

(5), a person from providing information to law enforcement authorities concerning a crime.

Subd. 3. SENTENCE. Whoever violates subdivision 2 may be sentenced to imprisonment for not more than one year or to payment of a fine not to exceed \$1,000.

Sec. 7. Minnesota Statutes 1982, section 631.425, subdivision 5, is amended to read:

Subd. 5. EARNINGS. The earnings of the prisoner may be collected by the sheriff, probation department, welfare board or suitable person or agency designated by the court. From such the earnings, the person or agency designated to collect them may pay the cost of the prisoner's maintenance, both inside and outside the jail, but the charge for maintenance inside the jail shall not exceed the legal daily allowance for board allowed the sheriff for ordinary prisoners, and, to the extent directed by the court, pay the support of his dependents, if any, and court costs and fines, and court-ordered restitution, if any. Any balance shall be retained until his discharge when it shall be paid to him.

Sec. 8. EFFECTIVE DATE.

Articles 1 and 2 of this act are effective August 1, 1983, and apply to crimes committed on or after that date.

Approved June 6, 1983

CHAPTER 263 — H.F.No. 314

An act relating to insurance; requiring insurance agents to maintain trust accounts; requiring certain disclosures in personal sales contacts; requiring disclosure of certain limitations on medicare supplement insurance coverage; prohibiting the sale of more than two medicare supplement insurance policies to an individual; requiring copies of medicare supplement and life insurance applications to be provided to applicants; requiring applications for medicare supplement insurance to list health and accident insurance already maintained by applicant; providing for continuation and conversion of health and accident coverage for laid off employees; providing group coverage for handicapped dependents; allowing a deductible on certain medicare supplement insurance coverages; providing rulemaking authority; imposing civil penalties for certain violations; providing a criminal penalty; amending Minnesota Statutes 1982, sections 60A.17, subdivisions 1, 1a, and 6c, and by adding subdivisions; 62A.17; 62A.31; 62A.39; 62A.42; proposing new law coded in Minnesota Statutes, chapters 61A and 62A.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1982, section 60A.17, subdivision 1, is amended to read:

Subdivision 1. **LICENSE. (a) REQUIREMENT.** No person shall act or assume to act as an insurance agent in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner aid as an insurance agent in the negotiation of insurance by or with an insurer, including resident agents or reciprocal or interinsurance exchanges and fraternal beneficiary associations, until that person shall obtain from the commissioner a license therefor. The license shall specifically set forth the name of the person so authorized to act as agent and the class or classes of insurance for which that person is authorized to solicit or countersign policies. An insurance agent may qualify for a license in the following classes: (1) life and health; and (2) property and casualty.

No insurer shall appoint any natural person, partnership, or corporation to act as an insurance agent on its behalf until that natural person, partnership, or corporation obtains a license as an insurance agent.

(b) **PARTNERSHIPS AND CORPORATIONS.** A license issued to a partnership or corporation shall be solely in the name of the entity to which it is issued; provided, that each partner, director, officer, stockholder, or employee of the licensed entity who is personally engaged in the solicitation or negotiation of a policy of insurance on behalf of the licensed entity shall be personally licensed as an insurance agent.

Upon request by the commissioner, each partnership and corporation licensed as an insurance agent shall provide the commissioner with a list of the names of each partner, director, officer, stockholder, and employee who is required to hold a valid insurance agent's license.

(c) **TRANSITION.** (1) Any agent who is qualified for life or accident and health as of June 1, 1981 shall be deemed to have qualified for a life and health license under Laws 1981, chapter 307 and been appointed by an insurer which has submitted a written requisition for a license for that agent as of June 1, 1981.

(2) Any agent who is qualified for one or more lines of insurance, excluding life or accident and health and farm property liability as of June 1, 1981 shall be deemed to have qualified for a property and casualty license under Laws 1981, chapter 307 and been appointed by any insurer which has submitted a written requisition for a license for that agent as of June 1, 1981.

