

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1662

(SENATE AUTHORS: HOFFMAN)

DATE	D-PG	OFFICIAL STATUS
05/16/2013	3744	Introduction and first reading Referred to Commerce

A bill for an act
relating to insurance; requiring premium impact disclosure for homeowner's
insurance; proposing coding for new law in Minnesota Statutes, chapter 65A.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[65A.291] PREMIUM IMPACT DISCLOSURE; HOMEOWNER'S
INSURANCE.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
this section have the meanings given them.

(b) "Policy" means a policy providing homeowner's insurance as defined in section
65A.27, subdivision 4.

(c) "Premium impact" means an increase in policy premium due to claims reported,
incurred, or paid during a period of time that the policy was in effect, including the loss
of a claim-free or other discount.

(d) "Premium impact plan" means a rating plan under which an insurer may apply
a premium impact.

(e) "Premium impact plan disclosure statement" means a readily understandable
written disclosure that enables an applicant or existing policyholder to determine the
premium impact of any incurred or possible future claim, including the loss of a claim-free
or other discount.

Subd. 2. **Disclosure to applicants.** Before accepting the initial premium payment,
an insurer shall provide a premium impact plan disclosure statement to any person who
applies for a policy that is effective on or after January 1, 2014. The insurer may provide
the disclosure statement on its Web site. If the insurer provides the disclosure statement
on its Web site, the insurer may notify the applicant, either in writing or orally, of its

availability for review on that site before accepting the initial payment, in lieu of providing a disclosure statement to the applicant in writing. An oral notice regarding the availability of the disclosure statement on the insurer's Web site shall be presumed delivered if the insurer makes a contemporaneous notation in the applicant's record of the notice having been delivered or if the insurer retains an audio recording of the notification provided to the applicant. An insurer shall advise the applicant of the availability of a written disclosure statement.

Subd. 3. Disclosure to policyholders. An insurer or its agent shall mail or deliver a premium impact plan disclosure statement or written notice of the statement's availability on the insurer's Web site to the named insured either before or with the first notice to renew a policy on or after January 1, 2014. If a disclosure statement or written Web site notice has been provided under subdivision 2, no disclosure statement is required to be mailed or delivered to the same named insured under this subdivision.

Subd. 4. Notification of change. No insurer may change its premium impact plan unless a premium impact plan 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 statement reflecting a change applicable on the renewal of a policy may be mailed with an offer to renew the policy. Premium impacts cannot be applied to claims that occurred before a change in a premium impact plan except to the extent provided under the prior premium impact plan.

Subd. 5. Penalty. Failure to comply with this section constitutes a violation of section 70A.04.

EFFECTIVE DATE. This section is effective January 1, 2014, and applies to policies offered, issued, renewed, or continued on or after that date.