

House Research Act Summary

CHAPTER: 52 (H.F. 895/S.F.590)

SESSION: 2011 Regular Session

TOPIC: Insurance-related disclosure notices and insurance appraisers

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Overview

This act involves the form in which two types of notices are required to be given to insurance customers, plus an unrelated change permitting "insurance appraisers" providing services in Minnesota to be residents of states other than Minnesota.

Section

- 1** **Notice required.** Permits a notice of guaranty association protection to be given to applicants for property-casualty insurance in a form other than being written on a piece of paper given or delivered to the applicant. It permits the notice to be given in the same way the application for coverage is made. For instance, if the prospective customer applies online on the insurance company's website, the insurance company may give the notice by including it as part of the application form shown on the website. ("Guaranty association protection" refers to the fact that Minnesota law includes a requirement that the property-casualty insurance industry operate (and pay for) an association that compensates insurance customers for claims that are uncollectible because the customer's property-casualty insurance company has become insolvent.)
- 2** **Appraiser.** Eliminates a requirement that an insurance appraiser retained to resolve a property-casualty insurance claim dispute be a Minnesota resident. (Insurance appraisers are provided for under section 65A.01, subd. 3, as a method of settling disputes between a property-casualty insurance company and its customer regarding the amount of loss or the dollar value of the loss. The insurance company and its customer each select one "qualified appraiser," and those two appraisers then select a neutral third-party called an "umpire." There is no state licensing system for insurance appraisers, but people chosen to be an appraiser usually have expertise in the type of property damaged or in the cause of the damage.)

- 3** **Signed.** Defines the term "signed" for purposes of sections 72A.49 to 72A.505, including sections 4 and 5 of this bill, to include an electronic signature that meets standard legal requirements in state law for electronic signatures.
- 4** **Requirement; content.** Similar to section 1, regarding the form in which an insurance company may give a notice to an applicant for insurance. It eliminates the current requirement that the authorization the customer must give must be in writing. (The section of law being amended here applies to all types of insurance and involves a disclosure form about an authorization form that an insurance company requires an applicant for coverage to sign which allows the insurance company to disclose or collect certain personal or privileged information about the applicant. The disclosure form typically specifies what information would be collected or disclosed, the purpose of the collection or disclosure, and so on. For instance, a life insurance company would need the right to collect information about the applicant's health history and medical condition. If the applicant does not sign the authorization, the insurance company will not accept the application for coverage.)
- 5** **Verbal authorization in lieu of signed authorization.** Permits an insurance company to rely on a "verbal authorization" ("verbal" means "in words," which may be spoken or written) given by an insurance customer, instead of a signed written authorization, to authorize the insurance company to collect and disclose personal or privileged information about the customer, if the verbal authorization is recorded electronically and retained by the insurance company.