

Subd. 4. No statutory or home rule charter city or county or school district or instrumentality thereof, shall adopt a self insured health benefit plan for any employees represented by an exclusive representative certified pursuant to section 179.67 without prior notification and consultation on ten days written notice to the exclusive representative.

Subd. 5. No political subdivision or its employee or agent shall disclose any information about individual claims or total claims of an individual without the consent of the individual, except that the information may be disclosed to officers, employees, or agents of the political subdivision to the extent necessary to enable them to perform their duties in administering the health benefit program. This provision shall not prevent the disclosure of aggregate claims for the group without identification of any individual.

A parent or legal guardian of a minor is authorized to act on behalf of the minor in the disclosure of a record.

Subd. 6. Any statutory or home rule charter city or county or school district, or instrumentality thereof having a self insured health benefit plan on the effective date of this statute may continue to operate that plan notwithstanding that the plan does not meet the minimum employee group size requirement of subdivision 1.

Sec. 4. The commissioner shall perform the duties assigned in this act within the appropriations and complement established by Laws 1979, Chapter 333, Section 32.

Sec. 5. REPEALER. Minnesota Statutes, 1979 Supplement, Section 471.61, Subdivision 1b, is repealed.

Sec. 6. EFFECTIVE DATE. Section 1 is effective July 1, 1980.

Approved April 11, 1980

## CHAPTER 529—H.F.No. 262

*An act relating to local government; permitting self insurance for local governments; authorizing insurance pooling; appropriating money; amending Minnesota Statutes 1978, Sections 60A.02, Subdivisions 3 and 4; 79.01, Subdivisions 2 and 3; and Chapter 471, by adding sections.*

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

Section 1. Minnesota Statutes 1978, Section 60A.02, Subdivision 3, is amended to read:

Subd. 3. **INSURANCE.** "Insurance" is any agreement whereby one party, for a consideration, undertakes to indemnify another to a specified amount against loss or damage from specified causes, or to do some act of value to the

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assured in case of such loss or damage. A program of self insurance, self insurance revolving fund or pool established under section 6 is not insurance for purposes of this subdivision.

Sec. 2. Minnesota Statutes 1978, Section 60A.02, Subdivision 4, is amended to read:

**Subd. 4. COMPANY OR INSURANCE COMPANY.** "Company" or "insurance company" includes every insurer, corporation, business trust, or association engaged in insurance as principal, but for purposes of this subdivision does not include a political subdivision providing self insurance or establishing a pool under section 6, subdivision 3.

Sec. 3. Minnesota Statutes 1978, Section 79.01, Subdivision 2, is amended to read:

**Subd. 2. INSURER.** The word "insurer" means any insurance carrier authorized by license issued by the commissioner of insurance to transact the business of workers' compensation insurance in this state. For purposes of this subdivision "insurer" does not include a political subdivision providing self insurance or establishing a pool under section 6, subdivision 3.

Sec. 4. Minnesota Statutes 1978, Section 79.01, Subdivision 3, is amended to read:

**Subd. 3. INSURANCE.** The word "insurance" means workers' compensation insurance and insurance covering any part of the liability of an employer exempted from insuring his liability for compensation, as provided in section 176.181. A program of self insurance, self insurance revolving fund or pool established under section 6 is not insurance for purposes of this subdivision.

Sec. 5. Minnesota Statutes 1978, Chapter 471, is amended by adding a section to read:

**[471.98] DEFINITIONS.** Subdivision 1. Unless the context indicates otherwise, as used in sections 6 and 7 the terms defined in this section have the meanings given them.

**Subd. 2.** "Political subdivision" includes a statutory or home rule charter city or county or an instrumentality thereof having independent policy making and appropriating authority.

**Subd. 3.** "Pool" means any self insurance fund or agreement for the reciprocal assumption of risk established by or among two or more political subdivisions for coverage of their respective risks.

Sec. 6. Minnesota Statutes 1978, Chapter 471, is amended by adding a section to read:

**[471.981] SELF INSURANCE.** Subdivision 1. A political subdivision may by ordinance or resolution of its governing body self insure against liability of the political subdivision and its officers, employees, agents and servants under chapter

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466, sections 340.95 and 340.951 and other law, for damages resulting from its torts including torts for which the political subdivision has immunity and those of its officers, employees, agents and servants. A political subdivision may by ordinance or resolution of its governing body extend the coverage of its self insurance to afford protection in excess of any limitations on liability established by law but unless expressly provided in the ordinance or resolution extending the coverage, the statutory limitations on liability shall not be deemed to have been waived. A political subdivision may by ordinance or resolution of its governing body provide for self insurance against risk of damage to any of its property, for any liability exposure, or against any other risk or hazard, not including health, life, accident or disability of its employees, and may, through its self insurance program, provide coverage for insuring any of its officers or employees against any risk or hazard, not including health, life, accident or disability of its employees.

