

(2) each of the professional firm's owners meet the requirements of section 319B.07 with regard to at least one of those categories; and

(3) section 319B.40, the relevant licensing statutes, as listed in section 319B.02, subdivision 19, or rules in effect under those licensing statutes, specifically authorize those categories of services to be practiced in combination.

(c) A professional firm may exercise any powers accorded it by its generally applicable governing law, so long as the professional firm exercises those powers solely to provide the pertinent professional services or to accomplish tasks ancillary to providing those services.

(d) A professional firm may not conduct any other business or provide any other services beyond those authorized in this subdivision, either within or outside of Minnesota.

(e) A professional firm may not adopt, implement, or follow a policy, procedure, or practice that would give a board grounds for disciplinary action against a professional who follows, agrees to, or acquiesces in the policy, procedure, or practice.

Presented to the governor April 29, 1997

Signed by the governor May 1, 1997, 4:04 p.m.

CHAPTER 77—H.F.No. 1637

An act relating to insurance; adopting insurance-related recommendations of the arson task force; amending Minnesota Statutes 1996, sections 65A.296, subdivision 1; 65A.50, subdivision 13; 72A.20, subdivision 12; 72A.201, subdivision 8; 299F.053, subdivision 2; and 299F.054, subdivision 4.

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

Section 1. Minnesota Statutes 1996, section 65A.296, subdivision 1, is amended to read:

Subdivision 1. **NOTICE FROM INSURER.** After receiving written notice of a claim by an insured on a homeowner's insurance policy, the insurer may notify the insured that the insurer may deny the claim unless a completed proof of loss is received by the insurer within 60 days of the date on which the written notice under this subdivision was received by the insured. The notice given by the insurer must be sent by certified mail, return receipt requested, and must include a proof of loss form to be completed by the insured together with accompanying instructions for completing the form. The proof of loss form and the accompanying instructions must meet the readability standards of chapter 72C.

Sec. 2. Minnesota Statutes 1996, section 65A.50, subdivision 13, is amended to read:

New language is indicated by underline, deletions by strikeout.

Subd. 13. **RETENTION ON LIST.** (a) A municipality shall remain on the list until a written request for deletion has been received by the commissioner, or until the municipality has failed to comply with paragraph (b), and the amended list has been prepared pursuant to this subdivision.

(b) Municipalities on the list shall report every two years to the commissioner in writing regarding the extent of the municipality's use of this section and the effect of this section on arson fires in that municipality. The report must be filed with the commissioner no later than 90 days after the two-year anniversary of the municipality's placement on the list and thereafter no later than 90 days after each subsequent two-year period. If the commissioner has not received a report required under this paragraph, the commissioner shall promptly provide the municipality a written reminder notice. If the commissioner has not received the report within 30 days after providing the written notice, the municipality shall be treated as having made a written request for deletion under paragraph (a).

Sec. 3. Minnesota Statutes 1996, section 72A.20, subdivision 12, is amended to read:

Subd. 12. **UNFAIR SERVICE.** Causing or permitting with such frequency to indicate a general business practice any unfair, deceptive, or fraudulent act concerning any claim or complaint of an insured or claimant including, but not limited to, the following practices:

(1) misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;

(2) failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;

(3) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

(4) refusing to pay claims without conducting a reasonable investigation based upon all available information;

(5) failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(6) not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear;

(7) compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by the insureds;

(8) attempting to settle a claim for less than the amount to which reasonable persons would have believed they were entitled by reference to written or printed advertising material accompanying or made part of an application;

(9) attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of, the insured;

(10) making claims payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which the payments are being made;

New language is indicated by underline, deletions by ~~strikeout~~.

(11) making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration;

(12) delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information;

(13) failing to promptly settle claims, where liability has become reasonably clear, under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage;

(14) failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement;

(15) requiring an insured to provide information or documentation that is or would be dated more than five years prior to or five years after the date of a fire loss, except for proof of ownership of the damaged property.

Sec. 4. Minnesota Statutes 1996, section 72A.201, subdivision 8, is amended to read:

Subd. 8. **STANDARDS FOR CLAIM DENIAL.** The following acts by an insurer, adjuster, or self-insured, or self-insurance administrator constitute unfair settlement practices:

(1) denying a claim or any element of a claim on the grounds of a specific policy provision, condition, or exclusion, without informing the insured of the policy provision, condition, or exclusion on which the denial is based;

(2) denying a claim without having made a reasonable investigation of the claim;

(3) denying a liability claim because the insured has requested that the claim be denied;

(4) denying a liability claim because the insured has failed or refused to report the claim, unless an independent evaluation of available information indicates there is no liability;

(5) denying a claim without including the following information:

(i) the basis for the denial;

(ii) the name, address, and telephone number of the insurer's claim service office or the claim representative of the insurer to whom the insured or claimant may take any questions or complaints about the denial; and

(iii) the claim number and the policy number of the insured; and

(iv) if the denied claim is a fire claim, the insured's right to file with the department of commerce a complaint regarding the denial, and the address and telephone number of the department of commerce;

(6) denying a claim because the insured or claimant failed to exhibit the damaged property unless:

New language is indicated by underline, deletions by ~~strikeout~~.

