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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 864

02/12/2015 Authored by Sanders, Hoppe, Garofalo, Loonan and Davids
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform
03/16/2015 Adoption of Report: Amended and re-referred to the Committee on Civil Law and Data Practices
03/23/2015 Adoption of Report: Placed on the General Register as Amended
Read Second Time
05/18/2015 Pursuant to Rule 4.20, returned to the Committee on Civil Law and Data Practices

1.1 A bill for an act
1.2 relating to insurance fraud; establishing an administrative penalty for insurance
1.3 fraud; providing that certain persons convicted of insurance fraud may not
1.4 enforce contracts for no-fault benefits; establishing a crime for accident victim
1.5 solicitation; amending Minnesota Statutes 2014, sections 45.0135, by adding a
1.6 subdivision; 65B.44, by adding a subdivision; proposing coding for new law in
1.7 Minnesota Statutes, chapter 609.

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

1.9 Section 1. Minnesota Statutes 2014, section 45.0135, is amended by adding a
1.10 subdivision to read:

1.11 Subd. 9. Administrative penalty for insurance fraud. (a) The commissioner may:

1.12 (1) impose an administrative penalty against any person in an amount as set forth in
1.13 paragraph (b) for each intentional act of insurance fraud committed by that person; and

1.14 (2) order restitution to any person suffering loss as a result of the insurance fraud.

1.15 (b) The administrative penalty for each violation described in paragraph (a) may be
1.16 no more than:

1.17 (1) \$20,000 if the funds or the value of the property or services wrongfully obtained
1.18 exceeds \$5,000;

1.19 (2) \$10,000 if the funds or value of the property or services wrongfully obtained
1.20 exceeds \$1,000 but not more than \$5,000;

1.21 (3) \$3,000 if the funds or value of the property or services wrongfully obtained is
1.22 more than \$500, but not more than \$1,000; and

1.23 (4) \$1,000 if the funds or value of the property or services wrongfully obtained is
1.24 less than \$500.

2.1 (c) If an administrative penalty is not paid after all rights of appeal have been
2.2 waived or exhausted, the commissioner may bring a civil action in a court of competent
2.3 jurisdiction to collect the administrative penalty, including expenses and litigation costs,
2.4 reasonable attorney fees, and interest.

2.5 (d) This section does not affect a person's right to seek recovery against any person
2.6 that commits insurance fraud.

2.7 (e) For purposes of this subdivision, "insurance fraud" has the meaning given in
2.8 section 60A.951, subdivision 4.

2.9 (f) After imposing a penalty under this subdivision, a person has 30 days from
2.10 receipt of the notice of the penalty to notify the commissioner in writing that the person
2.11 intends to contest the penalty through a hearing. The hearing request must specifically
2.12 identify the penalty being contested and state the grounds for contesting it. If the person
2.13 fails to notify the commissioner that the person intends to contest the penalty, the penalty
2.14 is final and is not subject to further judicial or administrative review. If a person notifies
2.15 the commissioner that the person intends to contest a penalty issued under this subdivision,
2.16 the Office of Administrative Hearings shall conduct a hearing in accordance with the
2.17 applicable provisions of chapter 14 for hearings in contested cases.

2.18 Sec. 2. Minnesota Statutes 2014, section 65B.44, is amended by adding a subdivision
2.19 to read:

2.20 Subd. 2a. **Person convicted of insurance fraud.** (a) A person convicted of
2.21 insurance fraud under section 609.611 in a case related to this chapter or of employment of
2.22 runners under section 609.612 may not enforce a contract for payment of services eligible
2.23 for reimbursement under subdivision 2 against an insured or reparation obligor.

2.24 (b) After a period of five years from the date of conviction, a person described in
2.25 paragraph (a) may apply to district court to extinguish the collateral sanction set forth in
2.26 paragraph (a), which the court may grant in its reasonable discretion.

2.27 Sec. 3. [609.613] ACCIDENT VICTIM SOLICITATION.

2.28 Subdivision 1. **Prohibition.** A person shall not intentionally contact any individual
2.29 that the person knows has been involved in a motor vehicle accident, when that knowledge
2.30 was obtained by the person through data collected or created under section 13.82,
2.31 subdivision 6, or any immediate family member of that individual, for the purpose of
2.32 directly soliciting or offering to provide a commercial service until at least 30 days after
2.33 the date of the motor vehicle accident. This subdivision does not apply if either of the
2.34 following circumstances exists:

3.1 (1) the individual or the individual's immediate family member has requested the
3.2 contact from that person; and

3.3 (2) the person is an employee or agent of an insurance company and the person is
3.4 contacting the individual or the individual's immediate family member on behalf of that
3.5 insurance company to adjust a claim. This subdivision does not apply to a referral of the
3.6 individual or the individual's immediate family member to an attorney or to any other
3.7 person for representation by an attorney.

3.8 Subd. 2. **Definitions.** As used in this section:

3.9 (1) "directly soliciting or offering to provide a commercial service" means a written
3.10 solicitation or offer, including by electronic means, made to the individual or a family
3.11 member seeking to provide a service for a fee or other remuneration that is based upon the
3.12 knowledge or belief that the individual has sustained a personal injury as a direct result of
3.13 a motor vehicle accident and that is directed toward that individual or a family member;

3.14 (2) "immediate family member" means the individual's spouse, parent, child, or
3.15 sibling; and

3.16 (3) "personal injury" means any physical or mental injury, including wrongful death.

3.17 Sec. 4. **EFFECTIVE DATE.**

3.18 Sections 1 to 3 are effective the day following final enactment and apply with respect
3.19 to acts committed on or after that date.