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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 1012

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Authored by Laine, Bly, Anzelc, Tillberry, Hornstein and others

The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight

1.1 A bill for an act
1.2 relating to insurance; specifying maximum financial reserves for nonprofit health
1.3 plan companies; proposing coding for new law in Minnesota Statutes, chapter
1.4 60A.

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

1.6 Section 1. **[60A.7671] LIMIT ON RESERVES OF CERTAIN HEALTH**
1.7 **INSURERS.**

1.8 (a) Notwithstanding any other law to the contrary, a nonprofit health services
1.9 corporation operating under chapter 62C and a health maintenance organization operating
1.10 under chapter 62D must not have reserves that exceed the product of its authorized control
1.11 level risk-based capital and 5.0 plus its reasonable administrative expenses during the
1.12 most current calendar year. The amounts shall be determined from a financial statement
1.13 and certified audit filed annually with the commissioner and subject to verification by an
1.14 examination by the commissioner.

1.15 (b) For purposes of this section, "reserves" includes claims reserves, premium
1.16 reserves, and contract reserves as described in sections 60A.762 to 60A.766.

1.17 (c) If reserves exceeded the maximum required under this section by more than
1.18 \$10,000 at any time during the previous calendar year, the commissioner shall issue, and
1.19 an entity regulated under this section shall comply with, a corrective action as defined
1.20 in section 60A.50, subdivision 4.

1.21 **EFFECTIVE DATE.** This section is effective January 1, 2010, and applies to
1.22 reserves reported for calendar year 2010 and thereafter.