A bill for an act

relating to insurance; prohibiting insurers from penalizing insureds for certain types of motor vehicle claims and from providing certain incorrect information regarding the effect of a motor vehicle claim on future insurability or premium rates; amending Minnesota Statutes 2006, sections 65B.133, subdivision 5a; 72A.20, subdivision 12.

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

Section 1. Minnesota Statutes 2006, section 65B.133, subdivision 5a, is amended to read:

Subd. 5a. ~~**Surcharge**~~ **Prohibition on adverse consequences.** No cancellation, nonrenewal, surcharge ~~is chargeable to~~, or other future increase in premium rates may be imposed upon an insured who collects benefits under a policy because the insured is:

(1) a passenger in a bus, taxi, or commuter van involved in an accident; or

(2) a driver or passenger in a vehicle that was on a bridge when the bridge collapsed.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 72A.20, subdivision 12, is amended to read:

Subd. 12. **Unfair service.** Causing or permitting with such frequency to indicate a general business practice any unfair, deceptive, or fraudulent act concerning any claim or complaint of an insured or claimant including, but not limited to, the following practices:

(1) misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;

(2) failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;

(3) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

(4) refusing to pay claims without conducting a reasonable investigation based upon all available information;

(5) failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(6) not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear;

(7) compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by the insureds;

(8) attempting to settle a claim for less than the amount to which reasonable persons would have believed they were entitled by reference to written or printed advertising material accompanying or made part of an application;

(9) attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of, the insured;

(10) making claims payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which the payments are being made;

(11) making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration;

(12) delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information;

(13) failing to promptly settle claims, where liability has become reasonably clear, under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage;

(14) failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement;

(15) requiring an insured to provide information or documentation that is or would be dated more than five years prior to or five years after the date of a fire loss, except for proof of ownership of the damaged property<u>;</u>

<u>(16) stating or implying to an insured that filing a claim for no-fault motor vehicle insurance benefits would or may result in cancellation or nonrenewal of the insured's</u>

policy or in a surcharge or other future increase in premium rates, when any such consequence of filing the claim would be prohibited by law;

(17) failing to promptly inform an insured who files a claim described in section 65B.133, subdivision 5a, of the provisions of that law, both orally and in writing.

EFFECTIVE DATE. This section is effective the day following final enactment.