

# MINNESOTA STATUTES 1977 SUPPLEMENT

## PROHIBITIONS; PENALTIES 72A.061

### 70A.06 Filing requirements.

[For text of subs 1 and 2, see M.S.1976]

Subd. 3. Subdivisions 1 and 2 shall not apply to policies or rates for inland marine risks which by general custom of the business are not written according to manual rates or rating plans, except that subdivisions 1 and 2 shall apply to policies insuring the personal property purchased under a credit transaction or a credit transaction involving a debtor pledging personal property as collateral. For purposes of this subdivision the personal property insured in credit transactions or credit transactions involving a debtor pledging personal property as collateral shall refer only to such personal property of the debtor used for his personal use and not used in any business, trade or profession of the debtor.

[For text of subd 4, see M.S.1976]

[ 1977 c 365 s 2 ]

### CHAPTER 72A.PROHIBITIONS; PENALTIES; REGULATION OF TRADE PRACTICES; UNAUTHORIZED INSURERS FALSE ADVERTISING PROCESS ACT

Sec. 72A.06	Repealed.	Sec. 72A.07	Violations of laws relating to agents, penalties.
72A.061	Mandatory filings; failure to comply; penalties. [New]	72A.51	Right to cancel. [New]
		72A.52	Notice requirements. [New]
		72A.53	Vending machine sales. [New]

72A.06 [ Repealed, 1977 c 316 s 3 ]

72A.061 Mandatory filings; failure to comply; penalties.

Subdivision 1. **Annual statements.** Any insurance company licensed to do business in this state, including fraternal, reciprocal and township mutuals, which neglects to file its annual statement in the form prescribed and within the time specified by law shall be subject to a penalty of \$25 for each day in default. If, at the end of 90 days, the default has not been corrected, the company shall be given ten days in which to show cause to the commissioner why its license should not be suspended. If the company has not made the requisite showing within the ten day period, the license and authority of the company may, at the discretion of the commissioner, be suspended during the time the company is in default.

Any insurance company, including fraternal, reciprocal, and township mutuals, wilfully making a false annual or other required statement shall pay a penalty to the state not to exceed \$5,000. Either or both of the monetary penalties imposed by this subdivision may be recovered in a civil action brought by and in the name of the state.

Subd. 2. **Articles of incorporation; bylaws.** Any insurance company licensed to do business in this state, including fraternal and township mutuals, which neglects to file amended bylaws or related amendments within 30 days after date of approval by shareholders or members of the company shall be subject to a penalty of \$25 for each day in default.

Any insurance company licensed to do business in this state, including fraternal and township mutuals, which neglects to file amended articles of incorporation or related amendments within 30 days after date of approval by shareholders or members of the company shall be subject to a penalty of \$25 for each day in default, provided that foreign insurers shall be allowed 60 days in which to file.

If after 90 days the filings required under this subdivision are still in default, the company shall be given ten days in which to show cause why its license should not be suspended.

Subd. 3. **Other filings.** Any insurance company licensed to do business in this state, including fraternal, reciprocal, and township mutuals, which neglects to comply with any other mandatory filing in the form prescribed and within the time specified by law or as specified on the document shall be subject to a penalty of

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\$25 for each day in default. If after 90 days a default has not been corrected, the company shall be given ten days in which to show cause why its license should not be suspended.

Subd. 4. **Suspension, discretionary powers.** Any company which writes new business in this state, including fraternal, reciprocals and township mutuals, while its license is suspended and after it has been notified by the commissioner by a notice mailed to the home office of the company that its license has been suspended shall pay to the state the sum of \$25 for each contract of insurance entered into by it after being notified of its license suspension. The notification shall be mailed by registered letter and deemed to have been received by the company at its home office in the usual course of the mails.

Subd. 5. **Extensions.** The commissioner may grant an extension of any filing deadline or requirement specified by this section, if he receives, not less than ten days before the date of default, satisfactory evidence of imminent hardship to the company.

Subd. 6. **Penalties; deposit to general fund.** All penalties recovered pursuant to this section shall be paid into the general fund.

[ 1977 c 316 s 1 ]

