless of what lines of business an insurer of another state is seeking to write in this state, the lines of business it is licensed to write in its state of incorporation shall be the basis for establishing the financial requirements it must meet for admission in this state or for continuance of its authority to write business in this state.

[For text of subds 2 to 8, see M.S.1976]

[1977 c 195 s 2]

CHAPTER 60B. INSURERS REHABILITATION AND LIQUIDATION ACT

Sec.	Sec.
60B.17 Powers and duties of the rehabilitator.	60B.30 Fraudulent transfers prior to petition.
60B.25 Powers of liquidator.	60B.46 Distribution of assets.
60B.26 Notice to creditors and others.	

60B.17 Powers and duties of the rehabilitator.

[For text of subds 1 to 6, see M.S.1976]

Subd. 7. **Coordination of activities with guaranty associations.** The rehabilitator shall coordinate his activities with those of each guaranty association having an interest in the rehabilitation and shall submit a report detailing how coordination will be achieved to the court for its approval within 30 days following his appointment, or within the time the court, in its discretion, may establish.

[1977 c 273 s 17]

60B.25 Powers of liquidator.

The liquidator shall report to the court monthly, or at other intervals specified by the court, on the progress of the liquidation in whatever detail the court orders. The liquidator shall coordinate having an interest in the liquidation and shall submit a report detailing how coordination will be achieved to the court for its approval within 30 days following his appointment, or within the time which the court, in its discretion, may establish. Subject to the court's control, he may:

(1) Appoint a special deputy to act for him under sections 60B.01 to 60B.61 and determine his compensation. The special deputy shall have all powers of the liquidator granted by this section. The special deputy shall serve at the pleasure of the liquidator.

(2) Appoint or engage employees and agents, actuaries, accountants, appraisers, consultants, and other personnel he deems necessary to assist in the liquidation without regard to chapter 15.

(3) Fix the compensation of persons under clause (2), subject to the control of the court.

(4) Defray all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. If the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the liquidator may advance the costs so incurred out of the appropriation made to the insurance division. Any amounts so paid shall be deemed expense of administration and shall be repaid for the credit of the insurance division out of the first available moneys of the insurer.

(5) Hold hearings, subpoena witnesses and compel their attendance, administer oaths, examine any person under oath and compel any person to subscribe to his testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records, or other documents which he deems relevant to the inquiry.