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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 4178

03/22/2018 Authored by Applebaum 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 liability coverage; providing the right of direct
1.3 action; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

1.5 Section 1. [60A.0812] DIRECT ACTION AGAINST INSURER.

1.6 Subdivision 1. Liability insurer's absolute liability. The insurance company and
1.7 reinsurer issuing a bond or policy of insurance insuring any person against loss or damage
1.8 through legal liability for the bodily injury, death, or damage to property of a third person
1.9 is absolutely liable whenever a loss covered by the policy occurs, and payment of the loss
1.10 by the insurance company to the extent of its liability under the policy does not depend
1.11 upon payment by the insured of or upon any final judgment against the person arising out
1.12 of such occurrence.

1.13 Subd. 2. Direct action. On any bond or policy of insurance, a person sustaining damages
1.14 or loss, or the person's heirs or representatives, has a right of direct action against the
1.15 insurance company and reinsurer, up to the amounts stated in the bond or policy of insurance,
1.16 whether or not the bond or policy of insurance sued upon was written or delivered in
1.17 Minnesota, and whether or not the policy contains a provision forbidding direct action,
1.18 provided that the cause of action arose in Minnesota. The action may be brought against
1.19 the insurance company alone, or against both the insured and insurance company.

1.20 Subd. 3. Action on final judgment remains. If the injured person in subdivision 2
1.21 brings suit against the insured alone, the action does not deprive the injured person of the
1.22 right, by subrogation to the rights of the insured under the policy, to maintain action against
1.23 and recover from the insurance company after securing final judgment against the insured.