(d) **PENALTIES.** (1) A person who acts or assumes to act as an insurance agent without a valid license issued by the commissioner is guilty of a gross misdemeanor.

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(2) In addition to any other penalty, the commissioner may, in the manner prescribed by chapter 14, impose a civil penalty, not to exceed \$500 per violation, on a person who acts or assumes to act as an insurance agent without a valid license issued by the commissioner.

Sec. 2. Minnesota Statutes 1982, section 60A.17, subdivision 1a, is amended to read:

Subd. 1a. **LICENSE APPLICATION. (a) PROCEDURE.** An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed and shall be accompanied by a money order or cashier's check payable to the state treasurer for the amount of the examination fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (8). All examination fees shall be nonrefundable. The applicant shall have six months from the date of payment of the examination fee to take the exam. The application for license shall be accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9) at the time the agent becomes licensed. The application and appointment shall be on forms prescribed by the commissioner.

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

(b) RESIDENT AGENT. The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(1) A person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes, shall constitute an election of residency in this state. Any license issued upon an application claiming residency in this state shall be void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state;

(2) The commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance

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agent. The examination shall be held at a reasonable time and place designated by the commissioner;

(3) The examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state;

(4) 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 course of study. The course of study shall consist of the equivalent of 45 hours study for each line for which a license application is made. After January 1, 1982, the program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. 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 order;

(5) The applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed;

(6) An applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived; and

(7) Any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner.

(c) **NONRESIDENT AGENT.** The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(1) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought;

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(2) The commissioner shall not issue a license to any nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of any interested person arising out of the applicant's insurance business in this state. This designation shall constitute an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon any licensee in any action or proceeding commenced in any court of competent jurisdiction of this state may be made by serving the commissioner with appropriate copies of the process along with payment of the fee pursuant to section 60A.14, subdivision 1, paragraph (c), clause (4). The commissioner shall forward a copy of the process by registered or certified mail to the licensee at the last known address of record or principal place of business of the licensee; and

(3) A nonresident license shall terminate automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

(d) **DENIAL.** (1) If the commissioner finds that an applicant for a resident or nonresident license has not fully met the requirements for licensing, the commissioner shall refuse to issue the license and shall promptly give written notice to both the applicant and the appointing insurer of the denial, stating the grounds for the denial. All fees which accompanied the application and appointment shall be deemed earned and shall not be refundable.

(2) The commissioner may also deny issuance of a license for any cause that would subject the license of a licensee to suspension or revocation. If a license is denied pursuant to this clause, the provisions of section 60A.17, subdivision 6c, paragraph (c) apply.

(3) The applicant may make a written demand upon the commissioner for a hearing within 30 days of the denial of a license to determine whether the reasons stated for the denial were lawful. The hearing shall be held pursuant to chapter 14.

(e) **TERM.** All licenses issued pursuant to this section shall remain in force until voluntarily terminated by the licensee or until suspended or revoked by the commissioner. A voluntary termination shall occur when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination shall also occur upon the happening of the event described in paragraph (c), clause (3).

Every licensed agent shall notify the commissioner within 30 days of any change in address or change in state of residency.

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(f) **SUBSEQUENT APPOINTMENTS.** A person who holds a valid agent's license from this state may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided, that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9). The notice of appointment shall be on a form prescribed by the commissioner.

(g) **AMENDMENT OF LICENSE.** An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a money order or cashier's check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c), clause (7).

An applicant who surrenders an insurance license pursuant to this clause retains licensed status until an amended license is received.

(h) **EXCEPTIONS.** The following are exempt from the general licensing requirements prescribed by this section:

(1) Agents of township mutuals who are exempted pursuant to subdivision 1b;

(2) Fraternal beneficiary association representatives exempted pursuant to subdivision 1c;

(3) Any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer; provided that a licensed agent must participate in the sale of any such insurance;

(4) Employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided, that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications therefor;

(5) Employees of a creditor who enroll debtors for life or accident and health insurance; provided the employees receive no commission or fee therefor; and

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(6) Clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums.

