

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 996

DATE: April 10, 2003

Version: Second engrossment

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Subject: No-fault auto insurance arbitration

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Overview

This bill makes changes in the state law that governs arbitration of auto insurance claims disputes between an insurance company and its own insured. This process now includes no-fault, comprehensive, and collision coverage issues that involve \$10,000 or less.

Section

1 Arbitration procedures; rules of court.

Subd. 1. No-fault arbitration. Makes what is now mandatory arbitration elective on the part of either party. Provides that jurisdiction for arbitration is based upon the dollar amount of claims at the time of the hearing, rather than at the time of commencement of the arbitration process.

Subd. 2. Arbitration; agreement of parties. No changes.

Subd. 3. Itemization; full payment. Requires arbitration awards to be itemized. Provides that payment by the insurer of a partial award of medical benefits is full payment of the claim and of the provider. Prohibits providers from balance-billing patients in that situation. Provides that this subdivision does not apply to charges for health care not related to the motor vehicle accident.

Subd. 4. Notice to providers. This subdivision is closely related to the preceding one. It requires the administrator of the arbitration process (currently the American Arbitration Association) to notify health care providers that they have the right to participate in the arbitration. (This gives providers the right to protect their interests

Section

under subdivision 3.)

- 2** **Effective date.** Makes the bill effective January 1, 2004, and apply to policies issued or renewed on or after that date.