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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 647

02/18/2013 Authored by Atkins and Hoppe

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act  
1.2 relating to commerce; renaming the division of insurance fraud; regulating  
1.3 subpoenas issued by the commissioner; modifying certain continuing education  
1.4 requirements; requiring and regulating an annual statement of actuarial opinions  
1.5 of reserves and supporting documentation of property and casualty companies;  
1.6 regulating certain stop loss coverage; modifying risk-based capital requirements  
1.7 for certain insurers; regulating real estate appraiser licenses; modifying service  
1.8 requests in connection with Public Utility Commission matters; repealing certain  
1.9 unnecessary laws; amending Minnesota Statutes 2012, sections 45.0135; 45.027,  
1.10 subdivision 2; 45.307; 45.43; 60A.235, subdivision 3, by adding a subdivision;  
1.11 60A.62, subdivision 1; 82B.08, by adding a subdivision; 82B.094; 82B.095,  
1.12 subdivision 2; 82B.10, subdivision 1; 82B.13, subdivisions 1, 4, 5, 8, by adding  
1.13 a subdivision; 216.17, subdivisions 2, 4; 216B.18; 299C.40, subdivision 1;  
1.14 proposing coding for new law in Minnesota Statutes, chapter 60A; repealing  
1.15 Minnesota Statutes 2012, sections 82B.095, subdivision 1; 115C.09, subdivision  
1.16 3k; Laws 2000, chapter 488, article 3, section 37.

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

1.18 Section 1. Minnesota Statutes 2012, section 45.0135, is amended to read:

1.19 **45.0135 ~~DIVISION OF INSURANCE~~ COMMERCE FRAUD PREVENTION**  
1.20 **BUREAU.**

1.21 Subd. 2a. **Authorization.** The commissioner may appoint peace officers, as defined  
1.22 in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as  
1.23 defined in section 626.84, subdivision 1, paragraph (f), known as the ~~Division of Insurance~~  
1.24 Commerce Fraud Prevention Bureau, to conduct investigations, and to make arrests under  
1.25 sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to  
1.26 offenses related to insurance fraud.

1.27 Subd. 2b. **Duties.** The ~~Division of Insurance~~ Commerce Fraud Prevention Bureau  
1.28 shall:

2.1 (1) review notices and reports of insurance fraud submitted by authorized insurers,  
2.2 their employees, and agents or producers;

2.3 (2) respond to notifications or complaints of suspected insurance fraud generated by  
2.4 other law enforcement agencies, state or federal governmental units, or any other person;

2.5 (3) initiate inquiries and conduct investigations when the ~~division~~ bureau has reason  
2.6 to believe that insurance fraud has been or is being committed; and

2.7 (4) report incidents of alleged insurance fraud disclosed by its investigations to  
2.8 appropriate law enforcement agencies, including, but not limited to, the attorney general,  
2.9 county attorneys, or any other appropriate law enforcement or regulatory agency, and shall  
2.10 assemble evidence, prepare charges, and otherwise assist any law enforcement authority  
2.11 having jurisdiction.

2.12 Subd. 2c. **Arrests and investigations.** The initial processing of a person arrested  
2.13 by the ~~Division of Insurance Commerce~~ Fraud Prevention Bureau for an offense within  
2.14 its jurisdiction is the responsibility of the ~~Division of Insurance Fraud Prevention~~ bureau  
2.15 unless otherwise directed by the law enforcement agency with primary jurisdiction.

2.16 Subsequent investigation shall be the responsibility of the ~~Division of Insurance Fraud~~  
2.17 Prevention bureau unless otherwise directed by the law enforcement agency with primary  
2.18 jurisdiction. At the request of the primary jurisdiction, the ~~Division of Insurance Fraud~~  
2.19 Prevention bureau may assist in a subsequent investigation being carried out by the  
2.20 primary jurisdiction.

2.21 Subd. 2d. **Policy for notice of investigations.** The ~~Division of Insurance Commerce~~  
2.22 Fraud Prevention Bureau must develop a policy for notifying the law enforcement agency  
2.23 with primary jurisdiction when it has initiated investigation of any person within the  
2.24 jurisdiction of that agency.

2.25 Subd. 2e. **Chief law enforcement officer.** The commissioner shall appoint a peace  
2.26 officer employed full time to be the chief law enforcement officer and to be responsible  
2.27 for the management of the ~~Division of Insurance Commerce~~ Fraud Prevention Bureau.  
2.28 The chief law enforcement officer shall possess the necessary police and management  
2.29 experience to manage a law enforcement agency. The chief law enforcement officer  
2.30 may appoint, discipline, and discharge all employees of the ~~Division of Insurance Fraud~~  
2.31 Prevention bureau. All police managerial and supervisory personnel must be full-time  
2.32 employees of the ~~Division of Insurance Fraud Prevention~~ bureau. Supervisory personnel  
2.33 must be on duty and available any time peace officers of the ~~Division of Insurance Fraud~~  
2.34 Prevention bureau are on duty.

3.1 Subd. 2f. **Compliance.** Except as otherwise provided in this section, the ~~Division of~~  
 3.2 ~~Insurance Fraud Prevention~~ Commerce Fraud Bureau shall comply with all statutes and  
 3.3 administrative rules relating to the operation and management of a law enforcement agency.