Subd. 2. A political subdivision may establish a self insurance revolving fund. The initial amount of the fund shall be determined by the governing body. The governing body may appropriate the amounts necessary to maintain the fund at the level specified in the ordinance or resolution establishing it. Expenditures from the fund may be made for:

- (a) Payment of losses;
- (b) Costs of defense and investigation;
- (c) Premiums and deductible amounts when commercial insurance is purchased for a risk;
- (d) Cost of loss control activities; and
- (e) Any other costs customarily borne by commercial insurers under conventional insurance policies.

Subd. 3. A pool may be established by agreement of any two or more political subdivisions. The pool may cover the same risks and shall be subject to the same limitations as those enumerated under subdivisions 1 and 2. The pool shall be operated under bylaws established by the political subdivisions that participate in the pool. The bylaws and the agreement establishing the pool may provide for bylaw amendment without unanimous consent of all pool members. The political subdivisions participating in the fund may establish a joint board to manage the pool with powers and duties as deemed appropriate. A political subdivision participating in the pool shall pay to the pool all amounts assessed against it pursuant to the bylaws of the pool and may withdraw only after it has reimbursed the pool for all amounts for which it is obligated under the terms of the agreement. The establishment of a pool shall not increase the liability limits of any member of the pool above the limits established by law for that governmental unit. Except as otherwise provided in this section, pools shall be governed by section 471.59.

Subd. 4. A political subdivision may participate as a member in a mutual insurance company organized under chapter 66A, and may exchange reciprocal or interinsurance contracts as authorized by chapter 71A.

Sec. 7. Minnesota Statutes 1978, Chapter 471, is amended by adding a section to read:

**[471.982] REVIEW OF JOINT SELF INSURANCE POOL.** Subdivision 1. Prior to the formation of a pool, there shall be submitted for approval to the commissioner of insurance a complete written proposal of the pool's operation, including, but not limited to, administration, claims adjusting, membership, capitalization, and provision for payment of claims exceeding the pool's assets. The commissioner shall review the proposal and approve or disapprove within 60 days after receipt to assure that proper insurance techniques and procedures are included in the proposal. If the commissioner does not disapprove within 60 days after receipt of the proposal, the proposal is deemed approved. Each pool shall file with the commissioner of insurance on or before March 1 of each year a written report in a form prescribed by the commissioner as to its condition. The report shall include a detailed statement of assets and liabilities, the amount and character of the business transacted, and the moneys reserved and expended during the previous year.

Subd. 2. The commissioner of insurance is authorized to promulgate administrative rules, including emergency rules pursuant to sections 15.0411 to 15.052. These rules may provide standards or guidelines governing the formation, operation, administration, dissolution of self insurance pools, and other reasonable requirements to further the purpose of this section and shall at a minimum require the following:

(a) All participants in the pool are jointly and severally liable for all claims and expenses of the pool;

(b) Each pool shall contract with a service company licensed by the commissioner to provide or contract for all administrative services required by the pool. No vendor of risk management services or entity administering a self insurance plan under this section may transact such business in this state unless it is licensed to do so by the commissioner. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner may issue a license subject to restrictions or limitations upon the authorization, including the type of services which may be supplied or the activities which may be engaged in. The license fee shall be \$100. All licenses shall be for a period of two years;

(c) The service company has sole responsibility for the settlement of all claims against the pool or its members for which the pool may provide indemnification;

(d) A minimum premium volume for each pool shall be established. The minimum premium volume may differ because of the kinds of coverage provided, and the limits of liability for the coverage;

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(e) All premiums or other assessments due to the pool from members shall be payable prior to the period for which coverage is being provided, or at equal intervals throughout the period;

(f) Premiums shall either be established by an actuary approved by the commissioner or shall be premiums filed by a licensed rate service organization with reductions permitted solely for administrative or premium tax savings;

(g) The commissioner may require each pool to purchase excess insurance above certain limits and in a particular form. The limits or form of the excess insurance may differ based on the kinds of coverage offered by a pool, the limits of liability of the coverage, and the revenues available to pool members for the payment of premiums or assessments;

(h) Each pool shall be audited annually by a certified public accountant;

(i) Limitations on the payment of dividends to pool members may be established as necessary to assure the solvency of the pool;

(j) No participant may withdraw from a pool for a period of at least three years after its initial entry into the pool;

(k) The amount of any liabilities in excess of assets shall be assessed to members of the pool within 30 days after a deficiency is identified and shall be payable by the member within 90 days;

(l) The investment policies of the pool shall be governed by the laws governing investments by cities pursuant to section 475.66;

(m) Pools shall be subject to the standards of unfair methods of competition and unfair or deceptive acts or practices established in Minnesota Statutes, Chapter 72A;

(n) Other requirements that are necessary to protect the solvency of the pool, the rights and privileges of claimants against the pool, and citizens of the members of the pool shall be included in the rules.

Sec. 8. **APPROPRIATION.** The sum of \$43,000 is appropriated from the general fund to the commissioner of insurance for the purposes of this act.

Sec. 9. **EFFECTIVE DATE.** This act is effective July 1, 1980.

Approved April 11, 1980

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## CHAPTER 530—H.F.No. 902

*An act relating to pollution; establishing noise limits for motorboats; appropriating money; amending Minnesota Statutes 1978, Section 361.17.*

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