



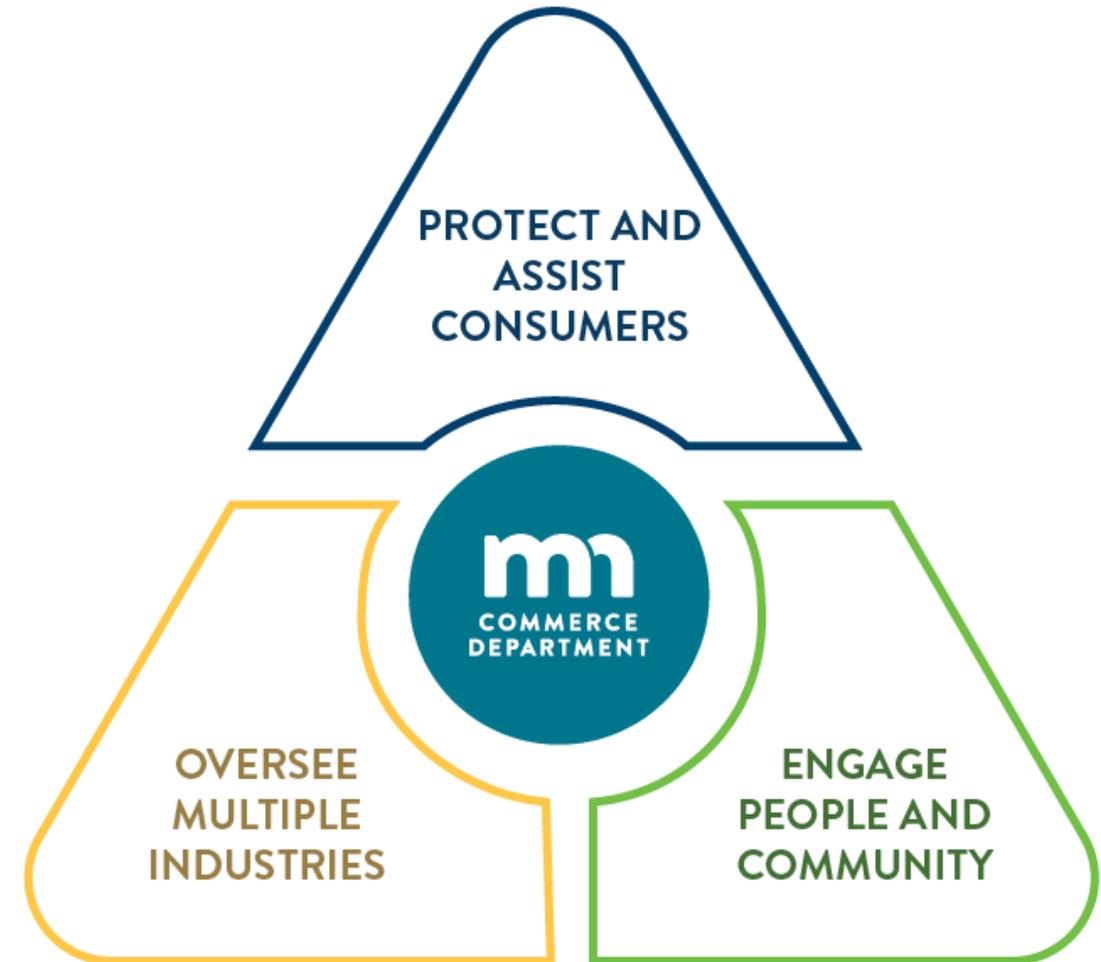
Commerce Department Overview

Commissioner Grace Arnold

January 4, 2023

Mission

- Protect and assist consumers
- Oversight: 40+ industry areas
- Engagement with all communities



Strategic Priorities

Protect the Public Interest	Protect the public interest through consumer protection, consumer education, assistance to consumers, safety, health, and financial security, and lowering inequities.
Trusted Resource	Serve as a trusted public resource for consumers and businesses by listening and learning from the Minnesotans Commerce serves, being effective stewards of public resources, advocating for Minnesota consumers and developing a policy, programmatic, and regulatory environment that meets their needs.
Reduce Economic Barriers	Reduce economic barriers within Commerce regulatory oversight and reduce disparities within those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, (dis)abilities, and zip codes.
Climate Change Resilience	Ensure all, especially historically disadvantaged Minnesotans are resilient to Minnesota's climate and engaged in advancing efforts to mitigate climate change.
Strong, Competitive, Fair Marketplace	Ensure a strong, competitive, and fair marketplace for Minnesotans.

