

## CHAPTER 203 — S.F.No. 1168

*An act relating to insurance; covered claims under the Insurance Guaranty Act; rulemaking power of commissioner on nonrenewal of auto insurance and self-insurance; application fee for self-insurers; commissioner to adopt rules on nonrenewals of policies; amending Minnesota Statutes 1982, sections 60C.09, subdivision 1; 65B.17; and 65B.48, subdivision 3, and by adding a subdivision.*

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

Section 1. Minnesota Statutes 1982, section 60C.09, subdivision 1, is amended to read:

Subdivision 1. **DEFINITION.** A covered claim is any unpaid claim, including one for unearned premium, which:

(a) Arises out of and is within the coverage of an insurance policy issued by a member insurer if the insurer becomes an insolvent insurer after April 30, 1979;

(b) Arises out of a class of business which is not excepted from the scope of Laws 1971, chapter 145 by section 60C.02; and

(c) Is made by:

(i) A policyholder, or an insured beneficiary under a policy, who, at the time of the insured event, was a resident of this state; or

(ii) A person designated in the policy as having an insurable interest in or related to property situated in this state at the time of the insured event; or

(iii) An obligee or creditor under any surety bond, who, at the time of default by the principal debtor or obligor, was a resident of this state; or

(iv) A third party claimant under a liability policy or surety bond, if: (a) the insured or the third party claimant was a resident of this state at the time of the insured event; (b) the claim is for bodily or personal injuries suffered in this state by a person who when he suffered the injuries was a resident of this state; or (c) the claim is for damages to real property situated in this state at the time of damage; or

(v) A direct or indirect assignee of a person who except for the assignment might have claimed under (i), (ii) or (iii).

A covered claim also includes any unpaid claim which arises or exists within 30 days after the time of entry of an order of liquidation with a finding of insolvency by a court of competent jurisdiction unless prior thereto the insured

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replaces the policy or causes its cancellation or the policy expires on its expiration date.

Sec. 2. Minnesota Statutes 1982, section 65B.17, is amended to read:

**65B.17 RENEWAL; NOTICE NOT TO RENEW.**

Subdivision 1. GENERAL REGULATIONS. No insurer shall fail to renew an automobile insurance policy unless it shall mail or deliver to the named insured, at the address shown in the policy, at least 60 days advance notice of its intention not to renew. ~~Said~~ The notice ~~shall~~ must contain the specific underwriting or other reason or reasons for ~~such~~ the nonrenewal. When the failure to renew is based upon a termination of the agency contract, the notice ~~shall~~ must so state. This section ~~shall~~ does not apply:

- (a) If the insurer has manifested its willingness to renew; or
- (b) In case of nonpayment of the renewal premium;

Provided that, notwithstanding the failure of an insurer to comply with this section, the policy ~~shall terminate~~ terminates on the effective date of any other automobile insurance policy procured by the insured, with respect to any automobile designated in both policies. Renewal of a policy ~~shall~~ does not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of ~~such~~ the renewal. No insurer shall fail to renew an automobile policy solely because of the age of the insured. No insurer shall refuse to renew an automobile insurance policy for reasons which are arbitrary or capricious. No insurer shall refuse to renew an automobile insurance policy in violation of rules adopted pursuant to subdivision 2. An insurer may refuse to renew an automobile insurance policy in case of nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance; provided, however, that this provision for nonrenewal for failure to pay dues shall not be applicable to persons who are retired at age 62 years of age or older or who are disabled, according to social security standards.

No insurer shall take any action in regard to an automobile insurance policy on the statements or charges of any person made to the insurer concerning alleged unsafe driving habits of an insured unless the insurer shall concurrently disclose to the insured the name and address of the person from which the insurer received the information.

Subd. 2. RULEMAKING. The commissioner may adopt rules pursuant to chapter 14, including temporary rules, to specify the grounds for nonrenewal of an automobile policy. The rules must limit the basis for nonrenewal to the following factors:

- (a) the reasons stated for cancellation in section 65B.15;

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(b) payments made for collision, bodily injury liability, or property damage liability coverage;

(c) moving violations of a driver; and

(d) other factors deemed reasonable by the commissioner.

The rules must specify the manner in which these factors will be considered and may reflect the severity or recurrence of any moving violation, the amount of any payment made, and the number of vehicles insured.

Subd. 3. ADMINISTRATIVE PENALTY. The rules adopted under this section may provide for imposition of a monetary penalty not greater than \$500 per occurrence upon insurers who are found to be in violation of any rule provision.

Sec. 3. Minnesota Statutes 1982, section 65B.48, subdivision 3, is amended to read:

Subd. 3. Self-insurance, subject to approval of the commissioner, is effected by filing with the commissioner in satisfactory form:

(1) a continuing undertaking by the owner or other appropriate person to pay tort liabilities or basic economic loss benefits, or both, and to perform all other obligations imposed by sections 65B.41 to 65B.71;

(2) evidence that appropriate provision exists for prompt administration of all claims, benefits, and obligations provided by sections 65B.41 to 65B.71; ~~and~~

(3) evidence that reliable financial arrangements, deposits, or commitments exist providing assurance, substantially equivalent to that afforded by a policy of insurance complying with sections 65B.41 to 65B.71, for payment of tort liabilities, basic economic loss benefits, and all other obligations imposed by sections 65B.41 to 65B.71; and

(4) a nonrefundable application fee of \$500.

Sec. 4. Minnesota Statutes 1982, section 65B.48, is amended by adding a subdivision to read:

Subd. 3a. To carry out the purposes of subdivision 3, the commissioner may adopt rules pursuant to chapter 14, including temporary rules. These rules may:

(a) establish reporting requirements;

(b) establish standards or guidelines to assure the adequacy of the financing and administration of self-insurance plans;

(c) establish bonding requirements or other provisions assuring the financial integrity of entities that self-insure; and

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(d) establish other reasonable requirements to further the purposes of this section.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective the date after final enactment.

Approved May 20, 1983

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**CHAPTER 204 — H.F.No. 114**

*An act relating to crimes; prohibiting promotion of minors to engage in sexual performance; defining terms; prohibiting dissemination and possession of works depicting minors in sexual performance; providing penalties; amending Minnesota Statutes 1982, sections 609.342; 609.343; 609.344; 609.345; 609.3641, subdivision 2; 609.3642, subdivision 2; 609.3643, subdivision 2; 609.3644, subdivision 2; 617.241; 617.243; 617.246; 617.247; and 617.298; repealing Minnesota Statutes 1982, section 617.298, subdivision 4.*

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

Section 1. Minnesota Statutes 1982, section 609.342, is amended to read:

**609.342 CRIMINAL SEXUAL CONDUCT IN THE FIRST DEGREE.**

A person is guilty of criminal sexual conduct in the first degree and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$20,000, or both, if he engages in sexual penetration with another person and if any of the following circumstances exists:

(a) The complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(b) The complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(c) Circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another; or

(d) The actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit; or

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