3.4 Subd. 3. **Evidence, documentation, and related materials.** If the ~~division~~ bureau  
 3.5 seeks evidence, documentation, and related materials pertinent to an investigation, and the  
 3.6 matter is located outside of this state, the ~~division~~ bureau may designate representatives,  
 3.7 including officials of the state where the matter is located, to secure the matter or inspect  
 3.8 the matter on its behalf.

3.9 Subd. 4. **Confidentiality and immunity.** The provisions of chapter 13, including,  
 3.10 but not limited to, section 13.82, apply to the classification, disclosure, and collection of  
 3.11 data relating to the ~~Division of Insurance~~ Commerce Fraud Prevention Bureau.

3.12 Subd. 5. **Annual report on activities and cost-effectiveness.** The ~~Division of~~  
 3.13 ~~Insurance~~ Commerce Fraud Prevention Bureau shall maintain records and information  
 3.14 in order to produce an annual report of its activities as may be prescribed by the  
 3.15 commissioner of commerce. The commissioner shall report annually to the house of  
 3.16 representatives and senate standing committees with jurisdiction over insurance issues  
 3.17 as to the activities of the ~~division~~ bureau and the cost-effectiveness of the programs  
 3.18 established by the ~~division~~ bureau.

3.19 Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention  
 3.20 account is created in the state treasury. Money received from assessments under subdivision  
 3.21 7 is deposited in the account. Money in this fund is appropriated to the commissioner of  
 3.22 commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

3.23 Subd. 7. **Assessment.** Each insurer authorized to sell insurance in the state of  
 3.24 Minnesota, including surplus lines carriers, and having Minnesota earned premium the  
 3.25 previous calendar year shall remit an assessment to the commissioner for deposit in the  
 3.26 insurance fraud prevention account on or before June 1 of each year. The amount of the  
 3.27 assessment shall be based on the insurer's total assets and on the insurer's total written  
 3.28 Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13.  
 3.29 The assessment is calculated to be an amount up to the following:

|      | Total Assets                     | Assessment |
|------|----------------------------------|------------|
| 3.30 |                                  |            |
| 3.31 | Less than \$100,000,000          | \$ 200     |
| 3.32 | \$100,000,000 to \$1,000,000,000 | \$ 750     |
| 3.33 | Over \$1,000,000,000             | \$ 2,000   |
| 3.34 | Minnesota Written Premium        | Assessment |
| 3.35 | Less than \$10,000,000           | \$ 200     |
| 3.36 | \$10,000,000 to \$100,000,000    | \$ 750     |
| 3.37 | Over \$100,000,000               | \$ 2,000   |

4.1 For purposes of this subdivision, the following entities are not considered to be  
 4.2 insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or  
 4.3 township mutuals organized under chapter 67A.

4.4 Subd. 8. **Investigations; health-related boards.** (a) ~~The Division of Insurance~~  
 4.5 Commerce Fraud Prevention Bureau may consult with the appropriate health-related board  
 4.6 when a licensee, licensed under chapter 144E, 147, 148, 148B, or 150A, is suspected  
 4.7 of insurance fraud.

4.8 (b) ~~The division bureau~~ shall, for any conviction involving or related to insurance,  
 4.9 send copies of all public data in its possession to the appropriate health-related licensing  
 4.10 board.

4.11 Sec. 2. Minnesota Statutes 2012, section 45.027, subdivision 2, is amended to read:

4.12 Subd. 2. **Power to compel production of evidence.** For the purpose of any  
 4.13 investigation, hearing, proceeding, or inquiry related to the duties and responsibilities  
 4.14 entrusted to the commissioner, the commissioner or a designated representative may  
 4.15 administer oaths and affirmations, subpoena witnesses, compel their attendance, take  
 4.16 evidence, and require the production of books, papers, correspondence, memoranda,  
 4.17 agreements, or other documents or records that the commissioner considers relevant  
 4.18 or material to the inquiry.

4.19 A subpoena issued pursuant to this subdivision must state that the person to whom  
 4.20 the subpoena is directed may not disclose the fact that the subpoena was issued or the fact  
 4.21 that the requested records have been given to law enforcement personnel except:

4.22 (1) insofar as the disclosure is necessary to find and disclose the records; or

4.23 (2) pursuant to court order.

4.24 Sec. 3. Minnesota Statutes 2012, section 45.307, is amended to read:

4.25 **45.307 EDUCATION PROVIDER.**

4.26 Subdivision 1. **Duty to make records and data available to commissioner.** A  
 4.27 person applying for approval as an education provider must make available upon request  
 4.28 such records and data required by the commissioner to administer the provisions and  
 4.29 further the purposes of this chapter.

4.30 Subd. 2. **Responsibility for actions of coordinators and instructors.** An  
 4.31 education provider is responsible for any actions taken by one or more of its coordinators  
 4.32 or instructors in the course of performing activities associated with license education  
 4.33 courses provided under this chapter.

5.1 Subd. 3. **Responsibility for approval of coordinator.** An education provider  
5.2 must ensure that an individual acting as a coordinator on its behalf under this chapter has  
5.3 received prior approval from the commissioner to act as a coordinator.

5.4 Sec. 4. Minnesota Statutes 2012, section 45.43, is amended to read:

5.5 **45.43 REPORTING REQUIREMENTS.**

5.6 Subdivision 1. **Course completions.** Required education must be reported in a  
5.7 manner prescribed by the commissioner within ten days of the course completion.

5.8 Subd. 2. **Violations and penalties.** (a) Each failure to report an individual licensee's  
5.9 course completion in the manner prescribed by subdivision 1 constitutes a separate  
5.10 violation.