Sec. 3. Minnesota Statutes 1982, section 60A.17, subdivision 6c, is amended to read:

Subd. 6c. **REVOCATION OR SUSPENSION OF LICENSE.** (a) The commissioner may suspend or revoke an insurance agent's license issued to a natural person or impose a civil penalty appropriate to the offense, not to exceed \$5,000 upon that licensee, or both, if, after notice and hearing, the commissioner finds as to that licensee any one or more of the following conditions:

- (1) any materially untrue statement in the license application;
- (2) any cause for which issuance of the license could have been refused had it then existed and been known to the commissioner at the time of issuance;
- (3) violation of, or noncompliance with, any insurance law or violation of any rule or order of the commissioner or of a commissioner of insurance of another state or jurisdiction;
- (4) obtaining or attempting to obtain any license through misrepresentation or fraud;
- (5) improperly withholding, misappropriating, or converting to the licensee's own use any moneys belonging to a policyholder, insurer, beneficiary, or other person, received by the licensee in the course of the licensee's insurance business;
- (6) misrepresentation of the terms of any actual or proposed insurance contract;
- (7) conviction of a felony or of a gross misdemeanor or misdemeanor involving moral turpitude;
- (8) that the licensee has been found guilty of any unfair trade practice, as defined in chapters 60A to 72A, or of fraud;
- (9) that in the conduct of the agent's affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or the licensee has been shown to be incompetent, untrustworthy, or financially irresponsible;
- (10) that the agent's license has been suspended or revoked in any other state, province, district, territory, or foreign country;
- (11) that the licensee has forged another's name to an application for insurance; or
- (12) that the licensee has violated subdivision 6b.

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(b) The commissioner may suspend or revoke an insurance agent's license issued to a partnership or corporation or impose a civil penalty not to exceed \$5,000 upon that licensee, or both, if, after notice and hearing, the commissioner finds as to that licensee, or as to any partner, director, shareholder, officer, or employee of that licensee, any one or more of the conditions set forth in paragraph (a).

(c) A revocation of a license shall prohibit the licensee from making a new application for a license for at least one year. Further, the commissioner may, as a condition of relicensure, require the applicant to file a reasonable bond for the protection of the citizens of this state, which bond shall be maintained by the licensee in full force for a period of five years immediately following issuance of the license, unless the commissioner at his or her discretion shall after two years permit the licensee to sooner terminate the maintenance filing of the bond.

(d) Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of chapter 60A or of any rule or order of the commissioner:

(1) The commissioner 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 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 unless the person requests a delay. After the hearing and within 30 days of filing of any exceptions to the hearing examiner's report, 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 14. 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 the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true;

(2) The commissioner may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with chapter 60A and any rule or order of the commissioner; and

(3) In any proceeding under chapter 60A 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. 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.

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(e) The commissioner may, in the manner prescribed by chapter 14, impose a civil penalty not to exceed \$5,000 upon a person whose licensed has lapsed, or been suspended, revoked, or otherwise terminated, for engaging in conduct prohibited by paragraph (a) before, during, or after the period of his or her licensure.

Sec. 4. Minnesota Statutes 1982, section 60A.17, is amended by adding a subdivision to read:

Subd. 17. PREMIUMS. All premiums or other monies received by an agent from an insured or applicant for insurance must be forthwith deposited directly in a business checking, savings, or other similar account maintained by the agent or his agency, unless the moneys are forwarded directly to the designated insurer.

Sec. 5. Minnesota Statutes 1982, section 60A.17, is amended by adding a subdivision to read:

Subd. 18. PERSONAL SOLICITATION OF INSURANCE SALES. (a) DEFINITIONS. For the purposes of this subdivision, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to subdivision 1.

