

1 Department of Commerce

2

3 Adopted Rules Relating to Automobile Insurance Nonrenewals

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5 Rules as Adopted

6 2770.7500 STATUTORY AUTHORITY.

7 Parts 2770.7500 to 2770.8500 apply to all companies writing
8 policies of private passenger vehicle insurance. They are
9 adopted under Minnesota Statutes, section 65B.17, subdivision 2.

10 2770.7600 PURPOSE.

11 Parts 2770.7500 to 2770.8500 are designed to limit the
12 reasons a policy of private passenger vehicle insurance may not
13 be renewed.

14 2770.7700 DEFINITIONS.

15 Subpart 1. Scope. For the purposes of parts 2770.7500 to
16 2770.8500, the terms defined in this part have the meanings
17 given them.

18 Subp. 2. Chargeable accident. "Chargeable accident" means
19 an accident in which the insurer nonrenewing the policy makes a
20 payment under bodily injury, property damage, or collision
21 coverages, except under the following conditions:

22 A. In a collision loss, where the insurer recovers 80
23 percent or more of the insurers loss through subrogation.

24 B. The automobile was damaged through being struck
25 while being lawfully parked. An automobile rolling from a
26 parked position, or a door opened into traffic causing an
27 accident, is not considered being lawfully parked.

28 C. The insured or other driver of the automobile has
29 been paid by the other party, or has a judgment against the
30 other party in the accident.

31 D. The accident was one in which the damage was
32 caused by the vehicle being rear-ended by another vehicle,
33 unless the driver of the struck vehicle has been convicted of a
34 moving traffic violation in conjunction with the accident.

35 E. The driver of the other vehicle in the accident

1 has been convicted of a moving violation in conjunction with the
2 accident, and the driver of the insured vehicle has not been
3 convicted of a moving violation in conjunction with the accident.

4 F. The insured automobile was damaged by contact with
5 a "hit-and-run" vehicle, if this contact is reported to the
6 police, highway patrol, or sheriff within 24 hours after
7 discovery.

8 "Chargeable accident" also includes any accident for which
9 payment is made under the comprehensive portion of the physical
10 damage coverage of a policy under the following conditions:

11 (1) a vehicle falling through the ice of any body
12 of water;

13 (2) a single vehicle accident in which the loss
14 would normally be paid under collision coverage but glass
15 breakage is paid under the comprehensive coverage of a policy
16 that does not have collision coverage; or

17 (3) payments made under personal injury
18 protection coverage to an insured driver who is involved in a
19 single vehicle accident in which damage to property occurs.

20 Subp. 3. Commercial vehicle. "Commercial vehicle" is as
21 defined in Minnesota Statutes, section 65B.43, subdivision 12.

22 Subp. 4. Emergency vehicle. "Emergency vehicle" means an
23 automobile used in response to an emergency if the operator is
24 responding to a call of duty as a paid or volunteer member of
25 any police or fire department, first aid squad, or any law
26 enforcement agency.

27 Subp. 5. Experience period. "Experience period" means
28 three years from the date of a chargeable accident or incident
29 referred to in part 2770.7800, subpart 2, to the renewal date of
30 the policy and in the case of a moving traffic violation, three
31 years from the date of occurrence to the renewal date of the
32 policy.

33 Subp. 6. Hit and run vehicle. "Hit and run vehicle" means
34 a vehicle that leaves the scene of an accident in violation of
35 Minnesota Statutes, section 169.09, subdivisions 1, 2, 4, and 5,
36 or the comparable provisions of the laws of another jurisdiction

1 where the accident occurred.

2 Subp. 7. Multiline contract. "Multiline contract" means
3 an insurance contract that insures more than one line of
4 insurance under one contract, such as homeowners and automobile
5 coverages within one contract.

6 Subp. 8. Nonrenewal. "Nonrenewal" includes any nonrenewal
7 notice sent to a named insured informing the named insured that
8 the insurer is terminating or intends to terminate a policy as
9 of a certain date. In order to be valid, the notice must comply
10 with all other applicable laws and rules, including Minnesota
11 Statutes, section 65B.17, and part 2770.8100.