5.11 (b) The commissioner may impose a civil penalty not to exceed \$500 per violation  
5.12 upon an education provider that violates subdivision 1.

5.13 Sec. 5. **[60A.1295] ACTUARIAL OPINION OF RESERVES AND SUPPORTING**  
5.14 **DOCUMENTATION.**

5.15 Subdivision 1. **Statement of actuarial opinion.** Every property and casualty  
5.16 insurance company doing business in this state, unless otherwise exempted by the  
5.17 domiciliary commissioner, shall annually submit the opinion of an appointed actuary  
5.18 entitled "Statement of Actuarial Opinion." This opinion must be filed in accordance with  
5.19 the appropriate National Association of Insurance Commissioners (NAIC) Property and  
5.20 Casualty Annual Statement Instructions.

5.21 Subd. 2. **Actuarial opinion summary.** (a) Every property and casualty insurance  
5.22 company domiciled in this state that is required to submit a statement of actuarial opinion  
5.23 shall annually submit an actuarial opinion summary, written by the company's appointed  
5.24 actuary. This actuarial opinion summary must be filed in accordance with the appropriate  
5.25 NAIC Property and Casualty Annual Statement Instructions and must be considered as a  
5.26 document supporting the actuarial opinion required in subdivision 1.

5.27 (b) A company licensed but not domiciled in this state shall provide the actuarial  
5.28 opinion summary upon request.

5.29 Subd. 3. **Actuarial report and workpapers.** (a) An actuarial report and its  
5.30 underlying workpapers as required by the appropriate NAIC Property and Casualty  
5.31 Annual Statement Instructions must be prepared to support each actuarial opinion.

5.32 (b) If the insurance company fails to provide a supporting actuarial report and/or  
5.33 workpapers at the request of the commissioner or the commissioner determines that  
5.34 the supporting actuarial report or workpapers provided by the insurance company are

6.1 otherwise unacceptable to the commissioner, the commissioner may engage a qualified  
6.2 actuary at the expense of the company to review the opinion and the basis for the opinion  
6.3 and prepare the supporting actuarial report or workpapers.

6.4 Subd. 4. **Liability.** The appointed actuary shall not be liable for damages to any  
6.5 person, other than the insurance company and the commissioner, for any act, error,  
6.6 omission, decision, or conduct with respect to the actuary's opinion, except in cases of  
6.7 fraud or willful misconduct on the part of the appointed actuary.

6.8 **EFFECTIVE DATE.** This section is effective December 31, 2013.

6.9 Sec. 6. **[60A.1296] CONFIDENTIALITY.**

6.10 Subdivision 1. **Actuarial opinion; public document.** The statement of actuarial  
6.11 opinion must be provided with the annual statement in accordance with the appropriate  
6.12 National Association of Insurance Commissioners (NAIC) Property and Casualty Annual  
6.13 Statement Instructions and must be treated as a public document.

6.14 Subd. 2. **Supporting materials; confidential and privileged.** (a) Documents,  
6.15 materials, or other information in the possession or control of the Department of Commerce  
6.16 that are considered an actuarial report, workpapers, or actuarial opinion summary  
6.17 provided in support of the opinion, and any other material provided by the company to the  
6.18 commissioner in connection with the actuarial report, workpapers, or actuarial opinion  
6.19 summary, shall be confidential by law and privileged, shall not be subject to subpoena,  
6.20 and shall not be subject to discovery or admissible in evidence in any private civil action.

6.21 (b) This provision shall not be construed to limit the commissioner's authority to:

6.22 (1) release the documents to the Actuarial Board for Counseling and Discipline  
6.23 (ABCD) so long as the material is required for the purpose of professional disciplinary  
6.24 proceedings and the ABCD establishes procedures satisfactory to the commissioner for  
6.25 preserving the confidentiality of the documents; or

6.26 (2) use the documents, materials, or other information in furtherance of any  
6.27 regulatory or legal action brought as part of the commissioner's official duties.

6.28 Subd. 3. **Protections.** Neither the commissioner nor any person who received  
6.29 the documents, materials, or other information while acting under the authority of  
6.30 the commissioner shall be permitted or required to testify in any private civil action  
6.31 concerning any confidential documents, materials, or information subject to subdivision 2.

6.32 Subd. 4. **Exceptions.** In order to assist in the performance of the commissioner's  
6.33 duties, the commissioner:

6.34 (1) may share documents, materials, or other information, including the confidential  
6.35 and privileged documents, materials, or information subject to subdivision 2 with other

7.1 state, federal, and international regulatory agencies; with the NAIC and its affiliates  
 7.2 and subsidiaries; and with state, federal, and international law enforcement authorities,  
 7.3 provided that the recipient agrees to maintain the confidentiality and privileged status  
 7.4 of the document, material, or other information and has the legal authority to maintain  
 7.5 confidentiality;

7.6 (2) may receive documents, materials, or information, including otherwise  
 7.7 confidential and privileged documents, materials, or information, from NAIC and its  
 7.8 affiliates and subsidiaries, and from regulatory and law enforcement officials of other  
 7.9 foreign or domestic jurisdictions, and shall maintain as confidential or privileged any  
 7.10 document, material, or information received with notice or the understanding that it is  
 7.11 confidential or privileged under the laws of the jurisdiction that is the source of the  
 7.12 document, material, or information; and

7.13 (3) may enter into agreements governing sharing and use of information consistent  
 7.14 with subdivisions 2 to 4.

