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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2553

02/27/2012 Authored by Hoppe
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to insurance; regulating certain wealth-related claims practices;
1.3 amending Minnesota Statutes 2010, sections 65A.29, subdivisions 8, 11;
1.4 326B.081, subdivision 3; Minnesota Statutes 2011 Supplement, section 325E.66,
1.5 subdivisions 1, 2, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2010, section 65A.29, subdivision 8, is amended to read:

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

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

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

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

1.22 (b) Nothing in this section or the rules adopted pursuant to paragraph (a) prohibits an
1.23 insurer, at policy renewal, from (i) changing the policy premium due to loss experience
1.24 resulting from natural causes, such as lightning, wind, or hail; or (ii) adding a deductible
1.25 to a policy in an amount not to exceed two percent of the amount of coverage provided.

2.1 ~~(b)~~ (c) In addition to any rules adopted under this subdivision, an insured may appeal
 2.2 any nonrenewal under this section to the commissioner of commerce. If the commissioner
 2.3 finds that the nonrenewal is unjustified, arbitrary, or capricious, the commissioner shall
 2.4 order the insurer to reinstate the insured's policy. The commissioner's order may be
 2.5 appealed pursuant to chapter 14. The insured's policy shall continue in force pending the
 2.6 conclusion of the appeal to the commissioner. The insurer must notify the insured of the
 2.7 insured's right to appeal the nonrenewal to the commissioner in the notice of nonrenewal
 2.8 required under subdivision 7.

2.9 Sec. 2. Minnesota Statutes 2010, section 65A.29, subdivision 11, is amended to read:

2.10 Subd. 11. **Nonrenewal.** Every insurer shall establish a plan that sets out the
 2.11 minimum number and amount of claims during an experience period that may result
 2.12 in a nonrenewal. For purposes of the plan, the insurer may not consider as a claim the
 2.13 insured's inquiry about a hypothetical claim, or the insured's inquiry to the insured's agent
 2.14 regarding a potential claim.

2.15 ~~No homeowner's insurance policy may be nonrenewed based on the insured's loss
 2.16 experience unless the insurer has sent a written notice that any future losses may result in
 2.17 nonrenewal due to loss experience.~~

2.18 Any nonrenewal of a homeowner's insurance policy must, at a minimum, comply
 2.19 with the requirements of subdivision 8 and the rules adopted by the commissioner.

2.20 Sec. 3. Minnesota Statutes 2011 Supplement, section 325E.66, subdivision 1, is
 2.21 amended to read:

2.22 Subdivision 1. **Payment or rebate of insurance deductible.** A residential
 2.23 contractor providing ~~the repair or replacement of residential roofing or siding~~ home repair
 2.24 or improvement services to be paid by an insured from the proceeds of a property or
 2.25 casualty insurance policy shall not, as an inducement to the sale or provision of goods
 2.26 or services to an insured, advertise or promise to pay, directly or indirectly, all or part of
 2.27 any applicable insurance deductible or offer to compensate an insured for providing any
 2.28 service to the insured. If a residential contractor violates this section, the insurer to whom
 2.29 the insured tendered the claim shall not be obligated to consider the estimate prepared by
 2.30 the residential contractor.

2.31 For purposes of this section, "residential contractor" means a residential roofer, as
 2.32 defined in section 326B.802, subdivision 14; a residential building contractor, as defined
 2.33 in section 326B.802, subdivision 11; and a residential remodeler, as defined in section

3.1 326B.802, subdivision 12; and a siding contractor registered under section 326B.802,
 3.2 ~~subdivision 15.~~

3.3 Sec. 4. Minnesota Statutes 2011 Supplement, section 325E.66, is amended by adding a
 3.4 subdivision to read:

3.5 Subd. 1a. **Negotiation with insurance provider.** A residential contractor shall not
 3.6 represent or negotiate, or offer or advertise to represent or negotiate, on behalf of an
 3.7 owner or possessor of residential real estate on an insurance claim in connection with the
 3.8 repair or replacement of roof systems, or the performance of any other exterior repair,
 3.9 replacement, construction, or reconstruction work. Nothing in this section prohibits a
 3.10 residential contractor from discussing with an insurer the specific terms of a written
 3.11 contract executed between the residential contractor and a policyholder of the insurer once
 3.12 the claim has been accepted by the insurer.

3.13 Sec. 5. Minnesota Statutes 2011 Supplement, section 325E.66, subdivision 2, is
 3.14 amended to read:

3.15 Subd. 2. **Private remedy.** If a residential contractor violates ~~subdivision 1~~ this
 3.16 section, the insured or the applicable insurer may bring an action against the residential
 3.17 contractor in a court of competent jurisdiction for damages sustained by the insured or
 3.18 insurer as a consequence of the residential contractor's violation.

3.19 Sec. 6. Minnesota Statutes 2010, section 326B.081, subdivision 3, is amended to read:

3.20 Subd. 3. **Applicable law.** "Applicable law" means the provisions of sections
 3.21 325E.66, 327.31 to 327.36 and this chapter, and all rules, orders, stipulation agreements,
 3.22 settlements, compliance agreements, licenses, registrations, certificates, and permits
 3.23 adopted, issued, or enforced by the department under sections 325E.66, 327.31 to 327.36
 3.24 or this chapter.