

CHAPTER 59A

INSURANCE PREMIUM FINANCE COMPANIES

59A.08 Premium finance agreements.
59A.11 Cancellation of insurance contract upon default.

59A.14 Repealed.

59A.08 PREMIUM FINANCE AGREEMENTS.

[For text of subds 1 and 2, see M.S.1996]

Subd. 3. Additional or subsequent premiums may be added to an insurance premium finance agreement from time to time, provided that:

(a) The additional or subsequent insurance premium to be added results from additional premiums required under policies presently being financed under the insurance premium finance agreement or from a renewal of a policy or from other policies owned or purchased by the insured.

(b) The insurance premium finance company receives written notice or advice from an insurer authorized to do business in this state or from an insurance agent licensed in this state acknowledging that the premium on an existing financed policy has been increased or that a policy has been renewed or that additional policies have or will be issued to the insured. The notice or advice shall contain the amount of the additional premium, the down payment collected by the insurer or agent, if any, and the amount of premium to be added to the insurance premium finance agreement.

(c) If the additional premiums to be added to the insurance premium finance agreement result from additional premiums required on policies presently financed under the agreement or from a renewal of a policy or from other policies owned or purchased by the insured, a written notice must be mailed, faxed, or delivered to the insured outlining any changes to the information required by subdivision 1 along with a conspicuous statement to the insured that the insured may tender the premiums in full or affirm the proposed changes by tendering either an additional down payment or tendering the proposed revised installment amount, or disaffirm the financing of the additional premium by continuing the original payment amount as agreed to in the initial agreement.

If the proposed revisions in paragraph (c) are affirmed by the insured, the finance company may make an additional finance charge according to section 59A.09 for the additional premium financed and added to the open-end agreement; however, no additional flat service fee may be made or charged for adding additional or subsequent premiums to an open-end insurance premium finance agreement for which a flat service fee was previously made or charged.

[For text of subd 4, see M.S.1996]

Subd. 5. **Competitive equality.** No insurance agent, insurance broker, or insurer may require a person to use a particular insurance premium finance company or other installment payment plan for which a finance charge or other fee in connection with an installment payment has been or will be imposed or refuse to accept premium payment from a company licensed under sections 59A.01 to 59A.15.

History: 1997 c 157 s 52,53

59A.11 CANCELLATION OF INSURANCE CONTRACT UPON DEFAULT.

[For text of subd 1, see M.S.1996]

Subd. 2. Not less than ten days' written notice shall be mailed to the insured setting forth the intent of the insurance premium finance company to cancel the insurance contract unless the default is cured prior to the date stated in the notice. The insurance agent or insurance broker indicated on the premium finance agreement shall also be given ten days' notice of

this action in a manner agreed upon between the insurance premium finance company and insurance agent or insurance broker.

Subd. 3. (a) Pursuant to the power of attorney or other authority referred to above, the insurance premium finance company may cancel on behalf of the insured by mailing to the insurer written notice stating when thereafter the cancellation shall be effective, and the insurance contract shall be canceled as if such notice of cancellation had been submitted by the insured personally, but without requiring the return of the insurance contract. In the event that the insurer or its agent does not provide the insurance premium finance company with a specific mailing address for the purposes of receipt of the above notice, then mailing by the insurance premium finance company to the insurer at the address which is on file and of record with the commissioner of commerce pursuant to the provisions of chapters 60A and 72A shall be considered sufficient notice under this section. The notice requirements of this paragraph only apply if an insurance premium finance company and an insurer have not agreed on a method of providing notice of cancellation.

(b) The insurance premium finance company shall also mail a notice of cancellation to the insured at the insured's last known address.

(c) Written notice of the cancellation must also be given to the insurance agent or insurance broker indicated on the premium finance agreement. Written notice to the insurance agent or broker required by this paragraph may be given in a manner agreed upon between the insurance premium finance company, insurer, agent, or broker.

[For text of subd 4, see M.S.1996]

History: 1997 c 157 s 54,55

59A.14 [Repealed, 1997 c 157 s 72]