12 Nonrenewal also includes:

13 A. any reduction in the limits of liability of
14 coverage, except a termination or modification of towing
15 coverage;

16 B. an increase of a physical damage deductible unless
17 all the existing policies and those policies to be accepted as
18 new business by the insurer in this state will have the same
19 higher deductibles applied; and

20 C. the transfer of a named insured from one rating
21 plan to another within the same company, or the transfer of a
22 named insured from one company to another within a group of
23 insurance companies, if the transfer results in a higher
24 premium. This does not apply to a surcharge on an existing
25 policy.

26 Subp. 9. Points. "Points" means the grading system by
27 which each chargeable accident and violation is assigned a
28 certain number of points to determine if a policy is subject to
29 nonrenewal.

30 Subp. 10. Policy. "Policy" means a policy of automobile
31 insurance as defined in Minnesota Statutes, section 65.14,
32 subdivision 2. The term also includes motorcycles and
33 commercially rated policies of less than five vehicles.

34 Subp. 11. Private passenger vehicle. "Private passenger
35 vehicle" is as defined in Minnesota Statutes, section 65B.001,
36 subdivision 3.

1 Subp. 12. Private passenger vehicle insurance. "Private
2 passenger vehicle insurance" is as defined in Minnesota
3 Statutes, section 65B.001, subdivision 2. The term includes
4 commercially rated policies of less than five vehicles.

5 Subp. 13. Violations. "Violations" means all moving
6 traffic violations that are recorded by the Department of Public
7 Safety on a household member's motor vehicle record, and
8 violations reported by a similar authority in another state, or
9 reported by the insured, except for equipment violations,
10 driving an unregistered vehicle, driving with an expired
11 driver's license, or driving without a valid driver's license in
12 possession.

13 2770.7800 REASONS FOR NONRENEWAL.

14 Subpart 1. Entire policy. The grounds for nonrenewal of
15 an entire policy are limited to one or more of the following
16 reasons:

17 A. The reasons stated in Minnesota Statutes, section
18 65B.15, subdivision 1.

19 B. An insured equals or exceeds the relevant number
20 of points specified in part 2770.8000.

21 C. Termination of the agency contract, provided that
22 if a named insured is 65 years of age or older, the insurer
23 shall notify the named insured of his or her right to continue
24 the policy in force if the named insured makes the request in
25 writing prior to the termination date. This item does not apply
26 if the insurer assigns the terminated agent's book of business
27 to another agent.

28 D. An insurer ceases to write auto insurance in
29 Minnesota. An insurer writing both commercial vehicle insurance
30 and private passenger auto insurance can cease to write either
31 line and continue to offer coverage in the other line.

32 E. A commercial auto policy governed by these parts
33 may be nonrenewed if the insurer ceases writing a selected
34 classification and all insureds in the classification are
35 nonrenewed. It may do so by nonrenewing all risks in the
36 classification, and by not rewriting any business in that class

1 for a period of one year after the last risk is nonrenewed.

2 F. Failure of the insured to provide necessary
3 underwriting information upon written request from the insurer.
4 Before a nonrenewal notice can be issued under this part, two
5 written requests asking for the information must be sent to the
6 insured stating the reasons why the information is necessary.
7 The second notice must inform the insured of the intent to
8 nonrenew the policy if the information is not received. Medical
9 reports and examinations required by the insurer must be paid
10 for by the insurer.

11 G. An insured has two or more total theft of vehicle
12 claims during the experience period and the vehicles are not
13 recovered.

14 H. If an insurer encounters a situation in which the
15 insurer believes that the nonrenewal would not be arbitrary and
16 capricious but the situation is not addressed by these parts,
17 the following procedure may be taken:

18 (1) Notify the commissioner in writing, at least
19 90 days prior to the policy renewal date, by referring to this
20 part and by stating the reasons for the proposed nonrenewal
21 action.

22 (2) If the commissioner determines that the
23 situation is not covered by these parts, but could possibly
24 warrant a nonrenewal, the penalties in part 2770.8500 must be
25 waived. The commissioner may decline to render an opinion.

