

Minnesota Insurance Regulatory Law Update

September 06, 2011 by [David M. Aafedt](#)

Department of Commerce Re-Org

In a recently announced move with immediate effect, Minnesota Department of Commerce Commissioner Mike Rothman announced a "significant, strategic reorganization" within his agency. The newly-named and formed divisions within the Department are as follows: Consumer Protection and Education Division, the Insurance Division, and the Enforcement Division.

The Consumer Protection and Education Division will be headed by Senior Director of Consumer and Industry Services Robert Commodore, which will include the Department's Consumer Response Team and Licensing Units. Mr. Commodore will also oversee the Department's Unclaimed Property Division.

A new Division of Insurance will bring under one umbrella all of the Department's insurance activities. This Division will be headed by Jaki Gardner and will include the Department's financial solvency and actuarial groups, the Insurance Product Filing unit, and the Life, Health, Work Comp and Self-Insurance staff. Ms. Gardner recently announced that her role in her new job will be short-lived as she will be moving back to her home state of Illinois to take the role of Chief Operating Officer of Catholic Holy Family Society in Joliet. Ms. Gardner will be greatly missed by her regulator-colleagues and industry people alike, as well as those who have had the pleasure of working with her and representing her on a frequent basis during her long tenure at the Department. Commissioner Rothman has indicated that he will be conducting a nationwide search for her replacement.

The Enforcement Division (as it was originally known and known as the "Market Assurance Division" for the past eight years) will consist of the Enforcement Unit, the Insurance Fraud Unit, and the Securities Enforcement Unit. Neither a Division head nor a Deputy Commissioner has been named to oversee the Enforcement Group.

Key Minnesota Department of Commerce Enforcement Action Announced

The Department of Commerce recently announced that it had issued a Statement of Charges against Austin, Minnesota based Minnesota Surety & Trust Co. for fraudulent and deceptive behavior. In the Department's Statement of Charges, Minnesota Surety's President and Board Member is alleged to have directed certain of his producers, in preparation for an upcoming market conduct examination by the Colorado Division of

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Insurance, to alter company records to make them appear as if they were in compliance. The enforcement case will kick off in early October with a prehearing conference at the Office of Administrative Hearings in St. Paul, Minnesota. This case will be closely watched to see what penalties the Department will pursue as it has indicated that Minnesota Surety "is unfit to do business in Minnesota."

GOP Pushback On Department of Commerce Led Minnesota Health Insurance Exchange

Following the Department of Commerce's recent announcement that it received a \$4.2 million federal grant to help develop the infrastructure for a health insurance exchange, which is required by the 2010 Affordable Care Act to be in place by January 1, 2013 and operational a year later (or else the federal government will set one up for each state that does not have one in place), certain Minnesota Republican legislators have vowed to do everything in their power to make sure that it does not proceed. Needless to say, this will be an interesting battle to watch as the Minnesota Chamber of Commerce and other business leaders have expressed their support for the Minnesota exchange.