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**2012 LEGISLATIVE WRAP-UP** While this year's legislative session will be remembered by many as the one that finally spawned a new Viking's Stadium, it will be remembered by many others as one of the stranger sessions on record, with several reform initiatives being passed with bipartisan support, only to be shot down by the Governor's veto. The end of the session also spelled the end of the political careers of many lawmakers. Both the House and Senate had an unusually large number of retirements, which will mean many open seats and a large class of freshman legislators when the 2013 Legislative Session convenes on Tuesday Jan. 8, 2013.

**ROOFER REBATES PROHIBITED** [SF 2137](#) / HF 2553 Expands the prohibition on roofing contractors offering inducements in connection with an insurance claim, such as offering to pay a deductible or paying to "advertise" with a sign in their yard, by amending the language to include any home repair or improvement services contractor. The bill that passed was a greatly pared-down version of the industry-supported [bill that was introduced](#). The initial bill was borne out of discussions that followed an All-Industry Homeowners Summit that was jointly sponsored by the Insurance Federation of MN, the MN Independent Insurance Agents and Brokers and the Professional Insurance Agents of MN. As introduced, the bill would have given insurers greater latitude to deal with the increasing storm losses by allowing insurers to surcharge for loss experience due to weather related claims or, add a separate wind and hail deductible to a policy in an amount not to exceed two percent of the coverage amount. The bill also would have prohibited contractors or other third parties who are not licensed public adjusters from negotiating insurance claims with the insurer on behalf of the policyholder. Signed on April 28, 2012; effective August 1, 2012.

**FIRE SAFETY SURCHARGE** [SF 1983](#) / HF 2172 Ends the annual transfer of millions of dollars from the Fire Safety Account to the General Fund and reduces the rate of the Fire Safety Surcharge to 0.5% from 0.65% beginning July 1, 2013. The language included a statement of intent that "The Legislature intends that all money in the fire safety account be appropriated to the commissioner of public safety to fund the state fire marshal's office and activities and programs under this section." PIA has long been frustrated by the fact that the money is collected with the appearance of being for a specific purpose and then perpetually transferred to the General Fund to cover budget shortfalls. We are pleased that the Fire Safety Surcharge money will finally be used for its intended purpose. Signed by the Governor on May 10, 2012 and effective July 1, 2012.

**OMNIBUS TRANSPORTATION BILL** [HF 2685](#) / SF 2321 Makes various changes relating to transportation issues, including expansion of the "Dimler Amendment" to shield a driver's record from speeding violations of no more than ten miles per hour in either a 55 mph or 60 mph zone - up from the threshold of no more than nine miles per hour in a 55 mile per hour zone and no more than five miles per hour in a 60 mph zone. The Omnibus Transportation Bill was signed by Governor Dayton on May 10, 2012 and has various effective dates. The temporary "Dimler" expansion takes effect on 8/1/2012 and has a sunset date of 8/1/2014.

**ALIVE 55 CHANGES** [SF 1542](#) / HF 2441 Modifies defensive driving refresher course requirements by allowing a person 58 or older to reinstate their senior defensive driver discount by taking a 4 hour refresher course rather than requiring them to re-take the 8 hour initial course. The bill was signed by the Governor on March 30, 2012 and became effective March 31, 2012.

**AUTO INSURANCE FRAUD REFORM** [SF 2342](#) / HF 2749 Marks the result of negotiations between insurers and chiropractors to reform Minnesota's No-Fault Auto insurance system. The law tightens the definitions of "runner", "capper" and "steerer" and prohibits their use by medical care providers. The bill also increases protections for consumers against the deceptive advertising practices that have become more prevalent. The bill was signed by the Governor on April 30, 2012 and takes effect on Jan. 1, 2013.

**ELECTRONIC ID CARDS** [SF 1875](#) / HF 2307 Allows auto insurance identification cards to be delivered / provided in an electronic format if the insured agrees; allows the mandatory MN Insurance Guaranty Association disclosure notice to be delivered at the time of application or at the time of policy delivery, provided proper documentation that the notice was given; allows insurers to obtain motor vehicle accident reports without their insured's written request. Governor Dayton signed the bill on April 18, 2012. The Electronic ID Card portion of the bill takes effect on August 1, 2012. The other provisions became effective on April 19, 2012.

