

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

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

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

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

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

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

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

H.F. No. 34, as introduced - 86th Legislative Session (2009-2010) [09-0558]

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.