59A.08 PREMIUM FINANCE AGREEMENTS.

Subdivision 1. **Contents; specific information.** A premium finance agreement shall:

(a) be dated and signed by or on behalf of the insured, and the printed portion thereof shall be in at least eight point type;

(b) contain the name and place of business of the insurance agent or insurance broker negotiating the related insurance contract, the name and residence or the place of business of the insured as specified, the name and place of business of the premium finance company to which installments or other payments are to be made, the name of the insurer issuing the related insurance contract, a description of the insurance contracts including the term and type of policy, the premiums for which are advanced or are to be advanced under the agreement and the amount of the premiums therefor; and

(c) set forth the following items where applicable:

(1) the total amount of the premiums,

(2) the amount of the down payment,

(3) the balance of premiums due, the amount financed (the difference between items (1) and (2)),

(4) the amount of the finance charge,

(5) the amount of the flat service fee,

(6) the total of payments (sum of items (3), (4) and (5)).

Subd. 2. **Contents; sequence or order.** The items set forth in subdivision 1, clause (c) need not be stated in the sequence or order in which they appear and additional items may be included to explain the computations made in determining the amount to be paid by the insured.

Subd. 3. **Other premiums.** 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.

Subd. 4. **Copy.** The premium finance company or the insurance agent shall deliver to the insured, or mail to the insured at the address shown in the agreement, a completed copy of that agreement. Within 15 days of receiving the policy number of the policy being financed, the premium finance company shall mail to the insurer a notice of financed premium, which contains the term, amount of premium, and type of policy being financed.

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: *1974 c 353 s 8; 1975 c 309 s 1; 1986 c 444; 1992 c 564 art 1 s 9,10; 1997 c 157 s 52,53*