

CHAPTER 65A

FIRE AND RELATED INSURANCE

65A.061 Creditors limited to existing insurance.
 65A.29 Cancellation; nonrenewal; refusal to write.
 65A.33 Definitions.

65A.375 Rates for cooperative housing and neighborhood real estate trust insurance.

65A.061 CREDITORS LIMITED TO EXISTING INSURANCE.

When a creditor requires a debtor to provide insurance on real or personal property security against reasonable risks of loss, damage, or destruction, no insurance shall be sold or placed by or through the creditor if the debtor provides the creditor with a loss payable through existing policies of insurance that the debtor owns or controls. This section does not apply if the existing insurance is in an amount less than the amount of indebtedness to be secured on the real or personal property.

This section does not prevent the disapproval of the insurer or a policy of insurance where there are reasonable grounds for believing that the insurer is insolvent or that the insurance is unsatisfactory as to placement with an unauthorized insurer, adequacy of the coverage, adequacy of the insurer to assume the risk to be insured, the assessment features to which the policy is subject, or other grounds that are based on the nature of the coverage and that are not arbitrary, unreasonable, or discriminatory. This section does not prevent a mortgage lender or mortgage servicer from requiring that a policy of insurance or renewal of the policy be in conformance with standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, nor does this section forbid the securing of a policy of insurance or a renewal of the policy at the request of the borrower or because of the borrower's failure to furnish the necessary insurance or renewal.

This section supersedes any inconsistent provision of law to the contrary.

History: 1989 c 330 s 25

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

[For text of subds 1 to 7, see M.S.1988]

Subd. 8. Rules. (a) The commissioner may adopt rules pursuant to chapter 14, to specify the grounds for nonrenewal, reduction in limits of coverage, or elimination of coverage of a homeowner's policy. The rules must limit the grounds to the following factors:

- (1) reasons stated for cancellation in section 65A.01, subdivision 3a;
- (2) reasons stated in section 72A.20, subdivision 13;
- (3) insured's loss experience, not to include natural causes; and
- (4) other factors deemed reasonable by the commissioner.

The rules may give consideration to the form and content of the termination notice to the insured, a statement as to what constitutes receipt of the termination notice, and the procedure by which the insured may appeal a termination notice.

The rules adopted under this subdivision may provide for imposition of a monetary penalty not greater than \$500 per occurrence upon insurers who are found to be in violation of the law or the rules.

(b) In addition to any rules adopted under this subdivision, an insured may appeal any nonrenewal under this section to the commissioner of commerce. If the commissioner finds that the nonrenewal is unjustified, arbitrary, or capricious, the commissioner shall order the insurer to reinstate the insured's policy. The commissioner's order may be appealed pursuant to chapter 14. The insured's policy shall continue in force pending the conclusion of the appeal to the commissioner. The insurer must notify the

insured of the insured's right to appeal the nonrenewal to the commissioner in the notice of nonrenewal required under subdivision 7.

[For text of subds 9 and 10, see M.S.1988]

Subd. 11. Nonrenewal plan. Every insurer shall establish a plan that sets out the minimum number and amount of claims during an experience period that may result in a nonrenewal. A clear and concise written statement of this plan must be provided to the insured at the time claim forms and instructions are provided to the insured or a claimant under section 72A.201, subdivision 4.

The plan must, at a minimum, comply with the requirements of subdivision 8 and the rules adopted by the commissioner.

Subd. 12. Definition. For purposes of this section, "homeowner's insurance" includes mobile home insurance.

History: 1989 c 260 s 9-11

65A.33 DEFINITIONS.

[For text of subds 1 and 2, see M.S.1988]

Subd. 3. "Property or liability insurance" means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, homeowners insurance, as defined in section 65A.27, subdivision 4, cooperative housing insurance, condominium insurance, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. Property or liability insurance does not include automobile, commercial liability, or such manufacturing risks as may be excluded by the commissioner.

[For text of subds 4 to 8, see M.S.1988]

History: 1989 c 260 s 12

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 308A, and for neighborhood real estate trusts, characterized as nonprofit ownership of real estate with resident control. The rates must be actuarially sound.

History: 1989 c 356 s 5