With You Every Day

Commerce is with you every day,
whether you are ...

... Filling up on gas

... Purchasing a home

... Working to reduce your energy use

... Rebuilding after a disaster



Leadership team

- Commissioner Grace Arnold
- Deputy Commissioner / COO Tim Jahnke
- Energy Resources - Deputy Commissioner Michelle Gransee
- Energy Resources - Assistant Commissioner (pending appointment)
- Financial Institutions - Deputy Commissioner Max Zappia
- Insurance – Deputy Commissioner Julia Dreier
- Gov't Affairs & External Relations - Assistant Commissioner Peter Brickwedde
- Enforcement - Assistant Commissioner (pending appointment)
- Chief of Staff- Hali Kolkind

Financial
Institutions

Insurance

Enforcement

Senior financial fraud

Energy
Resources

Commerce
services

Consumer
Service Center

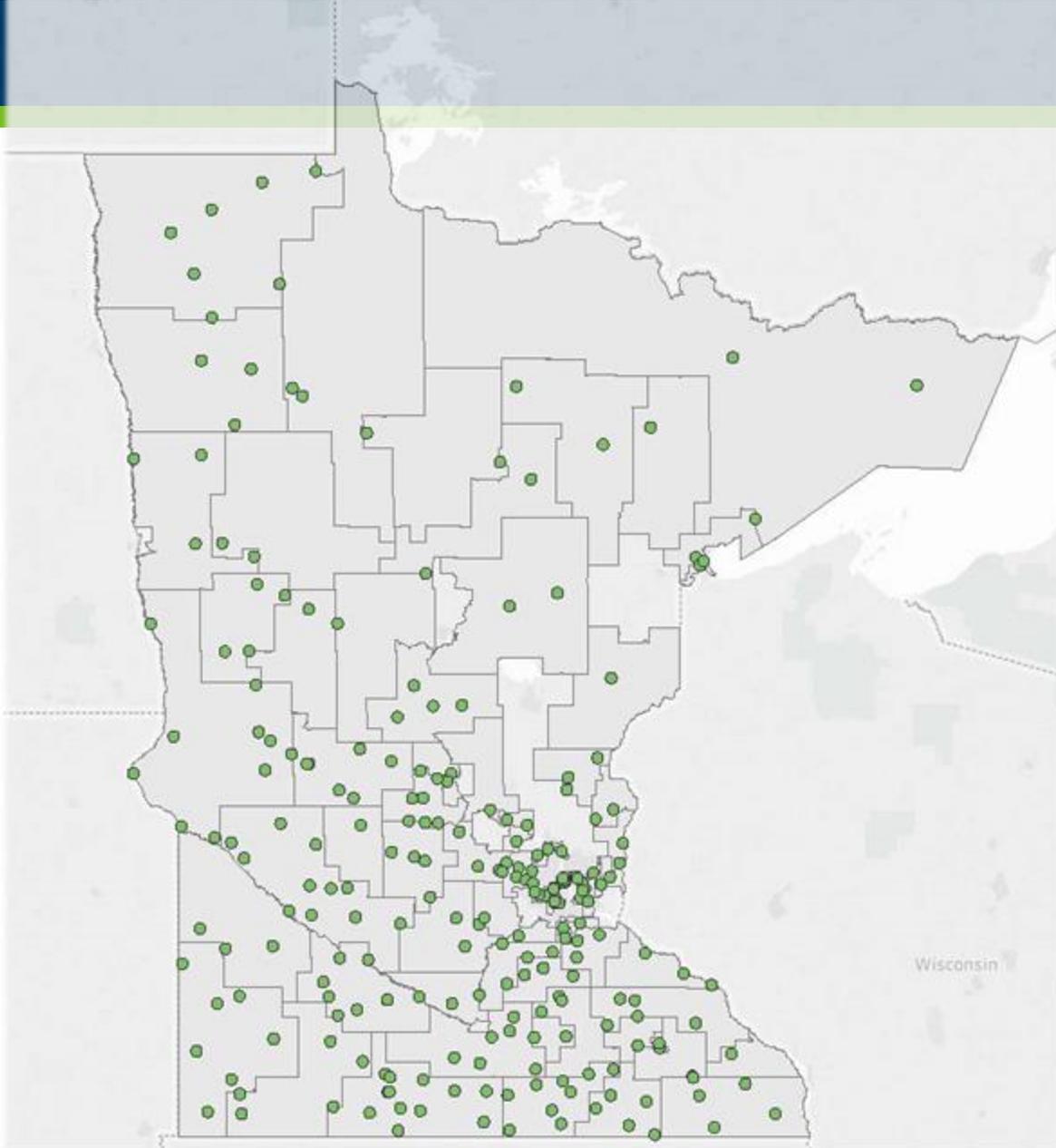
Telecommunications

Unclaimed
Property

Weights &
Measures

Licensing

Petrofund



Statewide Reach

Commerce services and programs reach across the state in many ways.