26 (3) The waiver of penalty decision must be
27 retained by the insurer. A copy of the waiver of penalty
28 decision must be returned to the commissioner by the insurer
29 with its response to a written complaint made by the insured.

30 (4) The commissioner's decision regarding waiver
31 of penalties will have no bearing on the final decision as to
32 the approval or disapproval of the nonrenewal action.

33 (5) There is no precedential value in the
34 commissioner's action under this part and each request must be
35 judged on individual considerations.

36 Subp. 2. Physical damage portion of policy. The grounds

1 for nonrenewal of the physical damage portion of a policy are
2 limited to the following:

3 A. If three or more comprehensive claim payments have
4 been made during the experience period, or two or more
5 comprehensive payments have been made during the most recent
6 12-month period, a policy that does not have a comprehensive
7 deductible may be changed to a deductible not greater than \$100,
8 or a policy that has a comprehensive deductible may be increased
9 to the next highest deductible level offered by the insurer or
10 up to \$100, whichever is greater. Only one increase of
11 deductibles is allowed during the experience period unless
12 additional payments are made after the increase of a
13 deductible. A change in a deductible requires a nonrenewal
14 notice.

15 B. The physical damage portion of a policy may be
16 nonrenewed if there has been a total of three payments for a
17 single vehicle insured or four payments for a multiple vehicle
18 insured during the experience period for any combination of the
19 following:

20 (1) comprehensive payments, except towing and
21 those caused by natural causes;
22 (2) chargeable accident collision payments; or
23 (3) collision payments due to hit and run
24 vehicles.

25 2770.7900 SCHEDULE OF POINTS FOR VIOLATION OR CHARGEABLE
26 ACCIDENT.

27 Subpart 1. In general. Subparts 2 to 7 show the points
28 assigned to each violation and chargeable accident during the
29 experience period.

30 Subp. 2. Four points. Four points will be assigned for
31 each of the following:

32 A. leaving the scene of an accident without stopping
33 to report;

34 B. a felony involving the use of a motor vehicle,
35 including manslaughter, criminal negligence, or assault
36 originating out of the use of a motor vehicle;

C. theft of, or unlawful taking of, a motor vehicle;

D. any violation that results in the suspension or revocation of an operators' license, such as an implied consent or a DWI; and

E. unlawful driving after suspension or revocation of an operators' license.

Subp. 3. Two and one-half points. Two and one-half points will be assigned for reckless driving.

Subp. 4. One and one-half points. One and one-half points will be assigned for careless driving.

Subp. 5. One point. One point will be assigned for:

A. a chargeable accident where total payment exceeds \$500, not including payments made under uninsured motorist, underinsured motorist coverage, or personal injury protection, unless defined as a chargeable accident; and

B. an open bottle violation.

Subp. 6. Three-fourths point. Three-fourths of a point will be assigned for the second and each subsequent violation for speeding during the experience period per individual operator.

Subp. 7. One-half point. One-half point will be assigned for:

A. the first violation for speeding during the experience period per individual operator;

B. a chargeable accident where total payment is \$500 or less, not including payments made under uninsured motorist, underinsured motorist coverage, or personal injury protection, unless defined as a chargeable accident;

C. allow open bottle violation; and

D. all other violations.

2770.8000 POINTS FOR NONRENEWAL.

Subpart 1. Schedule. The following schedule shows the number of points that must be accumulated before a policy can be nonrenewed:

Number of household	Number of Points
vehicles insured by	required to nonrenew

1 the same insurer

2 1 2

3 2 3

4 3 3-1/2

5 4 or more 4

6 Subp. 2. Exceptions. If one operator accumulates three
7 points or more, a policy or policies may be nonrenewed
8 regardless of the number of insured vehicles in the household.
9 If at the time the nonrenewal was sent, a nonspouse household
10 member owns an automobile and a policy of his or her own, then
11 that household member's driving record cannot be used to
12 determine a basis for nonrenewal of policies of other household
13 members, except for violations in the four-point category.