## 72A.07 Violations of laws relating to agents, penalties.

Any person, firm, or corporation violating, or failing to comply with, any of the provisions of section 60A.17 and any person who acts in any manner in the negotiation or transaction of unlawful insurance with an insurance company not licensed to do business in the state, or who, as principal or agent, violates any provision of law relating to the negotiation or effecting of contracts of insurance, shall be guilty of a misdemeanor. Upon the filing of a complaint by the commissioner of insurance in a court of competent jurisdiction against any person violating any provisions of this section, the county attorney of the county in which the violation occurred shall prosecute the person. Upon the conviction of any agent or solicitor of any violation of the provisions of section 60A.17, the commissioner shall suspend the authority of the agent or solicitor to transact any insurance business within the state for a period of not less than three months. Any insurer employing an agent and failing to procure a license, as required by section 60A.17, or allowing the agent to transact business for it within the state before a license has been procured, shall pay the commissioner, for the use of the state, a penalty of \$25 for each offense. Each sale of an insurance policy by an unlicensed agent shall constitute a separate offense, but no insurer shall be required to pay more than \$300 in penalties as a result of the activities of a single unlicensed agent. In the event of failure to pay a penalty within ten days after notice from the commissioner, the authority of the insurer to do business in this state shall be revoked by the commissioner until the penalty is paid. No insurer whose authority is revoked shall be readmitted until it shall have complied with all the terms and conditions imposed for admission in the first instance. Any action taken by the commissioner under this section shall be subject to review by the district court of the county in which the office of the commissioner is located.

[ 1977 c 243 s 4 ]

## 72A.51 Right to cancel.

Subdivision 1. For the purposes of sections 72A.51 and 72A.52 "date of purchase" means the date on which the purchaser receives a copy of the policy or contract.

Subd. 2. Any individual person may cancel an individual policy of insurance against loss or damage by reason of the sickness of the assured or his dependents, a nonprofit health service plan contract providing benefits for hospital, surgical and medical care, a health maintenance organization subscriber contract, or a policy of insurance authorized by section 60A.06, subdivision 1, clause (4), by returning the policy or contract and by giving written notice of cancellation any time before midnight of the tenth day following the date of purchase. Notice of cancellation may be given personally, by mail, or by telegram. The policy or contract may be returned

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## READABILITY OF INSURANCE POLICIES 72C.02

personally or by mail. If by mail, the notice or return of the policy or contract is effective upon being postmarked, properly addressed and postage prepaid.

Subd. 3. A person's cancellation of an insurance policy or contract under sections 72A.51 and 72A.52 is without liability on his part and he is entitled to a refund of the entire consideration paid for the policy or contract within ten days after notice of cancellation and the returned policy or contract are received by the insurer or its agent. Cancellation of an insurance policy or contract under sections 72A.51 or 72A.52 makes the policy or contract void from its inception.

Subd. 4. A person may not waive or surrender his right to cancel an insurance policy or contract under sections 72A.51 and 72A.52.

[ 1977 c 178 s 1 ]

### 72A.52 Notice requirements.

Subdivision 1. In addition to all other legal requirements a policy or contract of insurance described in section 72A.51 shall show the name and address of the insurer and the seller of the policy or contract and shall state, clearly and conspicuously in bold face type of a minimum size of ten points, a notice in the following form or its equivalent: "RIGHT TO CANCEL. You may cancel this policy by delivering or mailing a written notice or sending a telegram to (insert name and mailing address of the insurer or the seller of the policy or contract) and by returning the policy or contract before midnight of the tenth day after the date you receive the policy. Notice given by mail and return of the policy or contract by mail are effective on being postmarked, properly addressed and postage prepaid. The insurer must return all payments made for this policy within ten days after it receives notice of cancellation and the returned policy."

Subd. 2. If a policy or contract of insurance covered by this section is sold without compliance with subdivision 1, the policy or contract may be cancelled by the purchaser at any time within one year after the date of purchase by returning the policy or contract and by giving written notice of cancellation to the insurer or its agent. If a purchaser cancels a policy or contract under this subdivision, the insurer must return the entire consideration paid for the policy or contract within ten days after he receives notice of cancellation and the returned policy or contract.

[ 1977 c 178 s 2 ]

### 72A.53 Vending machine sales.

Sections 72A.51 and 72A.52 shall not apply to insurance sold pursuant to section 60A.18.

[ 1977 c 178 s 3 ]

## CHAPTER 72C. READABILITY OF INSURANCE POLICIES

Sec.		Sec.	
72C.01	Citation. [New]	72C.09	Flesch scale analysis readability score, procedures. [New]
72C.02	Purpose. [New]	72C.10	Filing requirements; duties of the commissioner. [New]
72C.03	Scope. [New]	72C.11	Application to policies, dates; duties of the commissioner. [New]
72C.04	Definitions. [New]	72C.12	Commissioner's powers and duties. [New]
72C.05	Cover sheet requirements. [New]	72C.13	Construction. [New]
72C.06	Readability. [New]		
72C.07	Legibility. [New]		
72C.08	Format requirements. [New]		

### 72C.01 Citation.

Sections 72C.01 to 72C.13 may be cited as the "Readability of Insurance Policies Act".

[ 1977 c 345 s 1 ]

### 72C.02 Purpose.

The purpose of sections 72C.01 to 72C.13 is to provide that insurance policies and contracts be readable and understandable to a person of average intelligence, experience, and education. All insurers shall be required by sections 72C.01 to