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which he or she represents, and the fact that the agent is an insurance agent; an attempted sale in which the prospective purchaser of insurance initiated the contact; or a personal contact which takes place at the agent's place of business.

(b) DISCLOSURE REQUIREMENT. Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact or communication with the potential buyer, clearly and expressly disclose:

(1) the name of the person making the contact or communication;

(2) the name of the agent, general agency, or insurer he or she represents;

(3) the fact that the agent, agency, or insurer is in the business of selling insurance.

(c) FALSE REPRESENTATION OF GOVERNMENT AFFILIATION. No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.

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Sec. 6. Minnesota Statutes 1982, section 60A.17, is amended by adding a subdivision to read:

Subd. 19. PRIVACY OF CLIENT. Except as otherwise provided by law, no insurance agent may disclose nor cause to be disclosed to any other person the identity of a person insured through the agent without the consent of the insured.

Sec. 7. [61A.071] APPLICATIONS.

No individual life insurance policy, except mass marketed life insurance as defined in section 72A.13, subdivision 2, shall be issued or delivered in this state to a person age 65 or older unless a signed and completed copy of the application for insurance is left with the applicant at the time application is made.

Sec. 8. [62A.141] COVERAGE FOR HANDICAPPED DEPENDENTS.

No group policy or plan of health and accident insurance regulated under this chapter, chapter 62C, or chapter 62D, which provides for dependent coverage may be issued or renewed in this state after August 1, 1983, unless it covers the handicapped dependents of the insured, subscriber, or enrollee of the policy or plan.

Sec. 9. Minnesota Statutes 1982, section 62A.17, is amended to read:

62A.17 TERMINATION OF OR LAY OFF FROM EMPLOYMENT.

Subdivision 1. CONTINUATION OF COVERAGE. Every group insurance policy, group subscriber contract, and health care plan included within the provisions of section 62A.16, except policies, contracts, or health care plans covering employees of an agency of the federal government, shall contain a provision which permits every eligible employee whose employment who is terminated or laid off from his employment, if the policy, contract, or health care plan remains in force for active employees of the employer, to elect to continue the coverage for himself and his dependents.

Subd. 2. RESPONSIBILITY OF EMPLOYEE. Every eligible employee electing to continue coverage shall pay his former employer, on a monthly basis, the cost of the continued coverage. If the policy, contract, or health care plan is administered by a trust, every eligible employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. The employee shall be eligible to continue the coverage until he becomes re-employed and eligible for health care coverage under a group policy, contract, or plan sponsored by the same or another employer, or for a period of six 12 months after the termination of or lay off from employment, whichever is shorter.

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Subd. 3. **ELIGIBILITY FOR CONTINUED COVERAGE.** An employee shall be eligible to make the election for himself and his dependents provided for in subdivision 1 if:

(a) In the period preceding the termination of or lay off from his employment, he and his dependents were covered through his employment by a group insurance policy, subscriber's contract, or health care plan included within the provisions of section 62A.16;

(b) The termination of or lay off from employment was for reasons other than the discontinuance of the business, bankruptcy, or the employee's disability or retirement.

Subd. 4. **RESPONSIBILITY OF EMPLOYER.** After timely receipt of the monthly payment from an eligible employee, if the employer, or the trustee, if the policy, contract, or health care plan is administered by a trust, fails to make the payment to the insurer, ~~the~~ nonprofit health service plan corporation, or ~~the~~ health maintenance organization, with the result that the employee's coverage is terminated, the employer or ~~the~~ trust shall become liable for the employee's coverage to the same extent as the insurer, ~~the~~ nonprofit health service plan corporation, or ~~the~~ health maintenance organization, would be if the coverage were still in effect.

Subd. 5. **NOTICE OF OPTIONS.** Upon the termination of or lay off from employment of an eligible employee, the employer shall inform the employee within ten days after termination or lay off of:

(a) his right to elect to continue the coverage;

(b) the amount he must pay monthly to the employer to retain the coverage;

(c) the manner in which and the office of the employer to which the payment to the employer must be made; and

(d) the time by which the payments to the employer must be made to retain coverage.

