

MINNESOTA STATUTES 1979 SUPPLEMENT

PROHIBITIONS; PENALTIES; REGULATION OF TRADE PRACTICES; 72A.20

ation to which this section applies shall not be effective until it is ratified by the governing body of the municipality in which the relief association is located.

[1979 c 201 s 9]

69.774 Nonprofit firefighting corporations.

Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit corporations.** This section shall apply to any independent nonprofit firefighting corporation incorporated or organized pursuant to chapter 317 which operates exclusively for firefighting purposes, which is composed of volunteer firefighters, which has a duly established separate subsidiary incorporated firefighters' relief association which provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and which operates subject to the service pension minimum requirements for entitlement to and maximums for a service pension contained in section 424A.02, or a special law modifying those requirements or maximums. Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation shall be included in the distribution of fire state aid to the appropriate county auditor by the commissioner of insurance only if the independent nonprofit firefighting corporation complies with the provisions of this section.

Subd. 2. **Determination of actuarial condition and funding costs.** Each independent nonprofit firefighting corporation to which this section applies shall determine the actuarial condition and the funding costs of the subsidiary relief association using the following procedure:

(a) An independent nonprofit firefighting corporation which has a subsidiary relief association which pays a monthly benefit service pension shall procure an actuarial valuation of the special fund of the subsidiary relief association at the same times and in the same manner as specified in section 69.773, subdivisions 2 and 3, and an independent nonprofit firefighting corporation which has a subsidiary relief association which pays a lump sum service pension shall determine the accrued liability of the special fund of the relief association in accordance with section 69.772, subdivision 2.

(b) The financial requirements of the special fund of the subsidiary relief association which pays a monthly benefit service pension shall be determined in the same manner as specified in section 69.773, subdivision 4, and the financial requirements of the special fund of the subsidiary relief association shall be determined in the same manner as specified in section 69.772, subdivision 3.

(c) The minimum obligation of the independent nonprofit firefighting corporation on behalf of the special fund of the subsidiary relief association shall be determined in the same manner as specified in section 69.773, subdivision 5.

(d) The independent nonprofit firefighting corporation shall appropriate annually from the income of the corporation an amount at least equal to the minimum obligation of the independent nonprofit firefighting corporation on behalf of the special fund of the subsidiary relief association.

Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of the special fund of the subsidiary relief association of the nonprofit firefighting corporation shall be governed by the provisions of section 424A.05.

[1979 c 201 s 10]

CHAPTER 72A. PROHIBITIONS; PENALTIES; REGULATION OF TRADE PRACTICES; UNAUTHORIZED INSURERS FALSE ADVERTISING PROCESS ACT

Sec. 72A.20	Methods, acts and practices which are defined as unfair or deceptive.	Sec. 72A.23	Decision and order thereon.
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72A.20 Methods, acts and practices which are defined as unfair or deceptive.

Subdivision 1. **Misrepresentations and false advertising of policy contracts.** Making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, or statement misrepresenting the terms of any policy issued or to be

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issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon, or making any false or misleading statement as to the dividends or share of surplus previously paid on similar policies, or making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates, or using any name or title of any policy or class of policies misrepresenting the true nature thereof, or making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to lapse, forfeit, or surrender his insurance, shall constitute an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

Subd. 2. **False information and advertising generally.** Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station, or in any other way, an advertisement, announcement, or statement, containing any assertion, representation, or statement with respect to the business of insurance, or with respect to any person in the conduct of his insurance business, which is untrue, deceptive, or misleading, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 3. **Defamation.** Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting, or encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article, or literature which is false, or maliciously critical of or derogatory to the financial condition of an insurer, and which is calculated to injure any person engaged in the business of insurance, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 4. **Boycott, coercion and intimidation.** Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion, or intimidation, resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 5. **False financial statements.** Filing with any supervisory or other public official, or making, publishing, disseminating, circulating, or delivering to any person, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public, any false statement of financial condition of an insurer with intent to deceive, shall constitute an unfair method of competition and an unfair and deceptive act or practice in the insurance business.

Subd. 6. **False entries.** Making any false entry in any book, report, or statement of any insurer with intent to deceive any agent or examiner lawfully appointed to examine into its condition or into any of its affairs, or any public official to whom such insurer is required by law to report, or who has authority by law to examine into its condition or into any of its affairs, or, with like intent, willfully omitting to make a true entry of any material fact pertaining to the business of such insurer in any book, report, or statement of such insurer, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 7. **Stock operations and advisory board contracts.** Issuing or delivering, or permitting agents, officers, or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common-law corporation, or securities or any special or advisory board contracts or other contracts of any kind promising returns and profits as an inducement to insurance, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 8. **Discrimination.** Making or permitting any unfair discrimination between individuals of the same class and equal expectation of life in the rates charged for any contract of life insurance or of annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract or in making or permitting the rejection of an individual's application for life insurance coverage, as well as the determination of the rate class for such individual, on the basis of a disability, shall constitute an unfair method of competition and an unfair and deceptive act or

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practice, unless the claims experience and actuarial projections and other data establish significant and substantial differences in class rates because of the disability.