Commerce programs with regional staff or partners include:

- Financial Institutions
- Licensing
- Energy Assistance Program
- Weights & Measures

Licensing Division

Commerce's Licensing Division is responsible for professional and business licenses in these areas:

- Insurance agents
- Insurance adjusters
- Real estate agents and brokers
- Appraisers
- Debt collections
- Other businesses and professionals

Commerce Financial Institutions is responsible for licenses in finance areas.

Jacqueline Olson Senior Director Licensing & Unclaimed Property

Licenses:

- 25 different types
- New law passed in 2021 -
Appraiser anti-bias training

Unclaimed Property

- Returned about \$50 million
to consumers in 2021



Unclaimed Property

- \$656 million returned over history of program
- \$200 million in property received in past two years that lawful owners can claim

Property unclaimed = held by a business or organization that has not had contact with the legal owner/heir for a specific number of years. Common types include:

- Dormant bank accounts
- Uncashed checks
- Unclaimed wages
- Insurance claim payments or benefits
- Stocks or bonds
- Safety deposit boxes

Financial Institutions Division

State-chartered banks and credit unions

- Oversight ensures the safety and solvency of banks, credit unions to protect consumers and promote a fair and competitive marketplace
- 200 state-chartered banks totaling about \$59 billion assets and \$52 billion in deposits
- 62 credit unions totaling \$28 billion in assets
- Efforts to foster racial equity: Commerce + community + industry

Financial Institutions Division

Securities & Investments registers, examines and regulates:

- 448 Investment Advisers – managing \$10.43 billion of Minnesotans' money for about 49,500 accounts
- About 10,000 local Investment Adviser Representatives
- Many other securities entities and products
- In 2022 session, two FTEs added for total of five FTEs in Securities & Investments

Financial Institutions Division

Non-depository financial institutions (non-banks)

- 1,700 non-depository financial institutions, with 1,100 branches in MN, 10,000 locations, and more than 9,000 mortgage loan officers
- Money transmitters, such as PayPal, with an estimated 150 million transfers annually worth \$40 billion
- Motor vehicle finance companies, originating about 100,000 loans worth \$2.5B in 2021
- Payday lenders, who made over 150,000 loans in 2021
- Mortgage lenders and servicers, originating over 250,000 mortgages worth over \$65B in 2020 and 2021
- Student loan servicers (added in 2021) servicing about 800,000 MN borrowers worth \$25B in student loans

Non-bank entities such as Rocket Mortgage have become the mortgage originators for the majority of Minnesota home buyers

Financial Institutions Division

Student Loan Borrower Bill of Rights – new law 2021



DO's

- Acknowledge written communication from a borrower within 10 days and respond within 30 days
- Confirm how borrowers would like to have an overpayment applied
- Apply partial payments in a way to minimize late fees or negative impact on a borrower's credit history
- When transferring a loan to another servicer, ensure a borrower still receives any benefits granted, and transfer all information to the new servicer within certain time periods
- Prior to placing a borrower in default, must evaluate a borrower for eligibility for an income-driven repayment program

DON'T's

- No attempts to mislead a borrower
- No unfair, deceptive, or misrepresented information related to the loan servicing
- No false statements or omission of material fact for applications, information or reports
- No misapplication of payments either knowingly or negligently
- No inaccurate information provided to a consumer reporting agency either knowingly or negligently, and not fail to report both favorable and unfavorable payment history in annual reports
- No refusal to communicate with authorized representatives of a borrower
- No misrepresentation of availability of student loan forgiveness programs the servicer has reason to know the borrower is eligible for

Insurance lines with Commerce oversight:

auto, health, homeowners, life, long-term care, workers' compensation

- Examine, analyze and license insurance carriers to ensure safety and claims-paying ability
- Accreditation renewed in 2022 by National Association of Insurance Commissioners (NAIC)
- Review form and rate filings to ensure that product offerings are fair and reasonable
- Monitor markets and make policy recommendations to maintain market health and stability

