

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3188

(SENATE AUTHORS: HOUSLEY and Ruud)

DATE
03/12/2018

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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to insurance; requiring insurers to notify insureds of the statutory
1.3 prohibition against payment of rebates or deductibles by residential contractors;
1.4 regulating claims practices of insurers; amending Minnesota Statutes 2016, section
1.5 72A.201, subdivision 5; proposing coding for new law in Minnesota Statutes,
1.6 chapter 65A.

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

1.8 Section 1. **[65A.286] NOTICE OF PAYMENT OF REBATE OR DEDUCTIBLE**
1.9 **PROHIBITION.**

1.10 Subdivision 1. Requirement. An insurer shall notify the insured in writing of the
1.11 requirements of section 325E.66.

1.12 Subd. 2. Frequency. The notice required by this section must be provided to the insured
1.13 promptly after the insurer receives written notice of a claim by the insured on a homeowner's
1.14 insurance policy.

1.15 EFFECTIVE DATE. This section is effective August 1, 2018, and applies to policies
1.16 issued or renewed on or after that date.

1.17 Sec. 2. Minnesota Statutes 2016, section 72A.201, subdivision 5, is amended to read:

1.18 Subd. 5. **Standards for fair settlement offers and agreements.** The following acts by
1.19 an insurer, an adjuster, a self-insured, or a self-insurance administrator constitute unfair
1.20 settlement practices:

1.21 (1) making any partial or final payment, settlement, or offer of settlement, which does
1.22 not include an explanation of what the payment, settlement, or offer of settlement is for;

- 2.1 (2) making an offer to an insured of partial or total settlement of one part of a claim
2.2 contingent upon agreement to settle another part of the claim;
- 2.3 (3) refusing to pay one or more elements of a claim by an insured for which there is no
2.4 good faith dispute;
- 2.5 (4) threatening cancellation, rescission, or nonrenewal of a policy as an inducement to
2.6 settlement of a claim;
- 2.7 (5) notwithstanding any inconsistent provision of section 65A.01, subdivision 3, failing
2.8 to issue payment for any amount finally agreed upon in settlement of all or part of any claim
2.9 within five business days from the receipt of the agreement by the insurer or from the date
2.10 of the performance by the claimant of any conditions set by such agreement, whichever is
2.11 later;
- 2.12 (6) failing to inform the insured of the policy provision or provisions under which
2.13 payment is made;
- 2.14 (7) settling or attempting to settle a claim or part of a claim with an insured under actual
2.15 cash value provisions for less than the value of the property immediately preceding the loss,
2.16 including all applicable taxes and license fees. In no case may an insurer be required to pay
2.17 an amount greater than the amount of insurance;
- 2.18 (8) ~~except where limited by policy provisions~~ in the case of a total loss, settling or
2.19 offering to settle a claim or part of a claim with an insured under replacement value provisions
2.20 for less than the sum necessary to replace the damaged item with one of like kind and quality,
2.21 including all applicable taxes, license, and transfer fees;
- 2.22 (9) reducing or attempting to reduce for depreciation any settlement or any offer of
2.23 settlement for items not adversely affected by age, use, or obsolescence;
- 2.24 (10) reducing or attempting to reduce for betterment any settlement or any offer of
2.25 settlement unless the resale value of the item has increased over the preloss value by the
2.26 repair of the damage.