7.15 Subd. 5. **Nonwaiver.** No waiver of applicable privilege or claim of confidentiality  
 7.16 in the documents, materials, or information shall occur as a result of disclosure to the  
 7.17 commissioner under this section or as a result of sharing as authorized in subdivision 4.

7.18 **EFFECTIVE DATE.** This section is effective December 31, 2013.

7.19 Sec. 7. Minnesota Statutes 2012, section 60A.235, subdivision 3, is amended to read:

7.20 Subd. 3. **Health plan policies issued as stop loss coverage.** (a) An insurance  
 7.21 company or health carrier issuing or renewing an insurance policy or other evidence of  
 7.22 coverage, that provides coverage to an employer for health care expenses incurred under  
 7.23 an employer-sponsored plan provided to the employer's employees, retired employees,  
 7.24 or their dependents, shall issue the policy or evidence of coverage as a health plan if the  
 7.25 policy or evidence of coverage:

7.26 (1) has a specific attachment point for claims incurred per individual that is lower  
 7.27 than ~~\$20,000~~ \$60,000; or

7.28 (2) has an aggregate attachment point, for groups ~~of 50 or fewer~~ that meet the  
 7.29 definition of a small employer as defined in section 62L.02, subdivision 26, that is lower  
 7.30 than the greater of:

7.31 ~~(i) \$4,000 times the number of group members;~~

7.32 ~~(ii) (i) 120 percent of expected claims; or~~

7.33 ~~(iii) \$20,000~~ (ii) \$60,000; or

8.1 (3) has an aggregate attachment point, ~~for groups of 51 or more~~ that do not meet  
 8.2 the definition of a small employer as defined in section 62L.02, subdivision 26, that is  
 8.3 lower than 110 percent of expected claims.

8.4 (b) An insurer shall determine the number of persons in a group, for the purposes  
 8.5 of this section, on a consistent basis, at least annually. Where the insurance policy or  
 8.6 evidence of coverage applies to a contract period of more than one year, the dollar  
 8.7 amounts set forth in paragraph (a), clauses (1) and (2), must be multiplied by the length  
 8.8 of the contract period expressed in years.

8.9 (c) The commissioner may adjust the constant dollar amounts provided in paragraph  
 8.10 (a), clauses (1), (2), and (3), on January 1 of any year, based upon changes in the medical  
 8.11 component of the Consumer Price Index (CPI). Adjustments must be in increments of  
 8.12 \$100 and must not be made unless at least that amount of adjustment is required. The  
 8.13 commissioner shall publish any change in these dollar amounts at least six months before  
 8.14 their effective date.

8.15 (d) A policy or evidence of coverage issued by an insurance company or health  
 8.16 carrier that provides direct coverage of health care expenses of an individual including a  
 8.17 policy or evidence of coverage administered on a group basis is a health plan regardless of  
 8.18 whether the policy or evidence of coverage is denominated as stop loss coverage.

8.19 Sec. 8. Minnesota Statutes 2012, section 60A.235, is amended by adding a subdivision  
 8.20 to read:

8.21 Subd. 3b. **Certain stop loss policies; nonapplication.** The requirements of  
 8.22 subdivision 3 do not apply to a stop loss policy issued or renewed to an employer that had  
 8.23 stop loss insurance in place prior to July 1, 2012, to the extent that the employer continues  
 8.24 to maintain stop loss insurance that complies with the following requirements:

8.25 (1) if specific coverage is included under the stop loss insurance, has a specific  
 8.26 attachment point for claims incurred per individual that is at least \$20,000; and

8.27 (2) if aggregate coverage is included under the stop loss insurance, has an aggregate  
 8.28 attachment point, for groups that meet the definition of a small employer as defined in  
 8.29 section 62L.02, subdivision 26, that is no lower than the greater of:

8.30 (i) \$4,000 times the number of group members;

8.31 (ii) 120 percent of expected claims; or

8.32 (iii) \$20,000; and

8.33 (3) for groups that meet the definition of small employer as defined in section 62L.02,  
 8.34 subdivision 26, includes a claims settlement period in compliance with section 60A.236.



9.1 Sec. 9. Minnesota Statutes 2012, section 60A.62, subdivision 1, is amended to read:

9.2 Subdivision 1. **Definition.** "Company action level event" means any of the  
9.3 following events:

9.4 (1) the filing of a risk-based capital report by an insurer which indicates that:

9.5 (i) the insurer's total adjusted capital is greater than or equal to its regulatory action  
9.6 level risk-based capital but less than its company action level risk-based capital; ~~or~~

9.7 (ii) if a life and/or health insurer, the insurer has total adjusted capital that is greater  
9.8 than or equal to its company action level risk-based capital but less than the product of its  
9.9 authorized control level risk-based capital and ~~2.5~~ 3.0 and has a negative trend; or

9.10 (iii) if a property and casualty insurer, the insurer has total adjusted capital which  
9.11 is greater than or equal to its company action level risk-based capital but less than the  
9.12 product of its authorized control level risk-based capital and 3.0 and triggers the trend  
9.13 test determined in accordance with the trend test calculation included in the property  
9.14 and casualty risk-based capital instructions;

9.15 (2) the notification by the commissioner to the insurer of an adjusted risk-based  
9.16 capital report that indicates an event in clause (1), provided the insurer does not challenge  
9.17 the adjusted risk-based report under section 60A.66; or

9.18 (3) if, pursuant to section 60A.66, an insurer challenges an adjusted risk-based  
9.19 capital report that indicates the event in clause (1), the notification by the commissioner to  
9.20 the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

9.21 **EFFECTIVE DATE.** This section is effective December 31, 2013.

