

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 782**

(SENATE AUTHORS: JENSEN, Metzen, Gazelka and Dahms)

DATE	D-PG	OFFICIAL STATUS
02/12/2015	273	Introduction and first reading Referred to Commerce
03/11/2015	636a	Comm report: To pass as amended and re-refer to Judiciary
04/07/2015	1449a	Comm report: To pass as amended and re-refer to Finance See HF3, Art. 3, Sec. 2, 11 (First Special Session)

A bill for an act

1.1 relating to insurance fraud; establishing an administrative penalty for insurance  
 1.2 fraud; providing that certain persons convicted of insurance fraud may not  
 1.3 enforce contracts for no-fault benefits; amending Minnesota Statutes 2014,  
 1.4 sections 45.0135, by adding a subdivision; 65B.44, by adding a subdivision;  
 1.5 proposing coding for new law in Minnesota Statutes, chapter 65B.  
 1.6

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

1.8 Section 1. Minnesota Statutes 2014, section 45.0135, is amended by adding a  
 1.9 subdivision to read:

1.10 Subd. 9. **Administrative penalty for insurance fraud.** (a) The commissioner may,  
 1.11 upon recommendation of the Commerce Fraud Bureau:

1.12 (1) impose an administrative penalty against any person in an amount as set forth in  
 1.13 paragraph (b) for each intentional act of insurance fraud committed by that person; and

1.14 (2) order restitution to any person suffering loss as a result of the insurance fraud.

1.15 (b) The administrative penalty for each violation described in paragraph (a) may be  
 1.16 no more than:

1.17 (1) \$20,000 if the funds or the value of the property or services wrongfully obtained  
 1.18 exceeds \$5,000;

1.19 (2) \$10,000 if the funds or value of the property or services wrongfully obtained  
 1.20 exceeds \$1,000 but not more than \$5,000;

1.21 (3) \$3,000 if the funds or value of the property or services wrongfully obtained is  
 1.22 more than \$500, but not more than \$1,000; and

1.23 (4) \$1,000 if the funds or value of the property or services wrongfully obtained is  
 1.24 less than \$500.

2.1 (c) If an administrative penalty is not paid after all rights of appeal have been  
2.2 waived or exhausted, the commissioner may bring a civil action in a court of competent  
2.3 jurisdiction to collect the administrative penalty, including expenses and litigation costs,  
2.4 reasonable attorney fees, and interest.

2.5 (d) This section does not affect a person's right to seek recovery against any person  
2.6 that commits insurance fraud.

2.7 (e) For purposes of this subdivision, "insurance fraud" has the meaning given in  
2.8 section 60A.951, subdivision 4.

2.9 (f) Hearings under this subdivision must be conducted in accordance with chapter  
2.10 14 and any other applicable law.

2.11 **Sec. 2. [65B.1325] RIGHT TO CONSULT WITH COUNSEL.**

2.12 An insurer may not settle a claim within 30 days of an accident from which the  
2.13 claim arises unless the insurer gives the claimant written disclosure that the claimant has  
2.14 the legal right to consult with an attorney in evaluating the settlement and the claimant  
2.15 separately and specifically acknowledges the disclosure in writing.

2.16 Sec. 3. Minnesota Statutes 2014, section 65B.44, is amended by adding a subdivision  
2.17 to read:

2.18 Subd. 2a. **Person convicted of insurance fraud.** (a) A person convicted of  
2.19 insurance fraud under section 609.611 in a case related to this chapter or of employment of  
2.20 runners under section 609.612 may not enforce a contract for payment of services eligible  
2.21 for reimbursement under subdivision 2, against an insured or reparation obligor.

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

2.25 **Sec. 4. EFFECTIVE DATE.**

2.26 Sections 1 and 3 are effective the day following final enactment, and apply with  
2.27 respect to acts committed on or after that date.