

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 2770**

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DATE	D-PG	OFFICIAL STATUS
03/14/2016	5046	Introduction and first reading Referred to Commerce
03/17/2016	5126	Author added Dahle

1.1 A bill for an act  
 1.2 relating to insurance; regulating automobile insurance rates and coverages;  
 1.3 amending Minnesota Statutes 2014, sections 65B.17, subdivision 1; 70A.04, by  
 1.4 adding a subdivision; 72A.20, subdivision 23; proposing coding for new law  
 1.5 in Minnesota Statutes, chapter 65B.

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

1.7 Section 1. Minnesota Statutes 2014, section 65B.17, subdivision 1, is amended to read:

1.8 Subdivision 1. **General regulations.** No insurer shall fail to renew an automobile  
 1.9 insurance policy unless it shall mail or deliver to the named insured, at the address shown  
 1.10 in the policy, at least 60 days' advance notice of its intention not to renew. The notice must  
 1.11 contain the specific underwriting or other reason or reasons for the nonrenewal. When the  
 1.12 failure to renew is based upon a termination of the agency contract, the notice must so  
 1.13 state. This section does not apply:

1.14 (a) if the insurer has manifested its willingness to renew; or

1.15 (b) in case of nonpayment of the renewal premium,

1.16 provided that, notwithstanding the failure of an insurer to comply with this section,

1.17 the policy terminates on the effective date of any other automobile insurance policy

1.18 procured by the insured, with respect to any automobile designated in both policies.

1.19 Renewal of a policy does not constitute a waiver or estoppel with respect to grounds for

1.20 cancellation which existed before the effective date of the renewal. No insurer shall

1.21 fail to renew an automobile policy solely because of the age of the insured. No insurer

1.22 shall refuse to renew an automobile insurance policy for reasons which are arbitrary or

1.23 capricious. No insurer shall refuse to renew an automobile insurance policy on the basis

1.24 of the claim submitted during the experience period regardless of the dollar value of the

1.25 claim. No insurer shall refuse to renew an automobile insurance policy in violation of

2.1 rules adopted pursuant to subdivision 2. An insurer may refuse to renew an automobile  
2.2 insurance policy in case of nonpayment of dues to an association or organization, other  
2.3 than an insurance association or organization, where payment of dues is a prerequisite  
2.4 to obtaining or continuing such insurance; provided, however, that this provision for  
2.5 nonrenewal for failure to pay dues shall not be applicable to persons who are retired at age  
2.6 62 years of age or older or who are disabled, according to Social Security standards.

2.7 **Sec. 2. [65B.287] GOOD DRIVER PREMIUM REDUCTIONS.**

2.8 Subdivision 1. **Requirements.** An insurer must provide an appropriate premium  
2.9 reduction of at least 20 percent on its policies of private passenger vehicle insurance, as  
2.10 defined in section 65B.001, subdivision 2, issued, delivered, or renewed in this state, to  
2.11 insureds who meet the criteria in subdivision 2.

2.12 Subd. 2. **Qualifications.** (a) A person is qualified to receive the premium reduction  
2.13 in subdivision 1 if the person meets all of the following requirements:

2.14 (1) has been licensed to drive a private passenger vehicle for the previous three years;

2.15 (2) during the previous three years has not had a chargeable accident where total  
2.16 payment exceeds \$500 or engaged in any violation, pursuant to the chargeable accident  
2.17 and violations definitions in Minnesota Rules, part 2770.7700, subparts 2 and 13,  
2.18 regardless of whether the insurer is nonrenewing the policy; and

2.19 (3) during the period beginning on January 1, 2017, or the date ten years before the  
2.20 date of application for the issuance or renewal of the premium reduction required by this  
2.21 section, whichever is later, and ending on the date of the application for the issuance or  
2.22 renewal of the premium reduction, the person has not been convicted of any of the acts  
2.23 listed in Minnesota Rules, part 2770.7900, subpart 2.

2.24 (b) A person who claims that he or she meets the criteria in paragraph (a) based  
2.25 entirely or partially on a driver's license or driving experience acquired anywhere other  
2.26 than the United States or Canada is rebuttably presumed to be qualified to receive the  
2.27 premium reduction in subdivision 1 if the person has been licensed to drive in the United  
2.28 States or Canada for at least the previous 18 months and meets the criteria in paragraph  
2.29 (a) for that period.

2.30 **Sec. 3. Minnesota Statutes 2014, section 70A.04, is amended by adding a subdivision**  
2.31 **to read:**

2.32 Subd. 1a. **Automobile insurance policy rates and premiums.** (a) Rates and  
2.33 premiums for a policy of private passenger vehicle insurance, as defined in section

3.1 65B.001, subdivision 2, must be determined by application of the following factors in  
3.2 decreasing order of importance:

- 3.3 (1) the insured's driving safety record;  
3.4 (2) the number of miles the insured drives annually;  
3.5 (3) the number of years of the insured's driving experience; and  
3.6 (4) other factors the commissioner may adopt by rule that have a substantial  
3.7 relationship to the risk of loss.

3.8 (b) The use of any criterion without the commissioner's approval constitutes unfair  
3.9 discrimination.