9.22 Sec. 10. Minnesota Statutes 2012, section 82B.08, is amended by adding a subdivision  
9.23 to read:

9.24 Subd. 2a. **Criminal history record check; fingerprints.** (a) An applicant for a  
9.25 license must:

9.26 (1) consent to a criminal history record check;

9.27 (2) submit a fingerprint card in a form acceptable to the commissioner; and

9.28 (3) pay the fee required to perform criminal history record checks with the Minnesota  
9.29 Bureau of Criminal Apprehension and the Federal Bureau of Investigation.

9.30 (b) The commissioner may contract for the collection and transmission of  
9.31 fingerprints required under this chapter and may order the fee for collecting and  
9.32 transmitting fingerprints to be payable directly to the contractor by the applicant. The  
9.33 commissioner may agree to a reasonable fingerprinting fee to be charged by the contractor.

9.34 (c) The commissioner must treat and maintain an applicant's fingerprints and any  
9.35 criminal history record information obtained under this chapter as confidential and must

10.1 apply security measures consistent with the standards specified by the Criminal Justice  
 10.2 Information Services Division of the Federal Bureau of Investigation for the electronic  
 10.3 storage of fingerprints and necessary identifying information. The commissioner must  
 10.4 limit the use of records solely to the purposes authorized in this chapter. The fingerprints  
 10.5 and any criminal history record information must not be subject to subpoena, other than  
 10.6 one issued in a criminal action or investigation.

10.7 (d) The commissioner may receive criminal history record information from another  
 10.8 government agency in lieu of the Minnesota Bureau of Criminal Apprehension.

10.9 (e) This subdivision applies to an applicant for an initial license or a renewal license.

10.10 **EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to  
 10.11 persons applying for a license pursuant to Minnesota Statutes, chapter 82B, on or after that  
 10.12 date who were not previously fingerprinted in compliance with the terms of this subdivision.

10.13 Sec. 11. Minnesota Statutes 2012, section 82B.094, is amended to read:

10.14 **82B.094 SUPERVISION OF TRAINEE REAL PROPERTY APPRAISERS.**

10.15 (a) A certified residential real property appraiser or a certified general real property  
 10.16 appraiser, in good standing, may engage a trainee real property appraiser to assist in the  
 10.17 performance of real estate appraisals, provided that the certified residential real property  
 10.18 appraiser or a certified general real property appraiser:

10.19 (1) has been licensed in good standing as either a certified residential real property  
 10.20 appraiser or a certified general real property appraiser for a total of at least three years;

10.21 (2) has completed a course that is specifically oriented to the requirements and  
 10.22 responsibilities of supervisory appraisers and trainee appraisers;

10.23 (3) has not been the subject of any license or certificate suspension or revocation or  
 10.24 has not been prohibited from supervising activities in this state or any other state within  
 10.25 the previous two years;

10.26 ~~(2)~~ (4) has no more than three trainee real property appraisers working under  
 10.27 supervision at any one time;

10.28 ~~(3)~~ (5) actively and personally supervises the trainee real property appraiser, which  
 10.29 includes ensuring that research of general and specific data has been adequately conducted  
 10.30 and properly reported, application of appraisal principles and methodologies has been  
 10.31 properly applied, that the analysis is sound and adequately reported, and that any analyses,  
 10.32 opinions, or conclusions are adequately developed and reported so that the appraisal  
 10.33 report is not misleading;

11.1 ~~(4)~~ (6) discusses with the trainee real property appraiser any necessary and  
 11.2 appropriate changes that are made to a report, involving any trainee appraiser, before it is  
 11.3 transmitted to the client. Changes not discussed with the trainee real property appraiser  
 11.4 that are made by the supervising appraiser must be provided in writing to the trainee real  
 11.5 property appraiser upon completion of the appraisal report;

11.6 ~~(5)~~ (7) accompanies the trainee real property appraiser on the inspections of the  
 11.7 subject properties and drive-by inspections of the comparable sales on all appraisal  
 11.8 assignments for which the trainee will perform work until the trainee appraiser is  
 11.9 determined to be competent, in accordance with the competency rule of USPAP for the  
 11.10 property type;

11.11 ~~(6)~~ (8) accepts full responsibility for the appraisal report by signing and certifying  
 11.12 that the report complies with USPAP; and

11.13 ~~(7)~~ (9) reviews and signs the trainee real property appraiser's appraisal report or  
 11.14 reports or if the trainee appraiser is not signing the report, states in the appraisal the name  
 11.15 of the trainee and scope of the trainee's significant contribution to the report.

11.16 (b) The supervising appraiser must review and sign the applicable experience log  
 11.17 required to be kept by the trainee real property appraiser.

11.18 (c) The supervising appraiser must notify the commissioner within ten days when  
 11.19 the supervision of a trainee real property appraiser has terminated or when the trainee  
 11.20 appraiser is no longer under the supervision of the supervising appraiser.

11.21 (d) The supervising appraiser must maintain a separate work file for each appraisal  
 11.22 assignment.

11.23 (e) The supervising appraiser must verify that any trainee real property appraiser that  
 11.24 is subject to supervision is properly licensed and in good standing with the commissioner.