14 Accidents or violations occurring while operating a
15 commercial vehicle or an emergency vehicle cannot be used to
16 accumulate points for nonrenewing a private passenger vehicle
17 policy, except for violations in the four-point category.

18 2770.8100 NONRENEWAL NOTICES.

19 A nonrenewal notice must be on a form approved by the
20 Department of Commerce and it must contain on the front of the
21 the notice specific reasons for the nonrenewal and the
22 information required by Minnesota Statutes, section 65B.19
23 regarding the right of complaint and the availability of the
24 Minnesota Automobile Insurance Plan. The make and year of the
25 vehicle being nonrenewed must be shown on the notice. The
26 specific reason given for the nonrenewal must include the
27 following information:

28 A. in the case of violations: the name of the
29 driver, the type of violation, the date of the violation, and
30 the point value of each violation;

31 B. in the case of chargeable accidents: the name of
32 the driver, whether the payment is in excess of or under \$500,
33 the date of the accident, and the point value of each accident;
34 and

35 C. in the case of physical damage nonrenewals under
36 part 2770.7800, subpart 2, items A and B: the date of the loss

1 and the type of the loss.

2 The printing of these items on the back of the notice or on
3 a separate sheet will not comply with this part.

4 The named insured cannot waive his or her right to receive
5 a nonrenewal notice unless advised fully, in writing, as to his
6 or her rights under the nonrenewal statutes and these parts.

7 2770.8200 RECORD KEEPING.

8 Each insurance company shall keep a register of all
9 cancellations, as defined in Minnesota Statutes, section 65B.15,
10 and nonrenewals, as defined in Minnesota Statutes, section
11 65B.17 and part 2770.7800, subpart 1, item B. This register
12 must be available to the commissioner of commerce, or his
13 designee, at any time. The termination register must be
14 retained for three years and need not include terminations for
15 nonpayment of premium.

16 2770.8300 AUTOMATIC COVERAGE ON NEWLY ACQUIRED AND REPLACEMENT
17 VEHICLES.

18 Parts 2770.7500 to 2770.8500 also apply to newly acquired
19 vehicles and replacement vehicles which qualify for the
20 automatic coverage provisions of a policy.

21 2770.8400 NONRENEWAL OF MULTILINE CONTRACTS.

22 Nothing in parts 2770.7500 to 2770.8500 prohibits an
23 insurance company from nonrenewing a multiline insurance
24 contract. However, if these parts prevent nonrenewal of the
25 automobile insurance portion of the contract, then the insurance
26 company shall issue to the named insured a policy of automobile
27 insurance providing coverage as included in the multiline
28 contract.

29 2770.8500 PENALTIES.

30 Subpart 1. Generally. Failure to comply with parts
31 2770.7500 to 2770.8500 subjects the insurers to the following
32 penalties during each calendar year period:

33 A. first violation, \$100;

34 B. second violation, \$300; and

1 C. third and subsequent violation, \$500.

2 Monetary penalties must be waived if the commissioner
3 determines that the nonrenewal notice was based on a good faith
4 judgment supported by evidence that was in the possession of the
5 insurer at the time of the sending of the nonrenewal notice, or
6 if the nonrenewal was subject to the waiver of penalty
7 provisions in part 2770.7800, subpart 1, item H.

8 Subp. 2. Disapproval by commissioner. Any nonrenewal of a
9 policy in violation of parts 2770.7500 to 2770.8500 must be
10 disapproved by the commissioner of commerce under Minnesota
11 Statutes, section 65B.21.

12 Subp. 3. Additional penalties. Nothing contained in this
13 part prohibits the commissioner of commerce from applying
14 additional penalties or remedies as may be imposed under
15 Minnesota Statutes, chapter 72A.

16 Subp. 4. Application and effective date. Monetary
17 penalties become effective for any nonrenewal in violation of
18 parts 2770.7500 to 2770.8500 sent on or after January 1, 1984.

19
20 EFFECTIVE DATE. Parts 2770.7500 to 2770.8500 supercede 4 MCAR
21 SS 1.9081-1.90892 [Temporary] from the effective date of parts
22 2770.7500 to 2770.8500.