## **2012 PIA LEGISLATIVE WRAP-UP (Continued)**

**AUTO SALVAGE TITLE** [HF 2136](#) / SF 1734 Increases the damage threshold for “late model” or “high value” vehicles to receive a salvage-branded title to 80 percent of the vehicles ACV from the current 70 percent of ACV. The law also removes from that calculation the cost of repairing or replacing airbags that may have deployed during the crash. The initiative between the insurance and auto repair industries intends to reduce costs by decreasing the number of totaled vehicles and attempts to clarify and simplify MN salvage title laws. The Governor signed the bill on May 2, 2012 and it becomes effective on August 1, 2012.

**HOME SOLICITATION SALES** [HF 2173](#) / SF 2067 Extends a consumer’s right to rescind a contract signed in relation to a “home solicitation sale” to also include contracts dealing with “improvements to real property.” Consumers will have 72 hours to legally rescind certain such contracts. Governor Dayton signed the bill on April 27, 2012. It is effective for contracts signed on or after August 1, 2012.

**TOWNSHIP MUTUAL HOMEOWNERS POLICIES** [SF 1934](#) / HF 2342 Clarifies Minnesota law in response to an adverse appellate court decision stating that portions of township mutual policies are subject to the rules of Chapter 65A even though township mutuals are regulated under Chapter 67A. Specifically allows township mutual insurance companies, under Chapter 67A, to market and sell homeowners policies in combination with a statewide insurer filed under Chapter 65A. The MN Association of Farm Mutual Insurance Companies and its members are appealing the aforementioned decision to the MN Supreme Court, arguing that their policies are subject to regulation under Chapter 67A. Governor Dayton signed the bill on April 5, 2012 and it became effective on April 6, 2012, for losses occurring on or after April 6, 2012.

**TORT REFORM INITIATIVES** There was bi-partisan support, again this year, for several tort reform initiatives promoted by Minnesotans for Lawsuit Reform (MnFLR), a coalition of more than 62,000 pro-business employers, including PIA of Minnesota. MnFLR’s industry-supported tort reform bills passed the House and Senate only to be vetoed by Governor Dayton. The four primary bills that will likely be back in some form again next year are: [HF 211](#) adopts an interlocutory appeal of class certification as a matter of right in class action cases and requires plaintiffs to prove they had actual out of pocket loss when joining a class action and that they relied on the defendant’s conduct when being harmed by the alleged wrongdoing. [SF 429](#) cuts off attorneys’ fees in cases where a reasonable settlement offer is made but rejected and the plaintiff goes on to win a lesser amount at the conclusion of the trial. [SF 530](#) returns the prejudgment interest rate calculation to its pre-2009 level, which was market-rate based on the going rate for U.S. Treasury Bills with the floor of four percent and applies that calculation to all entities, public and private. A law in 2009 to switch the rate from a calculated rate based on T-bills to a flat 10-percent rate. Lawmakers in 2010 exempted state and municipal entities from the flat rate, returning their pre-2009 calculation. [SF 373](#) reduces the state’s general statute of limitations from six years to four years for many types of cases.

**HEALTH CARE REFORM BILLS** The elephant in the room this session was the Health Insurance Exchange that Governor Dayton is developing. Republicans question the process without legislative authority. The Governor and many Democrats deem the “authority” granted by the mandate within the Federal Affordable Care Act and the federal dollars it provides. The Governor finally introduced an Exchange bill this year, [SF 1872](#) / HF 2290 (The Minnesota Insurance Marketplace Act) but opposition to the federal mandate kept his Exchange bill from advancing. On the other hand, many Republican Healthcare Reform efforts designed to maintain control of healthcare at the state level either didn’t make it to the floor or ended with the Governor’s veto. Here are some of the other healthcare reform related bills that did not make it: [SF 2035](#) / [HF 2349](#) Requires Health Insurance Exchange Navigators to be licensed the same as insurance producers; [SF 2255](#) HMO Government Subsidy Prohibition; [HF 2683](#) / [SF 2313](#) Creates Unified Personal Health Premium Accounts to allow the comingling of funds from more than one source to pay health insurance premiums. This bill was introduced to solve billing concerns with the Healthy MN Contribution program, but could also serve to facilitate premium payments in a state based exchange. [HF 2345](#) / [SF 1967](#) Permits sale of health plans permitted under MN law even though not qualified under federal law. HF 2339 / [SF 1933](#) Establishes a Health Care Compact that would allow member States to suspend federal laws, rules and regulations that are inconsistent with state law.