11.25 Sec. 12. Minnesota Statutes 2012, section 82B.095, subdivision 2, is amended to read:

11.26 Subd. 2. ~~Components on or after January 1, 2009~~ Conformance to Appraiser  
 11.27 Qualifications Board criteria. ~~(a) On or after January 1, 2009, an applicant for a class~~  
 11.28 ~~of license must document that the applicant has met the education, experience, and~~  
 11.29 ~~examination components in effect after January 1, 2008.~~

11.30 ~~(b)~~ Qualifications for all levels of licensing must conform to the Real Property  
 11.31 Qualification Criteria established by the Appraisal Qualifications Board for implementation  
 11.32 effective January 1, ~~2008~~ 2015.

11.33 Sec. 13. Minnesota Statutes 2012, section 82B.10, subdivision 1, is amended to read:

12.1 Subdivision 1. **Generally.** (a) An applicant for a license must pass an examination  
 12.2 conducted by the commissioner. The examinations must be of sufficient scope to establish  
 12.3 the competency of the applicant to act as a real estate appraiser and must conform  
 12.4 with the current National Uniform Exam Content Outlines published by the Appraiser  
 12.5 Qualifications Board.

12.6 (b) A passing grade for a real estate appraiser licensing examination must be the cut  
 12.7 score defined by the Appraiser Qualifications Board criteria.

12.8 (c) To qualify for a license as a trainee real property appraiser, an applicant must  
 12.9 pass a current trainee real property appraiser examination. The examination must test the  
 12.10 applicant's knowledge of appraisal terms, principles, theories, and ethics as provided  
 12.11 in this chapter.

12.12 (d) To qualify for a license as a licensed real property appraiser, an applicant must  
 12.13 pass a current uniform licensed real property appraiser examination approved by the  
 12.14 Appraiser Qualifications Board. The examination must test the applicant's knowledge of  
 12.15 appraisal terms, principles, theories, and ethics as provided in this chapter.

12.16 (e) To qualify for a license as a certified residential real property appraiser, an  
 12.17 applicant must pass a current uniform certified residential real property appraiser  
 12.18 examination approved by the Appraiser Qualifications Board. The examination must test  
 12.19 the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided  
 12.20 in this chapter.

12.21 (f) To qualify for a license as a certified general real property appraiser, an applicant  
 12.22 must pass a current uniform certified general real property appraiser examination approved  
 12.23 by the Appraiser Qualifications Board. The examination must test the applicant's  
 12.24 knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

12.25 (g) An applicant must complete the applicable education prerequisites in section  
 12.26 82B.13 and the experience requirements in section 82B.14 before the applicant takes the  
 12.27 examination required under this section.

12.28 **EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to an  
 12.29 applicant for a license on or after that date.

12.30 Sec. 14. Minnesota Statutes 2012, section 82B.13, subdivision 1, is amended to read:

12.31 Subdivision 1. **Trainee real property appraiser ~~or licensed real property~~**  
 12.32 **appraiser.** (a) ~~As a prerequisite for licensing as a trainee real property appraiser or~~  
 12.33 ~~licensed real property appraiser,~~ an applicant must present evidence satisfactory to the  
 12.34 commissioner that the person has successfully completed:

13.1 (1) at least 90 classroom 75 hours of prelicense courses approved by the  
 13.2 commissioner. The courses must consist Fifteen of the 75 hours must include successful  
 13.3 completion of general real estate appraisal principles and the 15-hour national USPAP  
 13.4 course; and

13.5 (2) in addition to the required hours under clause (1), a course that is specifically  
 13.6 oriented to the requirements and responsibilities of supervisory appraisers and trainee  
 13.7 appraisers.

13.8 (a) After January 1, 2008, a trainee real property appraiser applicant must present  
 13.9 evidence satisfactory to the commissioner that the person has successfully completed at  
 13.10 least 75 hours of prelicense courses approved by the commissioner.

13.11 (b) After January 1, 2008, a licensed real property appraiser applicant must present  
 13.12 evidence satisfactory to the commissioner that the person has successfully completed  
 13.13 at least 150 hours of prelicense courses approved by the commissioner. All qualifying  
 13.14 education must be completed within the five-year period prior to the date of submission of  
 13.15 a trainee real property appraiser license application.

13.16 Sec. 15. Minnesota Statutes 2012, section 82B.13, is amended by adding a subdivision  
 13.17 to read:

13.18 Subd. 1a. **Licensed real property appraiser.** As a prerequisite for licensing as a  
 13.19 licensed real property appraiser, an applicant must present evidence satisfactory to the  
 13.20 commissioner that the person has successfully completed:

13.21 (1) at least 150 hours of prelicense courses approved by the commissioner. The  
 13.22 courses must consist of 75 hours of general real estate appraisal principles and the 15-hour  
 13.23 national USPAP course; and

13.24 (2) an associate degree or higher from an accredited college or university. In lieu of  
 13.25 the required degree, the applicant may present satisfactory documentation of successful  
 13.26 completion of 30 semester credit hours of instruction from an accredited college or  
 13.27 university.

