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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 3567

03/08/2018 Authored by Loonan and Hilstrom
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to insurance; regulating affinity group coverages and insurance fraud;
1.3 amending Minnesota Statutes 2016, sections 60A.06, subdivision 1; 60A.37,
1.4 subdivision 2; 65B.44, subdivision 2a; Minnesota Statutes 2017 Supplement,
1.5 section 72A.328, subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2016, section 60A.06, subdivision 1, is amended to read:

1.8 Subdivision 1. Statutory lines. Insurance corporations may be authorized to transact in
1.9 any state or territory in the United States, in the Dominion of Canada, and in foreign
1.10 countries, when specified in their charters or certificates of incorporation, either as originally
1.11 granted or as thereafter amended, any of the following kinds of business, upon the stock
1.12 plan, or upon the mutual plan when the formation of such mutual companies is otherwise
1.13 authorized by law; and business trusts as authorized by law of this state shall only be
1.14 authorized to transact in this state the following kind of business hereinafter specified in
1.15 clause (7) hereof when specified in their "declaration of trust":

1.16 (1) To insure against loss or damage to property on land and against loss of rents and
1.17 rental values, leaseholds of buildings, use and occupancy and direct or consequential loss
1.18 or damage caused by fire, smoke or smudge, water or other fluid or substance, lightning,
1.19 windstorm, tornado, cyclone, earthquake, collapse and slippage, rain, hail, frost, snow,
1.20 freeze, change of temperature, weather or climatic conditions, excess or deficiency of
1.21 moisture, floods, the rising of waters, oceans, lakes, rivers or their tributaries, bombardment,
1.22 invasion, insurrection, riot, civil war or commotion, military or usurped power, electrical
1.23 power interruption or electrical breakdown from any cause, railroad equipment, motor
1.24 vehicles or aircraft, accidental injury to sprinklers, pumps, conduits or containers or other

2.1 apparatus erected for extinguishing fires, explosion, whether fire ensues or not, except
2.2 explosions on risks specified in clause (3); provided, however, that there may be insured
2.3 hereunder the following: (a) explosion of any kind originating outside the insured building
2.4 or outside of the building containing the property insured, (b) explosion of pressure vessels
2.5 which do not contain steam or which are not operated with steam coils or steam jackets;
2.6 and (c) risks under home owners multiple peril policies;

2.7 (2)(a) To insure vessels, freight, goods, wares, merchandise, specie, bullion, jewels,
2.8 profits, commissions, bank notes, bills of exchange, and other evidences of debt, bottomry
2.9 and respondentia interest, and every insurance appertaining to or connected with risks of
2.10 transportation and navigation on and under water, on land or in the air;

2.11 (b) To insure all personal property floater risks;

2.12 (3) To insure against any loss from either direct or indirect damage to any property or
2.13 interest of the assured or of another, resulting from the explosion of or injury to (a) any
2.14 boiler, heater or other fired pressure vessel; (b) any unfired pressure vessel; (c) pipes or
2.15 containers connected with any of said boilers or vessels; (d) any engine, turbine, compressor,
2.16 pump or wheel; (e) any apparatus generating, transmitting or using electricity; (f) any other
2.17 machinery or apparatus connected with or operated by any of the previously named boilers,
2.18 vessels or machines; and including the incidental power to make inspections of and to issue
2.19 certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured
2.20 or otherwise;

2.21 (4) To make contracts of life and endowment insurance, to grant, purchase, or dispose
2.22 of annuities or endowments of any kind; and, in such contracts, or in contracts supplemental
2.23 thereto to provide for additional benefits in event of death of the insured by accidental
2.24 means, total permanent disability of the insured, or specific dismemberment or disablement
2.25 suffered by the insured, or acceleration of life or endowment or annuity benefits in advance
2.26 of the time they would otherwise be payable;

2.27 (5)(a) To insure against loss or damage by the sickness, bodily injury or death by accident
2.28 of the assured or dependents, or those for whom the assured has assumed a portion of the
2.29 liability for the loss or damage, including liability for payment of medical care costs or for
2.30 provision of medical care;

2.31 (b) To insure against the legal liability, whether imposed by common law or by statute
2.32 or assumed by contract, of employers for the death or disablement of, or injury to, employees;

3.1 (6) To guarantee the fidelity of persons in fiduciary positions, public or private, or to
3.2 act as surety on official and other bonds, and for the performance of official or other
3.3 obligations;

3.4 (7) To insure owners and others interested in real or personal property as described in
3.5 section 68A.04;

