

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 4094

(SENATE AUTHORS: UTKE)

DATE
03/17/2022

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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to insurance; providing exemptions to certain insurance company
1.3 requirements; amending Minnesota Statutes 2020, sections 60A.205, subdivision
1.4 2; 60K.49, by adding a subdivision; 72A.03.

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

1.6 Section 1. Minnesota Statutes 2020, section 60A.205, subdivision 2, is amended to read:

1.7 Subd. 2. **Consequences of receipt.** (a) If an eligible surplus lines insurer has assumed
1.8 a risk, and if the premium for that risk has been received by the broker who placed the
1.9 insurance, then as between the insurer and the insured, the insurer shall be considered to
1.10 have received the premium due to it for the coverage and shall be liable to the insured for
1.11 any loss covered by the insurance and for the unearned premium upon cancellation of the
1.12 insurance, regardless of whether the broker is indebted to the insurer.

1.13 (b) An eligible surplus lines insurer has not assumed a risk if: (1) the premium for the
1.14 risk has never been transmitted to the surplus lines insurer; and (2) the agent's or broker's
1.15 sale, solicitation, or negotiation of insurance is facilitated in any way by an illegal act.

1.16 Sec. 2. Minnesota Statutes 2020, section 60K.49, is amended by adding a subdivision to
1.17 read:

1.18 Subd. 8. **Application.** As provided under section 60K.30, paragraph (b), this section
1.19 does not apply to surplus lines insurers or surplus lines producers.

2.1 Sec. 3. Minnesota Statutes 2020, section 72A.03, is amended to read:

2.2 **72A.03 AGENT OF INSURER; PROCURING PREMIUMS BY FRAUD.**

2.3 Every insurance agent who acts for another in negotiating a contract of insurance by an
2.4 admitted insurance company shall be held to be the company's agent for the purpose of
2.5 collecting or securing the premiums therefor, whatever conditions or stipulations may be
2.6 contained in the contract or policy. Any such agent who by fraudulent representations
2.7 procures payment, or an obligation for the payment, of an insurance premium shall be guilty,
2.8 for the first offense, of a misdemeanor, and for each subsequent offense, of a gross
2.9 misdemeanor.