(i) the insurer, within a reasonable time period, made a written demand upon the insured or claimant to exhibit the property; and

(ii) the demand was reasonable under the circumstances in which it was made;

(7) denying a claim by an insured or claimant based on the evaluation of a chemical dependency claim reviewer selected by the insurer unless the reviewer meets the qualifications specified under subdivision 8a. An insurer that selects chemical dependency reviewers to conduct claim evaluations must annually file with the commissioner of commerce a report containing the specific evaluation standards and criteria used in these evaluations. The report must be filed at the same time its annual statement is submitted under section 60A.13. The report must also include the number of evaluations performed on behalf of the insurer during the reporting period, the types of evaluations performed, the results, the number of appeals of denials based on these evaluations, the results of these appeals, and the number of complaints filed in a court of competent jurisdiction.

Sec. 5. Minnesota Statutes 1996, section 299F.053, subdivision 2, is amended to read:

Subd. 2. **AUTHORIZED PERSON.** "Authorized person" means:

(a) the state fire marshal when authorized or charged with the investigation of fires at the place where the fire actually took place;

(b) superintendent of the bureau of criminal apprehension;

(c) the prosecuting attorney responsible for prosecutions in the county where the fire occurred;

(d) the sheriff or chief of police responsible for investigation in the county where the fire occurred;

(e) the county attorney responsible for the prosecution in the county where the fire occurred;

(f) the Federal Bureau of Investigation or any other federal agency;

(g) the United States attorney's office when authorized or charged with investigation or prosecution of a case involving a fire loss;

(h) the chief administrative officer of the municipal arson squad or the chief of the fire department responsible for the investigation of the fire under section 299F.04, subdivision 1; or

(i) the commissioner of commerce.

Sec. 6. Minnesota Statutes 1996, section 299F.054, subdivision 4, is amended to read:

Subd. 4. **GOOD FAITH IMMUNITY.** (a) An insurance company or its agent acting in its behalf, or an authorized person who releases information, whether oral or written, acting in good faith, pursuant to subdivisions 1 to 3a is immune from any liability, civil or criminal, that might otherwise be incurred or imposed.

(b) A person who, acting in good faith, reports to an authorized person information, whether oral or written, that is or may be relevant to the investigation of a fire is immune from any civil liability that might otherwise be incurred or imposed.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 7. ARSON REPORTING FACT SHEET.

The Minnesota attorney general, in conjunction with the state fire marshal, shall develop and distribute an arson reporting immunity law fact sheet. The fact sheet must be designed to enhance public understanding of the need to report information, help deter arson, and help prosecute when arson occurs. The attorney general shall offer to the property/casualty insurance industry the opportunity to provide assistance in developing the fact sheet.

Sec. 8. EFFECTIVE DATE.

Sections 1 to 4 are effective January 1, 1998. Sections 5 to 7 are effective the day following final enactment.

Presented to the governor April 29, 1997

Signed by the governor May 2, 1997, 2:00 p.m.

CHAPTER 78—H.F.No. 601

An act relating to local government; authorizing boundary commissions; amending Minnesota Statutes 1996, section 465.79.

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

Section 1. Minnesota Statutes 1996, section 465.79, is amended to read:

465.79 ESTABLISHMENT OF BOUNDARY COMMISSION.

Subdivision 1. CITY COUNCIL, TOWN OR COUNTY BOARD. By resolution, the city council of a statutory or home rule charter city, town board, or county board may create a boundary commission. Members of the commission shall be residents of the county or counties in which the city or town is located who are familiar with real property.

Subd. 2. DUTIES OF BOUNDARY COMMISSION. Upon initiation by resolution of the governing body or upon petition of an adjoining or affected property owner, the boundary commission shall review property descriptions within the city of the disputed areas in the respective jurisdiction. Upon mailed notice to all known parties in interest, the commission shall attempt to establish agreements between adjoining landowners as to the location of common boundaries as delineated by a certified land survey. If agreement cannot be reached, the commission shall make a recommendation as to the location of the common boundary boundaries within the disputed area. The commission shall prepare a plan designating all agreed and recommended boundary lines and report to the city council, town board, or county board.

Subd. 3. HEARING. Upon receipt of the plan and a report from the commission, the city council, town board, or county board shall hold a public hearing. The council, town board, or county board shall give mailed notice to all known parties in interest and published notice 20 days prior to the hearing. The council, town board, or county board shall

New language is indicated by underline, deletions by strikeout.