327B.11 RECOURSE TO THE BOND.

Subdivision 1. **Consumer claimants.** Any consumer customer sustaining injuries within the terms of a surety bond issued pursuant to section 327B.04 may proceed against the principal and surety without making the state a party to the proceedings. Provided, however, that the aggregate liability of the surety to all persons for all losses or damages shall in no event exceed the amount of the bond.

Subd. 2. **Payment of claims; notice to commissioner.** Before paying any claim against a surety bond, the surety company must first notify the commissioner in writing of the amount of the claim, the basis of the claim and the surety company's intention to pay the claim. Unless the commissioner objects in writing within ten days of receiving the notice, the surety company may proceed upon its intention. The commissioner's failure to object is not evidence of the validity of the claim or of the propriety of paying the claim. The commissioner shall object only with reasonable grounds to believe that paying the claim will reduce the obligation of the bond to an amount less than the total amount of other outstanding and valid claims against the bond.

Subd. 3. **Application for a referee.** Within 15 days of objecting to the payment of a claim, the commissioner shall apply to the district court for an order:

(a) directing the surety company to pay the full obligation of the bond into court; and

(b) appointing a referee to hear claims against the bond and to propose to the court the proper distribution of the bond proceeds.

The surety company and the principals on the bond shall be parties to the proceedings.

History: *1982 c 526 art 1 s 11; 1986 c 444*