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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2898

February 14, 2008

Authored by Paymar, Kelliher, Dill, Beard and Atkins

The bill was read for the first time and referred to the Committee on Commerce and Labor

February 21, 2008

Committee Recommendation and Adoption of Report:

To Pass and Read Second Time

By motion, re-referred to the Committee on Public Safety and Civil Justice

1.1 A bill for an act
1.2 relating to insurance; regulating claim denials under aviation liability coverage;
1.3 amending Minnesota Statutes 2006, section 60A.081, subdivision 1; Minnesota
1.4 Statutes 2007 Supplement, section 360.59, subdivision 10.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 60A.081, subdivision 1, is amended to
1.7 read:

1.8 Subdivision 1. **Compliance exclusions prohibited; exception.** (a) No policy of
1.9 insurance issued or delivered in this state covering any loss, damage, expense, or liability
1.10 arising out of the ownership, maintenance, or use of an aircraft, shall exclude or deny
1.11 coverage because the aircraft is operated in violation of federal or civil air regulations,
1.12 state law or rules, or local ordinances. This section does not prohibit the use of specific
1.13 exclusions or conditions in the policy which relate to:

1.14 (1) Certification of an aircraft in a stated category by the federal aviation
1.15 administration;

1.16 (2) Certification of a pilot in a stated category by the federal aviation administration;

1.17 (3) Establishing requirements for pilot experience; or

1.18 (4) Establishing limitations on the use of the aircraft.

1.19 (b) An insured's action or failure to act is not a basis for denial of a claim, unless
1.20 the insured's action or failure to act had a direct causal connection to the loss upon which
1.21 the claim is based. For purposes of this paragraph, "denial of a claim" includes refusal
1.22 to pay a claim due to a retroactive termination of the policy on the basis of the insured's
1.23 action or failure to act.

2.1 **EFFECTIVE DATE.** This section is effective January 1, 2009, and applies to
2.2 policies issued, renewed, or continued as defined in Minnesota Statutes, section 60A.02,
2.3 subdivision 2a, on or after that date.

2.4 Sec. 2. Minnesota Statutes 2007 Supplement, section 360.59, subdivision 10, is
2.5 amended to read:

2.6 Subd. 10. **Certificate of insurance.** (a) Every owner of aircraft in this state
2.7 when applying for registration, reregistration, or transfer of ownership shall supply any
2.8 information the commissioner reasonably requires to determine that the aircraft during
2.9 the period of its contemplated operation is covered by an insurance policy with limits of
2.10 not less than \$100,000 per passenger seat liability both for passenger bodily injury or
2.11 death and for property damage; not less than \$100,000 for bodily injury or death to each
2.12 nonpassenger in any one accident; and not less than \$300,000 per occurrence for bodily
2.13 injury or death to nonpassengers in any one accident. The insurance must comply with
2.14 section 60A.081, unless that section is inapplicable under section 60A.081, subdivision 3.

2.15 The information supplied to the commissioner must include but is not limited to the name
2.16 and address of the owner, the period of contemplated use or operation, if any, and, if
2.17 insurance coverage is then presently required, the name of the insurer, the insurance policy
2.18 number, the term of the coverage, policy limits, and any other data the commissioner
2.19 requires. No certificate of registration shall be issued pursuant to subdivision 3 in the
2.20 absence of the information required by this subdivision.

2.21 (b) In the event of cancellation of aircraft insurance by the insurer, the insurer shall
2.22 notify the Department of Transportation at least ten days prior to the date on which the
2.23 insurance coverage is to be terminated. Unless proof of a new policy of insurance is
2.24 filed with the department meeting the requirements of this subdivision during the period
2.25 of the aircraft's contemplated use or operation, the registration certificate for the aircraft
2.26 shall be revoked forthwith.

2.27 (c) Nothing in this subdivision shall be construed to require an owner of aircraft to
2.28 maintain passenger seat liability coverage on aircraft for which an experimental certificate
2.29 has been issued by the administrator of the Federal Aviation Administration pursuant to
2.30 Code of Federal Regulations, title 14, sections 21.191 to 21.195 and 91.42, whereunder
2.31 persons operating the aircraft are prohibited from carrying passengers in the aircraft.
2.32 Whenever the aircraft becomes certificated to carry passengers, passenger seat liability
2.33 coverage shall be required as provided in this subdivision.

2.34 (d) The requirements of this subdivision shall not apply to any aircraft built by the
2.35 original manufacturer prior to December 31, 1939 and owned and operated solely as a

3.1 collector's item, if the owner files an affidavit with the commissioner. The affidavit shall
3.2 state the owner's name and address, the name and address of the person from whom the
3.3 aircraft was purchased, the make, year, and model number of the aircraft, the federal
3.4 aircraft registration number, the manufacturer's identification number, and that the aircraft
3.5 is owned and operated solely as a collector's item and not for general transportation
3.6 purposes.

3.7 **EFFECTIVE DATE.** This section is effective January 1, 2009, and applies to
3.8 policies issued, renewed, or continued as defined in Minnesota Statutes, section 60A.02,
3.9 subdivision 2a, on or after that date.