If the policy, contract, or health care plan is administered by a trust, the ~~terminating~~ employer is relieved of the obligation imposed by clauses (a) to (d). The trust shall inform the employee of the information required by clauses (a) to (d).

Notice may be in writing and sent by first class mail to the employee's last known address which the employee has provided the employer or trust. If the employer or trust fails to so notify the employee who is properly enrolled in the program, the employee shall have the option to retain coverage provided if he makes this election within 60 days of the date his employment he is terminated or

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laid off by making the proper payment to the employer or trust to provide continuous coverage.

A notice in substantially the following form shall be sufficient. As a terminated or laid off employee, the law authorizes you to maintain your group medical insurance for a period of up to ~~six~~ 12 months. To do so you must notify your former employer within ten days of this notice that you intend to retain ~~such~~ this coverage and must make a monthly payment of \$..... to at by the of each month.

Subd. 6. **CONVERSION TO INDIVIDUAL POLICY.** A group insurance policy that provides post termination or lay off coverage as required by this section shall also include a provision allowing a covered employee ~~or~~, surviving spouse, or dependent at the expiration of the post termination or lay off coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3. A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.

The individual policy shall be renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry, and shall apply equally to all similar policies issued by the insurer.

Sec. 10. Minnesota Statutes 1982, section 62A.31, is amended to read:

Subdivision 1. **POLICY REQUIREMENTS.** No individual or group policy, certificate, subscriber contract or other evidence of accident and health insurance issued or delivered in this state shall be sold or issued to an individual age 65 or older covered by medicare unless the following requirements are met:

(a) The policy must provide a minimum of the coverage set out in subdivision 2;

(b) The policy must cover pre-existing conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage;

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(c) The policy must contain a provision that the plan will not be canceled or nonrenewed on the grounds of the deterioration of health of the insured; and

(d) An outline of coverage as provided in section 62A.39 must be delivered at the time of application and prior to payment of any premium.

The requirements of sections 62A.31 to ~~62A.42~~ 62A.44 shall not apply to disability income protection insurance policies or group policies of accident and health insurance which do not purport to supplement medicare issued to any of the following groups:

(a) A policy issued to an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage.

(b) A policy issued to a labor union or similar employee organization.

(c) A policy issued to an association, a trust or the trustee of a fund established, created or maintained for the benefit of members of one or more associations. The association or associations shall have at the outset a minimum of 100 persons; shall have been organized and maintained in good faith for purposes other than that of obtaining insurance; shall have a constitution and by-laws which provide that (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members, (2) except for credit unions, the association or associations collect dues or solicit contributions from members, and (3) the members have voting privileges and representation on the governing board and committees.

Subd. 2. **GENERAL COVERAGE.** For a policy to meet the requirements of this section it must contain (1) a designation specifying whether the policy is a medicare supplement 1+, 1, 2, or 3, (2) a caption stating that the commissioner has established four categories of medicare supplement insurance and minimum standards for each, with medicare supplement 1+ being the most comprehensive and medicare supplement 3 being the least comprehensive, and (3) the policy must provide the minimum coverage prescribed in sections 62A.32 to 62A.35 for the supplement specified, provided that an annual deductible of not more than \$200 is permissible for those covered charges not paid by medicare or otherwise included in paragraph (f) of sections 62A.32 and 62A.33.

Sec. 11. Minnesota Statutes 1982, section 62A.39, is amended to read:

62A.39 DISCLOSURE.