13.28 Sec. 16. Minnesota Statutes 2012, section 82B.13, subdivision 4, is amended to read:

13.29 Subd. 4. **Certified residential real property appraiser.** As a prerequisite for  
 13.30 licensing as a certified residential real property appraiser, an applicant must present  
 13.31 evidence satisfactory to the commissioner that the person has successfully completed:

13.32 (1) at least 120 classroom 200 hours of prelicense courses approved by the  
 13.33 commissioner, with particular emphasis on the appraisal of one to four unit residential

14.1 properties. Fifteen of the ~~120~~ 200 hours must include successful completion of the  
 14.2 15-hour national USPAP course; and

14.3 ~~After January 1, 2008, A certified residential real property appraiser applicant~~  
 14.4 ~~must present evidence satisfactory to the commissioner that the person has successfully~~  
 14.5 ~~completed:~~

14.6 ~~(1) 200 hours of prelicense courses approved by the commissioner; and~~

14.7 ~~(2) an associate a bachelor's degree or higher from an accredited college or~~  
 14.8 ~~university. In lieu of the required degree the applicant may present satisfactory~~  
 14.9 ~~documentation of completion of 21 semester credit hours from an accredited college or~~  
 14.10 ~~university covering the following subject matter courses: English composition; principles~~  
 14.11 ~~of economics (micro or macro); finance; algebra, geometry, or higher mathematics;~~  
 14.12 ~~statistics; computer science; and business or real estate law. If an applicant has completed~~  
 14.13 ~~education requirements before January 1, 2008, no college degree is required.~~

14.14 **EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to an  
 14.15 applicant for a license on or after that date.

14.16 Sec. 17. Minnesota Statutes 2012, section 82B.13, subdivision 5, is amended to read:

14.17 Subd. 5. **Certified general real property appraiser.** As a prerequisite for  
 14.18 licensing as a certified general real property appraiser, an applicant must present evidence  
 14.19 satisfactory to the commissioner that the person has successfully completed:

14.20 (1) at least ~~180 classroom~~ 300 hours of prelicense courses approved by the  
 14.21 commissioner, with particular emphasis on the appraisal of nonresidential properties.

14.22 Fifteen of the ~~180~~ 300 hours must include successful completion of the 15-hour national  
 14.23 USPAP course; and

14.24 ~~After January 1, 2008, A certified general real property appraiser applicant must~~  
 14.25 ~~present evidence satisfactory to the commissioner that the person has successfully~~  
 14.26 ~~completed:~~

14.27 ~~(1) 300 hours of prelicense courses approved by the commissioner; and~~

14.28 ~~(2) a bachelor's degree or higher from an accredited college or university. In lieu of~~  
 14.29 ~~the required degree the applicant may present satisfactory documentation of completion of~~  
 14.30 ~~30 semester credit hours from an accredited college or university covering the following~~  
 14.31 ~~subject matters courses: English composition; micro economics; macro economics;~~  
 14.32 ~~finance; algebra, geometry, or higher mathematics; statistics; computer science; business~~  
 14.33 ~~or real estate law; and two elective courses in accounting, geography, ag-economics,~~  
 14.34 ~~business management, or real estate. If an applicant has complete education requirements~~  
 14.35 ~~before January 1, 2008, no college degree is required.~~

15.1 **EFFECTIVE DATE.** This section is effective January 1, 2015, and applies to an  
15.2 applicant for a license on or after that date.

15.3 Sec. 18. Minnesota Statutes 2012, section 82B.13, subdivision 8, is amended to read:

15.4 Subd. 8. **Appraiser prelicense education.** (a) Credit toward the qualifying  
15.5 education requirements of this section may also be obtained via the completion of a  
15.6 degree in real estate from an accredited degree-granting college or university approved  
15.7 by the Association to Advance Collegiate Schools of Business, or a regional or national  
15.8 accreditation agency recognized by the United States Secretary of Education, provided  
15.9 that the college or university has had its curriculum reviewed and approved by the  
15.10 Appraiser Qualifications Board.

15.11 (b) Notwithstanding section 45.22, a college or university real estate course may be  
15.12 approved retroactively by the commissioner for appraiser prelicense education credit if:

15.13 (1) the course was offered by a college or university physically located in Minnesota;

15.14 (2) the college or university was an approved education provider at the time the  
15.15 course was offered; and

15.16 (3) the commissioner's approval is made to the same extent in terms of courses and  
15.17 hours and with the same time limits as those specified by the Appraiser Qualifications  
15.18 Board.

15.19 Sec. 19. Minnesota Statutes 2012, section 216.17, subdivision 2, is amended to read:

15.20 Subd. 2. **Service of notice, order, or other document from commission.** Service of  
15.21 all notices, orders, and other documents by the commission may be made by mail, personal  
15.22 delivery, or electronic service upon any person or firm, or upon the president, general  
15.23 manager, or other proper executive officer of any corporation interested. If any party has  
15.24 appeared by attorney, such service must be made upon the attorney. Notwithstanding  
15.25 section 14.62, orders and decisions may be served by mail, by personal delivery, or by  
15.26 electronic service. The commission may provide electronic service to any person who has  
15.27 provided an electronic address to the commission for service purposes. For purposes of this  
15.28 section, the term "person" includes a natural person or an organization, whether for profit  
15.29 or not for profit. Regulated utilities and state agencies must provide an electronic address  
15.30 for electronic service purposes and must accept electronic service as official service.