3.10 Sec. 4. Minnesota Statutes 2014, section 72A.20, subdivision 23, is amended to read:

3.11 Subd. 23. **Discrimination in automobile insurance policies.** (a) No insurer that  
3.12 offers an automobile insurance policy in this state shall:

- 3.13 (1) use the employment status or the occupation of the applicant as an underwriting  
3.14 standard or guideline; ~~or~~  
3.15 (2) deny coverage to a policyholder for the same reason; or  
3.16 (3) make any discrimination in offering or establishing rates, premiums, dividends,  
3.17 or benefits of any kind, or by way of rebate, for the same reason.

3.18 (b) No insurer that offers an automobile insurance policy in this state shall:

- 3.19 (1) use the applicant's status as a residential tenant, as the term is defined in section  
3.20 504B.001, subdivision 12, as an underwriting standard or guideline; or  
3.21 (2) deny coverage to a policyholder for the same reason; or  
3.22 (3) make any discrimination in offering or establishing rates, premiums, dividends,  
3.23 or benefits of any kind, or by way of rebate, for the same reason.

3.24 (c) No insurer that offers an automobile insurance policy in this state shall:

- 3.25 (1) use the failure of the applicant to have an automobile policy in force during any  
3.26 period of time before the application is made as an underwriting standard or guideline; or  
3.27 (2) deny coverage to a policyholder for the same reason.

3.28 Paragraph (c) does not apply if the applicant was required by law to maintain  
3.29 automobile insurance coverage and failed to do so.

3.30 An insurer may require reasonable proof that the applicant did not fail to maintain  
3.31 this coverage. The insurer is not required to accept the mere lack of a conviction or citation  
3.32 for failure to maintain this coverage as proof of failure to maintain coverage. The insurer  
3.33 must provide the applicant with information identifying the documentation that is required  
3.34 to establish reasonable proof that the applicant did not fail to maintain the coverage.

4.1 (d) No insurer that offers an automobile insurance policy in this state shall use an  
 4.2 applicant's prior claims for benefits paid under section 65B.44 as an underwriting standard  
 4.3 or guideline if the applicant was 50 percent or less negligent in the accident or accidents  
 4.4 causing the claims.

4.5 (e) No insurer shall refuse to issue any standard or preferred policy of motor vehicle  
 4.6 insurance or make any discrimination in the acceptance of risks, in rates, premiums,  
 4.7 dividends, or benefits of any kind, or by way of rebate:

4.8 (1) between persons of the same class, or

4.9 (2) on account of race, or

4.10 (3) on account of physical disability if the disability is compensated for by special  
 4.11 training, equipment, prosthetic device, corrective lenses, or medication and if the  
 4.12 physically disabled person:

4.13 (i) is licensed by the Department of Public Safety to operate a motor vehicle in  
 4.14 this state, and

4.15 (ii) operates only vehicles that are equipped with auxiliary devices and equipment  
 4.16 necessary for safe and effective operation by the disabled person, or

4.17 (4) on account of marital ~~dissolution~~ status, or

4.18 (5) on account of the applicant's level of education.

4.19 **Sec. 5. AUTOMOBILE INSURANCE AFFORDABILITY.**

4.20 The commissioner of commerce shall study the issue of automobile insurance  
 4.21 affordability and make specific recommendations to the house of representatives and  
 4.22 senate policy committees with jurisdiction over commerce. The study must include an  
 4.23 analysis of the prices that insurers are currently charging policyholders, including those in  
 4.24 selected low- and moderate-income zip codes. The study must also analyze the impact  
 4.25 that the use of socioeconomic indicators such as education, occupation, marital status,  
 4.26 gender, homeownership, credit scores, insurance scores, and prior insurance coverage has  
 4.27 on premium setting. The recommendations must, at a minimum, be designed to:

4.28 (1) improve access to affordable coverage for traditionally underserved communities,  
 4.29 including rural areas, and consumers, minorities, and low- and moderate-income persons;  
 4.30 and

4.31 (2) identify the specific cost drivers of automobile insurance rates and suggest  
 4.32 appropriate modifications or restrictions on their use.

4.33 **Sec. 6. INSURANCE RATE ROLLBACK.**

5.1 (a) For any coverage for a policy of private passenger vehicle insurance and issued  
5.2 or renewed on or after January 1, 2016, every insurer shall reduce its charges to levels  
5.3 which are at least 20 percent less than the charges for the same coverage which were in  
5.4 effect on January 1, 2016.

5.5 (b) Between January 1, 2016, and January 1, 2017, rates and premiums reduced  
5.6 pursuant to paragraph (a) may be only increased if the commissioner finds, after a hearing,  
5.7 that an insurer is substantially threatened with insolvency.

5.8 (c) Commencing January 1, 2016, insurance rates subject to this section must be  
5.9 approved by the commissioner prior to their use.

5.10 (d) For those who apply for a policy of private passenger vehicle insurance for the  
5.11 first time on or after January 1, 2016, the rate shall be 20 percent less than the rate which  
5.12 was in effect on January 1, 2016, for similarly situated risks.

5.13 (e) Any separate affiliate of an insurer, established on or after January 1, 2016, is  
5.14 subject to the provisions of this section and must reduce its charges to levels which are at  
5.15 least 20 percent less than the insurer's charges in effect on that date.