Fred Anderson Chief Life Actuary Insurance Division

- Leadership, collaboration with NAIC
- New law passed in 2022: Innovative long-term care insurance products
- Collaborations: Stakeholders, state agencies



Insurance Division

- Collaborate with other state agencies and stakeholders to identify new health policy options and solutions for consumers – Health Subcabinet
- Administer and oversee Minnesota's reinsurance program in health insurance – renewed in 2022 legislative session
- License pharmacy benefit managers and oversee PBM business practices
- Providers of last resort: Help to ensure coverage for Minnesotans who otherwise cannot purchase insurance

Enforcement Division

Four enforcement functions:

**Consumer
Service
Center**

**Civil
Investigations**

**Criminal
Investigations**

**Market
conduct
examinations**

- Actions to create a fair marketplace, encourage responsible business conduct
- Oversight for licensed professionals and businesses to follow state laws
- Respond to questions and complaints by consumers and others

Creta King
Investigator
Enforcement Division
Consumer Service
Center

2022 summary (through Dec 15)

- 42,000 calls
- \$15 million returned to consumers
- \$3 million fines



Enforcement Division

Consumer Service Center

- Provides services to consumers and organizations who have inquiries or complaints about Commerce-regulated industries and licensees
- Handled about 42,000 calls in 2022

Civil Enforcement

- Real estate, mortgage, title
- Multi-industry
- Insurance enforcement
- Securities enforcement

Enforcement Division

Commerce Fraud Bureau – licensed law enforcement

- In 2021, initiated investigations on almost 3,000 cases
- In 2021, prosecuted crimes resulted in \$7.48 million economic impact for MN
- 2022 session: added five FTEs to investigate finance-related crimes

Market Conduct Examinations

- Formal review of company policies and practices
- Exams may result from civil investigations in which there are numerous, habitual investigations of a single company

Senior Financial Fraud Protection

- Safe Senior Financial Protection Act passed in 2018, expanded in 2020
- Financial professionals can *report* suspected financial exploitation of elderly (age 65+) or vulnerable clients to Commerce and the Minnesota Adult Abuse Reporting Center and can *notify* a trusted third party.
- 2020 law to expand SSFP Act: Financial professionals and institutions (banks, credit unions) can place *temporary delay* of up to 25 days on transactions or disbursement of suspected financial exploitation while Commerce, law enforcement investigate. A court may order further extension.

Senior Financial Fraud Protection

Examples of financial exploitation:

Trusted family or friends are the source of 90% of senior financial fraud

Social media romance scams:
Does that guy who works on an oil rig really love me?

Phone scams:
Does my granddaughter really need \$1,000 wired for this emergency?

Email or postal mail scams:
Did I really win the lottery?

Telecommunications

- Conducts investigations on landline telephone service issues in Minnesota, advocates on behalf of the public interest before the Public Utilities Commission and enforces statutes and PUC rules
- Internet and cell phone services are not regulated by the state, except to receive FCC funds for broadband deployment and low-income assistance
- Recent example: We filed a complaint urging the PUC to hold the state's largest landline provider accountable for a pattern of service failures

Weights & Measures



Established in 1885 – State of Minnesota’s oldest consumer protections

- Ensures consumers and businesses receive accurate price for products sold by weight or volume, including fuel and groceries
- Tests fuel samples and inspects commercial and measuring devices at about 10,800 gas stations, grocery stores, bulk plants, grain elevators, mines, terminals, airports, other businesses
- Provides accredited metrology calibration services for **229** companies and gov’t agencies

mn.gov/commerce – website redesign

OUR SITES

- Money & Banking
- Insurance
- Energy & Utilities
- Business Regulation
- Licensing
- Consumer Help

OUR SITES

- Money & Banking
- Insurance
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- Business Regulation
- Licensing
- Consumer Help

- January 10 launch: redesigned website
- Consumer focused, mobile friendly, task oriented
- Home site with six subsites

mn.gov/commerce

The background of the slide is a repeating pattern of colorful speech bubbles, each containing a question mark. The colors include red, yellow, pink, white, and light blue. The bubbles are scattered across the top half of the slide. The bottom half of the slide has a dark blue background with a faint, larger-scale version of the same speech bubble pattern.

Questions?

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