15.31 Sec. 20. Minnesota Statutes 2012, section 216.17, subdivision 4, is amended to read:

15.32 Subd. 4. **Service by a party, participant, or other interested person.** When an  
15.33 applicable statute or commission rule requires service of a filing or other document by a

16.1 party, participant, or other interested person upon persons on a service list maintained by the  
16.2 commission, service may be made by personal delivery, mail, or electronic service, except  
16.3 that electronic service may only be made upon persons on the official service list who have  
16.4 previously agreed in writing to accept electronic service at an electronic address provided  
16.5 to the commission for electronic service purposes. This section does not apply to the extent  
16.6 another provision of this chapter or chapter 216A requires a specific method of service.  
16.7 Regulated utilities and state agencies must provide an electronic address to the commission  
16.8 for electronic service purposes and agree to accept electronic service as official service.

16.9 Sec. 21. Minnesota Statutes 2012, section 216B.18, is amended to read:

16.10 **216B.18 SERVICE OF NOTICE.**

16.11 Service of notice of all hearings, investigations, and proceedings pending before  
16.12 the commission and of complaints, reports, orders, and other documents must be  
16.13 made personally, by electronic service as provided in section 216.17, or by mail as the  
16.14 commission may direct. Regulated utilities and state agencies must provide an electronic  
16.15 address to the commission for electronic service purposes and agree to accept electronic  
16.16 service as official service.

16.17 Sec. 22. Minnesota Statutes 2012, section 299C.40, subdivision 1, is amended to read:

16.18 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this  
16.19 section.

16.20 (b) "CIBRS" means the Comprehensive Incident-Based Reporting System, located  
16.21 in the Department of Public Safety and managed by the Bureau of Criminal Apprehension.  
16.22 A reference in this section to "CIBRS" includes the Bureau of Criminal Apprehension.

16.23 (c) "Law enforcement agency" means a Minnesota municipal police department,  
16.24 the Metropolitan Transit Police, the Metropolitan Airports Police, the University of  
16.25 Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit,  
16.26 a Minnesota county sheriff's department, the Enforcement Division of the Department of  
16.27 Natural Resources, the Commerce Fraud Bureau, the Bureau of Criminal Apprehension,  
16.28 or the Minnesota State Patrol.

16.29 Sec. 23. **REVISOR INSTRUCTION.**

16.30 Consistent with the name change in section 1, the revisor of statutes shall change  
16.31 the term "Division of Insurance Fraud Prevention" or similar term to "Commerce Fraud  
16.32 Bureau" or similar term wherever it appears in Minnesota Statutes and Minnesota Rules.



17.1 Sec. 24. **REPEALER.**

17.2 **Subdivision 1. Petroleum tank release cleanup; PVC piping at residential**  
17.3 **locations.** Minnesota Statutes 2012, section 115C.09, subdivision 3k, is repealed.

17.4 **Subd. 2. Agricultural storage tank removal.** Laws 2000, chapter 488, article  
17.5 **3, section 37,** is repealed.

17.6 **Subd. 3. Prior appraiser qualification requirements.** Minnesota Statutes 2012,  
17.7 **section 82B.095, subdivision 1,** is repealed.

**82B.095 APPRAISER QUALIFICATION COMPONENTS.**

Subdivision 1. **Components before January 1, 2009.** The three components required for a real property appraiser license are education, experience, and examination. Applicants for a class of license must document that they have met at least the component criteria that were in effect at the time they completed that component, provided that at a minimum, the January 1, 2003, criteria has been met.

**115C.09 REIMBURSEMENT.**

Subd. 3k. **PVC piping at residential locations.** (a) This subdivision is to assist homeowners who have installed PVC fill piping as part of the heating oil system at their residences. Replacement of the PVC piping with metal piping is intended to avoid the catastrophic release of heating oil, as well as the ensuing cleanup costs, that can occur at residences where the PVC piping fails.

(b) As used in this subdivision:

(1) "residential locations" means a storage tank and appurtenances for heating oil that are used to heat a single-family residence; and

(2) "qualified person" means someone who is registered as a contractor under section 115C.11 and, as part of the person's trade or business, installs or repairs nonpressure piping, heating systems, air conditioning systems, or storage tank systems.

(c) Notwithstanding any other provision of this chapter or any rules adopted under this chapter, the board shall reimburse a qualified person 90 percent of the cost for replacing PVC fill piping with metal piping at residential locations between May 1, 2008, and September 1, 2011, provided that the board determines the costs were incurred and reasonable. The reimbursement may not exceed \$250 per residential location. The maximum expenditure from the fund may not exceed \$1,500,000.

(d) A heating oil vendor is not a responsible person for a heating oil spill inside a residential location if the spill was caused solely by the failure of a tank or appurtenance to a tank owned by the homeowner.

*Laws 2000, chapter 488, article 3, section 37*

Sec. 37. **AGRICULTURAL STORAGE TANK REMOVAL; REIMBURSEMENT.**

Subdivision 1. **Definition.** As used in this section, "agricultural storage tank" means an underground petroleum storage tank with a capacity of more than 1,100 gallons that has been registered with the pollution control agency by January 1, 2000, and is located on a farm where the contents of the tank are used by the tank owner or operator predominantly for farming purposes and are not commercially distributed.

Subd. 2. **Reimbursement.** Notwithstanding Minnesota Statutes, section 115C.09, subdivision 1, paragraph (b), clause (1), and pursuant to the remaining provisions of Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall reimburse an owner or operator of an agricultural storage tank for 90 percent of the total reimbursable cost of removal project costs incurred for the tank prior to January 1, 2001, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility restoration costs, regardless of whether a release has occurred at the site. Notwithstanding Minnesota Statutes, section 115C.09, subdivision 3, the board may not reimburse an eligible applicant under this section for more than \$7,500 of costs per tank.