

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 1027

(SENATE AUTHORS: UTKE)

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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to insurance; providing exemptions to certain insurance company
1.3 requirements; authorizing rulemaking; amending Minnesota Statutes 2020, sections
1.4 60A.01; 60A.205, by adding a subdivision; 60K.49, by adding a subdivision;
1.5 72A.03; 72A.15.

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

1.7 Section 1. Minnesota Statutes 2020, section 60A.01, is amended to read:

1.8 **60A.01 SCOPE.**

1.9 (a) This chapter includes the provisions relating to administration in general and the
1.10 provisions applicable to insurance in general.

1.11 (b) Notwithstanding paragraph (a) and unless otherwise specified in this paragraph, this
1.12 chapter does not apply to surplus lines insurance, surplus lines insurers, or surplus lines
1.13 producers. Surplus lines insurance, surplus lines insurers, and surplus lines producers must
1.14 comply with sections 60A.195 to 60A.209; 60A.08, subdivision 13, paragraph (b), clause
1.15 (4); 60A.14, subdivision 1, paragraph (c), clause (8); and 60A.35.

1.16 Sec. 2. Minnesota Statutes 2020, section 60A.205, is amended by adding a subdivision to
1.17 read:

1.18 Subd. 3. Standards. This section establishes when a risk has been assumed and when
1.19 premiums have been received. This section does not (1) establish conduct a surplus lines
1.20 insurer is prohibited from taking, or (2) authorize the commissioner to take enforcement
1.21 action against a surplus lines insurer or surplus lines producer.

2.1 Sec. 3. Minnesota Statutes 2020, section 60K.49, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 8. **Application.** As provided under section 60K.30, paragraph (b), this section
2.4 does not apply to surplus lines insurers or surplus lines producers.

2.5 Sec. 4. Minnesota Statutes 2020, section 72A.03, is amended to read:

2.6 **72A.03 AGENT OF INSURER; PROCURING PREMIUMS BY FRAUD.**

2.7 Every insurance agent who acts for another in negotiating a contract of insurance by an
2.8 insurance company shall be held to be the company's agent for the purpose of collecting or
2.9 securing the premiums therefor, whatever conditions or stipulations may be contained in
2.10 the contract or policy. Any such agent who by fraudulent representations procures payment,
2.11 or an obligation for the payment, of an insurance premium shall be guilty, for the first
2.12 offense, of a misdemeanor, and for each subsequent offense, of a gross misdemeanor. This
2.13 section does not apply to surplus lines insurers or surplus lines producers.

2.14 Sec. 5. Minnesota Statutes 2020, section 72A.15, is amended to read:

2.15 **72A.15 PENALTY FOR VIOLATION OF LAW PROVIDING FOR INSURANCE**
2.16 **IN UNLICENSED COMPANIES.**

2.17 Every person licensed to procure insurance in an unlicensed foreign company who fails
2.18 to file the affidavit and statement required in such case or who willfully makes a false
2.19 affidavit or statement shall forfeit the license and be guilty, for the first offense, of a
2.20 misdemeanor, and for each subsequent offense, of a gross misdemeanor. This section does
2.21 not apply to surplus lines insurers or surplus lines producers.

2.22 Sec. 6. **EFFECT OF CERTAIN ADMINISTRATIVE RULES; APPLICATION.**

2.23 (a) Minnesota Rules, chapter 2795, does not apply to surplus lines insurers or surplus
2.24 lines producers.

2.25 (b) The commissioner of commerce must adopt rules, as appropriate, to ensure Minnesota
2.26 Rules, chapter 2795, is consistent with this section. If rulemaking is necessary to comply
2.27 with this section, the commissioner of commerce may use the procedure established under
2.28 Minnesota Statutes, section 14.388, to adopt the needed administrative rule changes.