No individual medicare supplement plan shall be delivered or issued in this state and no certificate shall be delivered pursuant to a group medicare supplement plan delivered or issued in this state unless an outline containing at least the following information is delivered to the applicant at the time the application is made:

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(a) A description of the principal benefits and coverage provided in the policy;

(b) A statement of the exceptions, reductions, and limitations contained in the policy including the following language, as applicable, in bold print: "THIS POLICY DOES NOT COVER ALL MEDICAL EXPENSES BEYOND THOSE COVERED BY MEDICARE. THIS POLICY DOES NOT COVER ALL SKILLED NURSING HOME CARE EXPENSES AND DOES NOT COVER CUSTODIAL OR RESIDENTIAL NURSING CARE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH NURSING HOME FACILITIES AND EXPENSES ARE COVERED BY YOUR POLICY.";

(c) A statement of the renewal provisions including any reservations by the insurer of a right to change premiums;

(d) A statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions; and

(e) A statement of the policy's loss ratio as follows: "This policy provides an anticipated loss ratio of ..%. This means that, on the average, policyholders may expect that \$... of every \$100.00 in premium will be returned as benefits to policyholders over the life of the contract."

Sec. 12. Minnesota Statutes 1982, section 62A.42, is amended to read:

62A.42 RULEMAKING AUTHORITY.

To carry out the purposes of sections 62A.31 to ~~62A.42~~ 62A.44, the commissioner may promulgate rules pursuant to chapter 14. These rules may:

(a) prescribe additional disclosure requirements for medicare supplement plans, designed to adequately inform the prospective insured of the need and extent of coverage offered;

(b) prescribe uniform policy forms in order to give the insurance purchaser a reasonable opportunity to compare the cost of insuring with various insurers; and

(c) establish other reasonable standards to further the purpose of sections 62A.31 to ~~62A.42~~ 62A.44.

Sec. 13. [~~62A.43~~] **LIMITATIONS ON SALES.**

Subdivision 1. DUPLICATE COVERAGE PROHIBITED. No agent shall sell a medicare supplement plan, as defined in section 62A.31, to a person who currently has one plan in effect; however, an agent may sell a replacement plan in accordance with section 62A.40, provided that the second plan is not made effective any sooner than necessary to provide continuous benefits for

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preexisting conditions. Every application for medicare supplement insurance shall require a listing of all health and accident insurance maintained by the applicant as of the date the application is taken.

Subd. 2. REFUNDS. Notwithstanding the provisions of section 62A.38, an insurer which issues a medicare supplement plan to any person who has one plan then in effect, except as permitted in subdivision 1, shall, at the request of the insured, either refund the premiums or pay any claims on the policy, whichever is greater.

Subd. 3. ACTION BY COMMISSIONER. If the commissioner determines after an investigation that an insurer has issued a medicare supplement plan to a person who already has one plan, except as permitted in subdivision 1, the commissioner shall notify the insurer in writing of his or her determination. If the insurer thereafter fails to take reasonable action to prevent overselling, the commissioner may, in the manner prescribed in chapter 14, revoke or suspend the insurer's authority to sell accident and health insurance in this state or impose a civil penalty not to exceed \$10,000, or both.

Sec. 14. [62A.44] APPLICATIONS.

No individual medicare supplement plan shall be issued or delivered in this state unless a signed and completed copy of the application for insurance is left with the applicant at the time application is made.

Approved June 6, 1983

CHAPTER 264 — H.F.No. 582

An act relating to corrections; clarifying the powers of the commissioner of corrections; limiting certain inmate functions; authorizing the use of necessary force to prevent escape; providing for the costs of transporting juvenile delinquents committed to the commissioner of corrections; providing for supervision of gross misdemeanor probationers; removing archaic language; amending Minnesota Statutes 1982, sections 241.01, subdivision 3a; 241.23; 242.31, subdivisions 1 and 3; 243.17, subdivision 1; 243.52; 243.58; 243.62; 609.135, subdivision 1; and 624.714, subdivision 13.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1982, section 241.01, subdivision 3a, is amended to read:

Subd. 3a. **COMMISSIONER, POWERS AND DUTIES.** The commissioner of corrections ~~shall have~~ has the following powers and duties:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.