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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 34

January 12, 2009

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The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act
1.2 relating to insurance; regulating mandatory arbitration clauses; amending
1.3 Minnesota Statutes 2008, section 65B.525, subdivision 1; proposing coding for
1.4 new law in Minnesota Statutes, chapter 60A.

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

1.6 Section 1. **[60A.078] MANDATORY ARBITRATION CLAUSES RESTRICTED.**

1.7 A contract or agreement between an insurance carrier and the beneficiary of such
1.8 contract or agreement, or a third party acting on the beneficiary's behalf, that contains any
1.9 clause or provision providing for an adjustment by arbitration shall not preclude any party
1.10 or beneficiary under the contract or agreement from instituting a suit or legal action on the
1.11 contract at any time. Compliance with the clause or provision must not be a condition
1.12 precedent to the right to bring or recover in the action. A party is bound by an arbitration
1.13 provision only when the agreement to arbitrate is entered into knowingly and voluntarily
1.14 by the parties involved after the dispute has arisen, or exists pursuant to the terms of a
1.15 collective bargaining agreement.

1.16 **EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to
1.17 contracts or agreements issued or renewed on or after that date.

1.18 Sec. 2. Minnesota Statutes 2008, section 65B.525, subdivision 1, is amended to read:

1.19 Subdivision 1. **Mandatory submission to binding arbitration.** Except as otherwise
1.20 provided in section 72A.327 and subject to the requirements of section 60A.078, the
1.21 Supreme Court and the several courts of general trial jurisdiction of this state shall by rules
1.22 of court or other constitutionally allowable device, provide for the mandatory submission
1.23 to binding arbitration of all cases at issue where the claim at the commencement of

2.1 arbitration is in an amount of \$10,000 or less against any insured's reparation obligor for
2.2 no-fault benefits or comprehensive or collision damage coverage.

2.3 **EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to cases
2.4 at issue on or after that date.