S.F. No. 26, 1st Engrossment - 87th Legislative Session (2011-2012) [S0026-1]

SENATE STATE OF MINNESOTA EIGHTY-SEVENTH LEGISLATURE

S.F. No. 26

(SENATE AUTHORS: REST and Scheid)

DATE	D-PG	OFFICIAL STATUS
01/13/2011	48	Introduction and first reading
		Referred to Commerce and Consumer Protection
04/27/2011	1418a	Comm report: To pass as amended and re-refer to Finance

1.1	A bill for an act
1.2	relating to insurance; requiring surcharge disclosure for homeowner's insurance;
1.3	proposing coding for new law in Minnesota Statutes, chapter 65A.
1.4	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.5	Section 1. [65A.291] SURCHARGE DISCLOSURE.
1.6	Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in
1.7	this section have the meanings given them.
1.8	(b) "Policy" means a policy providing homeowner's insurance as defined in section
1.9	65A.27, subdivision 4.
1.10	(c) "Surcharge" means an increase in policy premium due to claims reported,
1.11	incurred, or paid during a period of time that the policy was in effect, including the loss
1.12	of a claim-free discount.
1.13	(d) "Surcharge plan" means a rating plan under which an insurer may apply a
1.14	surcharge.
1.15	Subd. 2. Disclosure to applicants. Before accepting the initial premium payment,
1.16	an insurer shall provide a disclosure statement to any person who applies for a policy that
1.17	is effective on or after January 1, 2012. The insurer may provide the disclosure statement
1.18	on its Web site. If the insurer provides the disclosure statement on its Web site, the insurer
1.19	may notify the applicant, either in writing or orally, of its availability for review on that
1.20	site before accepting the initial payment, in lieu of providing a disclosure statement
1.21	to the applicant in writing. An oral notice regarding the availability of the disclosure
1.22	statement on the insurer's Web site shall be presumed delivered if the insurer makes a
1.23	contemporaneous notation in the applicant's record of the notice having been delivered or

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2.1	if the insurer retains an audio recording of the notification provided to the applicant. An
2.2	insurer shall advise the applicant of the availability of a written disclosure statement.
2.3	Subd. 3. Disclosure to policyholders. An insurer or its agent shall mail or deliver a
2.4	disclosure statement or written notice of the statement's availability on the insurer's Web
2.5	site to the named insured either before or with the first notice to renew a policy on or after
2.6	January 1, 2012. If a disclosure statement or written Web site notice has been provided
2.7	under subdivision 2, no disclosure statement is required to be mailed or delivered to the
2.8	same named insured under this subdivision.
2.9	Subd. 4. Notification of change. No insurer may change its surcharge plan unless a
2.10	disclosure statement or written notice of the statement's availability on the insurer's Web
2.10 2.11	disclosure statement or written notice of the statement's availability on the insurer's Web site is mailed or delivered to the named insured before the change is made. A disclosure
2.11	site is mailed or delivered to the named insured before the change is made. A disclosure
2.11 2.12	site is mailed or delivered to the named insured before the change is made. A disclosure statement reflecting a change applicable on the renewal of a policy may be mailed with an
2.112.122.13	site is mailed or delivered to the named insured before the change is made. A disclosure statement reflecting a change applicable on the renewal of a policy may be mailed with an offer to renew the policy. Surcharges cannot be applied to claims that occurred before a