3.6 (8) To insure against loss or damage by breakage of glass, located or in transit;

3.7 (9)(a) To insure against loss by burglary, theft, or forgery;

3.8 (b) To insure against loss of or damage to moneys, coins, bullion, securities, notes, drafts,
3.9 acceptance or any other valuable paper or document, resulting from any cause, except while
3.10 in the custody or possession of and being transported by any carrier for hire or in the mail;

3.11 (c) To insure individuals by means of an all risk type of policy commonly known as the
3.12 "personal property floater" against any kind and all kinds of loss of or damage to, or loss
3.13 of use of, any personal property other than merchandise;

3.14 (d) To insure against loss or damage by water or other fluid or substance;

3.15 (10) To insure against loss from death of domestic animals and to furnish veterinary
3.16 service;

3.17 (11) To guarantee merchants and those engaged in business, and giving credit, from loss
3.18 by reason of giving credit to those dealing with them; this shall be known as credit insurance;

3.19 (12) To insure against loss or damage to automobiles or other vehicles, including boats,
3.20 or aircraft and their contents, by collision, fire, burglary, or theft, and other perils of operation,
3.21 and against liability for damage to persons, or property of others, by collision with such
3.22 vehicles or aircraft, and to insure against any loss or hazard incident to the ownership,
3.23 operation, or use of motor or other vehicles or aircraft;

3.24 (13) To insure against liability for loss or damage to the property or person of another
3.25 caused by the insured or by those for whom the insured is responsible, including insurance
3.26 of medical, hospital, surgical, funeral or other related expense of the insured or other person
3.27 injured, irrespective of legal liability of the insured, when issued with or supplemental to
3.28 policies of liability insurance;

3.29 (14) To insure against loss of or damage to any property of the insured, resulting from
3.30 the ownership, maintenance or use of elevators, except loss or damage by fire;

3.31 (15) To insure against attorneys fees, court costs, witness fees and incidental expenses
3.32 incurred in connection with the use of the professional services of attorneys at law.

4.1 Sec. 2. Minnesota Statutes 2016, section 60A.37, subdivision 2, is amended to read:

4.2 Subd. 2. **Exceptions.** This section does not apply if the policyholder has insured
4.3 elsewhere, has accepted replacement coverage, ~~or~~ if the policyholder is transferred to an
4.4 affiliate of the insurer, provided that the affiliate complies with section 60A.351, or the
4.5 policyholder has requested or agreed to nonrenewal. Documents signed by the policyholder
4.6 are applicable to the coverage being transferred to an affiliate and remain valid and
4.7 enforceable to the same extent as they would be to renewal of the policy with the insurer.

4.8 Sec. 3. Minnesota Statutes 2016, section 65B.44, subdivision 2a, is amended to read:

4.9 Subd. 2a. **Person convicted of insurance fraud.** (a) A person convicted of or pleading
4.10 guilty to insurance fraud under section 609.611 in a case related to this chapter or of
4.11 employment of runners under section 609.612, or convicted under or pleading guilty to any
4.12 federal or state law criminalizing fraud in a case related to no-fault automobile insurance,
4.13 may not enforce a contract for payment of services eligible for reimbursement under
4.14 subdivision 2 against an insured or reparation obligor.

4.15 (b) After a period of five years from the date of conviction, a person described in
4.16 paragraph (a) may apply to district court to extinguish the collateral sanction set forth in
4.17 paragraph (a), which the court may grant in its reasonable discretion.

4.18 Sec. 4. Minnesota Statutes 2017 Supplement, section 72A.328, subdivision 1, is amended
4.19 to read:

4.20 Subdivision 1. **Definitions.** (a) For purposes of this section the following terms have
4.21 the meanings given.

4.22 (b) "Affinity program" means a group of individuals who are members of an entity that
4.23 offers individuals benefits based on their membership in that entity. Affinity program does
4.24 not include an entity that obtains group insurance, as defined in section 60A.02, subdivision
4.25 28, or risk retention groups as defined in section 60E.02, subdivision 12.

4.26 (c) "Policy" means an individually underwritten policy of private passenger vehicle
4.27 insurance, as defined in section 65B.001, subdivision 2, an individually underwritten policy
4.28 of homeowner's insurance, as defined in section 65A.27, subdivision 4, or an individually
4.29 underwritten policy issued under section 60A.06, subdivision 1, clause (10)-, or an
4.30 individually underwritten policy issued under section 60A.06, subdivision 1, clause (12),
4.31 or a commercial policy as defined by the commissioner in rule.