

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

**S.F. No. 782**

(SENATE AUTHORS: JENSEN, Metzen, Gazelka and Dahms)

DATE	D-PG	OFFICIAL STATUS
02/12/2015	273	Introduction and first reading Referred to Commerce
03/11/2015	635a	Comm report: To pass as amended and re-refer to Judiciary
04/07/2015		Comm report: To pass as amended and re-refer to Finance

A bill for an act

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

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

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

Subd. 9. Administrative penalty for insurance fraud. (a) The commissioner may, upon recommendation of the Commerce Fraud Bureau:

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

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

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

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

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

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

(4) \$1,000 if the value of the property or services wrongfully obtained is 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) Hearings under this subdivision must be conducted in accordance with chapter  
 2.10 14 and any other applicable law.

2.11 **Sec. 2. [65B.1325] RIGHT TO CONSULT WITH COUNSEL.**

2.12 An insurer may not settle a claim within 30 days of an accident from which the claim  
 2.13 arises unless the insurer gives the insured written disclosure that the insured has the legal  
 2.14 right to consult with an attorney in evaluating the settlement.

2.15 Sec. 3. Minnesota Statutes 2014, section 65B.44, is amended by adding a subdivision  
 2.16 to read:

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

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

2.24 **Sec. 4. [609.613] ACCIDENT VICTIM SOLICITATION.**

2.25 Subdivision 1. **Prohibition.** A person shall not intentionally contact any individual  
 2.26 that the person knows has been involved in a motor vehicle accident, or any immediate  
 2.27 family member of that individual, for the purpose of directly soliciting or offering to  
 2.28 provide a commercial service until at least 30 days after the date of the motor vehicle  
 2.29 accident. This subdivision does not apply if either of the following circumstances exists:

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

2.32 (2) the person is an employee or agent of an insurance company and the person is  
 2.33 contacting the individual or the individual's immediate family member on behalf of that

3.1 insurance company to adjust a claim. This subdivision does not apply to a referral of the  
3.2 individual or the individual's immediate family member to an attorney or to any other  
3.3 person for representation by an attorney.

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

3.5 (a) "Directly soliciting or offering to provide a commercial service" means a written  
3.6 solicitation or offer, including by electronic means, made to the individual or a family  
3.7 member seeking to provide a service for a fee or other remuneration that is based upon the  
3.8 knowledge or belief that the individual has sustained a personal injury as a direct result of  
3.9 a motor vehicle accident and that is directed toward that individual or a family member.

3.10 (b) "Immediate family member" means the individual's spouse, parent, child, or  
3.11 sibling.

3.12 (c) "Personal injury" means any physical or mental injury, including wrongful death.

3.13 Subd. 3. **Sentence.** A person who violates this section is guilty of a gross  
3.14 misdemeanor.

3.15 Sec. 5. **EFFECTIVE DATE.**

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