

CHAPTER 65A

FIRE AND RELATED INSURANCE

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65A.01 MINNESOTA STANDARD FIRE INSURANCE POLICY.

[For text of subs 1 to 3, see M.S.1986]

Subd. 3a. Cancellation. (1) There shall be printed in the policy or an endorsement attached to the policy a printed form in the following words:

When this policy has been issued to cover buildings used for residential purposes other than a hotel or motel and has been in effect for at least 60 days, or if it has been renewed, this policy shall not be canceled, except for one or more of the following reasons which shall be stated in the notice of cancellation:

- (a) Nonpayment of premium;
- (b) Misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim thereunder;
- (c) An act or omission of the insured which materially increases the risk originally accepted;
- (d) Physical changes in the insured property which are not corrected or restored within a reasonable time after they occur and which result in the property becoming uninsurable; or
- (e) 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 the insurance.

Provided, however, that this limitation on cancellation shall not apply to additional coverages in a divisible policy, other than a policy of fire and extended coverage insurance. If this company cancels the additional coverages, it may issue a new, separate fire policy at a premium calculated on a pro rata basis for the remaining period of the original policy.

(2) The provisions of clause (1)(e) shall not be included in the language of the policy or endorsement unless the payment of dues to an association or organization, other than an insurance association or organization, is a prerequisite to obtaining or continuing the insurance.

[For text of subs 4 to 6, see M.S.1986]

History: 1987 c 337 s 89

65A.03 BINDERS, TEMPORARY INSURANCE.

Subdivision 1. Generally. Binders or other contracts for temporary insurance may be made orally or in writing, and shall be deemed to include all the terms of such standard fire insurance policy and all such applicable endorsements as may be designated in such contract of temporary insurance; except that the clause specifying the hour of the day at which the insurance shall commence, may be superseded by the express terms of such contract of temporary insurance.

[For text of subs 2 and 3, see M.S.1986]

History: 1987 c 337 s 90

65A.10 LIMITATION.

Nothing contained in sections 65A.08 and 65A.09 shall be construed to preclude insurance against the cost, in excess of actual cash value at the time any loss or damage occurs, of actually repairing, rebuilding or replacing the insured property. Subject to any applicable policy limits, where an insurer offers replacement cost insurance, the insurance must cover the cost of replacing, rebuilding, or repairing any loss or damaged property in accordance with the minimum code as required by state or local authorities. In the case of a partial loss, unless more extensive coverage is otherwise specified in the policy, this coverage applies only to the damaged portion of the property.

History: 1987 c 337 s 91

65A.29 CANCELLATION; NONRENEWAL; REFUSAL TO WRITE.

[For text of subs 1 to 9, see M.S.1986]

Subd. 10. **Return of unearned premium.** Cancellation of a policy of homeowner's insurance pursuant to this section is not effective unless any unearned premium due the insured is returned to the insured with the notice of cancellation or is delivered or sent by mail to the insured so as to be received by the insured not later than the effective date of cancellation. If the premium has been paid by the insured's agent and debited to the agent's account with the company, upon cancellation, the unearned premium must be credited to the agent's account with the company.

History: 1987 c 337 s 92

65A.295 HOMEOWNER'S INSURANCE COVERAGE.

(a) Every insurer writing homeowner's insurance in this state shall make available at least one form of homeowner's policy for each level of peril coverage offered by the insurer in which the insured has the option to specify the dollar amount of coverage provided for structures other than the dwelling and for personal property. The premium must be reduced to reflect the reduced risk of lesser coverage.

(b) A written notice must be provided to all applicants for homeowner's insurance at the time of application informing them of the options provided in paragraph (a).

(c) Coverage for structures other than the dwelling is the coverage provided under "Coverage B, Other Structures" in the standard homeowner's policy. Coverage for personal property is the coverage provided under "Coverage C, Personal Property" in the standard homeowner's package policy.

(d) "Level of peril" refers to basic, broad, and all risk levels of coverage.

History: 1987 c 293 s 1

65A.35 FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.

[For text of subs 1 to 4, see M.S.1986]

Subd. 5. **Administration.** (1) The facility shall be administered by a governing board of nine directors, five of whom are elected by the members of the facility and four who represent the public. Public directors may include licensed insurance agents. Public directors are appointed by the commissioner. At least one elected director shall be a domestic stock insurer, and at least one director shall be a domestic nonstock insurer. In the election of directors, each member of the facility shall be allotted votes bearing the same ratio to the total number of votes to be cast as its degree of participation in the facility bears to the total participation.

(2) Any vacancy among the elected directors shall be filled by a vote of the other elected directors.

(3) If at any time the directors fail to elect the required number of members to the board, or a vacancy remains unfilled for more than 15 days, the commissioner may appoint the members necessary to constitute a full board of directors.

(4) Vacancies among directors appointed by the commissioner shall be filled by appointment by the commissioner. A person so appointed serves until the end of the term of the member they are replacing.

(5) All directors serve for a period of two years. The terms of all directors begin on January 1 of the year their appointment begins.

(6) The plan of operation must provide for adequate compensation of directors. A per diem amount and a procedure for reimbursement of expenses incurred in the discharge of their duties must be included in the plan. Directors whose employers compensate them while serving on the board or who would submit their compensation to their employer are not eligible for compensation under the plan.

[For text of subd 6, see M.S.1986]

History: 1987 c 337 s 93

65A.375 RATES FOR COOPERATIVE HOUSING AND NEIGHBORHOOD REAL ESTATE TRUST INSURANCE.

The commissioner shall set the insurance rates for cooperative housing, organized under chapter 308, and for neighborhood real estate trusts, characterized as nonprofit ownership of real estate with resident control. The rates must be actuarially sound.

History: 1987 c 337 s 94

65A.39 RIGHT OF APPEAL.

(a) Any applicant or participating insurer shall have the right of appeal to the board of directors, which shall promptly determine the appeal. A decision of the board may be appealed to the commissioner within 30 days from notice of the action or decision. The commissioner shall promptly determine the appeal. Each denial of insurance shall be accompanied by a statement that the applicant has the right of appeal to the board and the commissioner and setting forth the procedures to be followed for the appeal. A final action of the commissioner is subject to judicial review as provided in chapter 14.

(b) In lieu of the appeal to the commissioner under paragraph (a), an applicant or insurer may seek judicial review of the board's action.

History: 1987 c 337 s 95