Subd. 9. **Discrimination between individuals of the same class.** Making or permitting any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of accident or health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever, or in making or permitting the rejection of an individual's application for accident or health insurance coverage, as well as the determination of the rate class for such individual, on the basis of a disability, shall constitute an unfair method of competition and an unfair and deceptive act or practice, unless the claims experience and actuarial projections and other data establish significant and substantial differences in class rates because of the disability.

Subd. 10. **Rebates.** Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, annuity, or accident and health insurance, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or paying or allowing or giving, or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving or selling or purchasing, or offering to give, sell, or purchase, as inducement to such insurance or annuity, or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 11. **Application to certain sections.** Violating any provision of the following sections of this chapter not set forth in subdivisions 1 to 10 shall constitute an unfair method of competition and an unfair and deceptive act or practice: section 72A.12, subdivisions 2, 3, and 4, section 72A.16, subdivision 2, sections 72A.03 and 72A.04, section 72A.08, subdivision 1 as modified by section 72A.08, subdivision 4, and section 65B.13.

Subd. 12. **Unfair service.** Causing or permitting with such frequency to indicate a general business practice the claims and complaints of insureds to be processed in an unreasonable length of time, or in an unfair, deceptive, or fraudulent manner, or in violation of such rules as the commissioner of insurance shall make in the public interest to insure the prompt, fair, and honest processing of such claims and complaints, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 13. **Refusal to renew.** Refusing to renew, declining to offer or write, or charging differential rates for an equivalent amount of homeowner's insurance coverage, as defined by section 65A.27, for property located in a town or statutory or home rule charter city, in which the insurer offers to sell or writes homeowner's insurance, solely because:

- (a) of the geographic area in which the property is located;
- (b) of the age of the primary structure sought to be insured;
- (c) the insured or prospective insured was denied coverage of the property by another insurer, whether by cancellation, nonrenewal or declination to offer coverage, for a reason other than those specified in section 65A.01, subdivision 3a, clauses (a) to (e); or
- (d) the property of the insured or prospective insured has been insured under the Minnesota Fair Plan Act, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

This subdivision shall not prohibit the insurer from applying underwriting or rating standards which the insurer applies generally in all other locations in the state and which are not specifically prohibited by clauses (a) to (d). Such underwriting or rating standards shall specifically include but not be limited to standards based upon the proximity of the insured property to an extraordinary hazard or based upon the quality or availability of fire protection services or based upon the density or concentration of the insurer's risks. Clause (b) shall not prohibit the use of rating standards based upon the

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age of the insured structure's plumbing, electrical, heating or cooling system or other part of the structure, the age of which affects the risk of loss. Any insurer's failure to comply with section 65A.29, subdivisions 2 to 4, either (1) by failing to give an insured or applicant the required notice or statement or (2) by failing to state specifically a bona fide underwriting or other reason for the refusal to write shall create a presumption that the insurer has violated this subdivision.

Subd. 14. **Application form refusal.** An insurance agent refusing to supply a requested application form for homeowner's insurance with any insurer whom the agent represents or refusing to transmit forthwith any completed application form to the insurer, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

Subd. 15. **Practices not held to be discrimination or rebates.** Nothing in subdivision 1, clauses (8) and (10), or in section 72A.12, subdivisions 3 and 4, shall be construed as including within the definition of discrimination or rebates any of the following practices:

(1) In the case of any contract of life insurance or annuity, paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, provided that any such bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interests of the company and its policyholders;

(2) In the case of life insurance policies issued on the industrial debit plan, making allowance, to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer, in an amount which fairly represents the saving in collection expense;

(3) Readjustment of the rate of premium for a group insurance policy based on the loss or expense experienced thereunder, at the end of the first or any subsequent policy year of insurance thereunder, which may be made retroactive only for such policy year.

[1979 c 207 s 6]

72A.23 Decision and order thereon.

Subdivision 1. **Determination by commissioner; findings.** If, after a hearing, as provided in section 72A.22, the commissioner shall determine that the method of competition or the act or practice in question is defined in section 72A.20, and that the person complained of has engaged in that method of competition, act, or practice, in violation of sections 72A.17 to 72A.32 he shall reduce his findings to writing and shall issue and cause to be served upon the person charged with the violation an order requiring him to cease and desist from engaging in that method of competition, act or practice. If the commissioner determines that an insurer has engaged in an act or practice defined in section 72A.20, subdivision 13, the cease and desist order may also require the insurer to write or renew the homeowner's insurance coverage sought by the insured or prospective insured for a specified period of up to three years without cancellation or nonrenewal by the insurer for a reason not specified in section 65A.01; after the specified period expires, cancellation or nonrenewal of the coverage may be made only as permitted by law.

[For text of subs 2 and 3, see M.S.1978]

[1979 c 207 s 7]

CHAPTER 72B. INSURANCE ADJUSTERS

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72B.01	Purpose and scope.	72B.08	Denial, suspension and revocation of licenses.
72B.02	Definitions.	72B.10	Staff adjusters.
72B.03	Licenses.		
72B.04	License procedure and requirements; examinations; fees.		