

CHAPTER 60F

JOINT SELF-INSURANCE PLANS

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60F.01 ESTABLISHMENT.

Any three or more employers, excluding the state and its political subdivisions as described in section 471.617, subdivision 1, who are authorized to transact business in Minnesota may jointly self-insure for any property and/or casualty or automobile liability. Joint plans must meet all conditions and terms of this chapter.

History: 1987 c 337 s 34

60F.02 EXCESS STOP-LOSS COVERAGE.

A joint self-insurance plan must include aggregate excess stop-loss coverage and individual excess stop-loss coverage provided by an insurance company licensed by the state of Minnesota. Aggregate excess stop-loss coverage must include provisions to cover the excess claims of incurred, unpaid claim liability even in the event of plan termination. The joint plan must bear the risk of coverage for any member of the pool that becomes insolvent with outstanding contribution due by providing a surety bond from a Minnesota licensed surety in the amount of one year's contribution. In addition, the plan of self-insurance must have participants fund an amount at least equal to the point at which the excess or stop-loss insurer must assume 100 percent of the excess coverage limits of additional liability. A joint self-insurance plan must submit its proposed excess or stop-loss insurance contract to the commissioner of commerce at least 30 days prior to the proposed plan's effective date and at least 30 days subsequent to any renewal date. The commissioner shall review the contract to determine if it meets the standards established by this chapter and respond within a 30-day period. An excess or stop-loss insurance plan must be noncancelable for a minimum term of one year.

History: 1987 c 337 s 35

60F.03 LIMITATION ON ADMINISTRATIVE SERVICES.

No joint self-insurance plan may offer marketing, risk management, or administrative services unless these services are provided by vendors duly licensed by the commissioner to provide these services. No vendor of these services may be a trustee of a joint self-insurance plan for which they provide marketing, risk management, or administrative services.

History: 1987 c 337 s 36

60F.04 APPLICABILITY OF PROVISIONS.

A joint self-insurance plan is subject to the requirements of the applicable parts of chapters 60A, 65A, 65B, 72B, and 72C, and section 72A.20, unless otherwise specifically exempt. A joint self-insurance plan must offer a plan which complies with all applicable rules and statutes.

History: 1987 c 337 s 37

60F.05 FUND MANAGEMENT.

Funds collected from the participants under joint self-insurance plans must be held in trust subject to the following requirements:

(a) A board of trustees elected by the participants shall serve as fund managers on behalf of participants. Trustees must be plan participants. No participants may be represented by more than one trustee. A minimum of three and a maximum of seven trustees may be elected. Trustees shall receive no remuneration, but they may be reimbursed for actual and reasonable expenses incurred in connection with duties as trustees.

(b) Trustees must be bonded in an amount not less than \$100,000 nor more than \$500,000 from a licensed bonding company.

(c) Investment of plan funds is subject to the same restrictions as are applicable to political subdivisions pursuant to section 118A.04. All investments must be managed by a bank or other investment organization licensed to operate in Minnesota.

(d) Trustees, on behalf of the fund, shall file annual reports with the commissioner of commerce within 30 days immediately following the end of each calendar year. The reports must summarize the financial condition of the fund, itemize collection from participants, and detail all fund expenditures.

History: *1987 c 337 s 38; 1996 c 399 art 2 s 12*

60F.06 RULES.

The commissioner of commerce shall adopt rules to ensure the solvency and operation of all self-insured plans subject to this chapter. The commissioner may examine the joint self-insurance plans pursuant to sections 60A.03 and 60A.031.

History: *1987 c 337 s 39; 1995 c 233 art 2 s 56*

60F.07 REVENUE FEE.

A joint self-insurance plan shall pay a two percent revenue fee. This revenue must be computed based on two percent of the paid claims level for the most recently completed calendar year. This revenue must be deposited in the general fund.

History: *1987 c 337 s 40*

60F.08 APPLICABILITY.

A joint self-insurance plan is not an insurer for purposes of chapter 60C.

History: *1987 c 337 s 41*