

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 215

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Version: As introduced

Authors: Rukavina and others

Subject: No-fault auto insurance benefits termination

Analyst: Tom Pender, 651-296-1885

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Overview

This bill involves no-fault auto insurance benefits, called "basic economic loss benefits" in the law. Those are medical and wage loss benefits that an auto accident victim receives from (usually) the victim's own auto insurance company on a no-fault basis. Under current law, the insurance company may deny a claim or terminate benefits it has been paying if it believes the victim is not entitled to any benefits or to any further benefits. The victim must usually start an arbitration proceeding to contest that decision and will not get benefits, if at all, until the arbitration is completed. No-fault auto insurance benefits are dealt with in a special arbitration procedure required by statute and supervised by the state supreme court.

Section

- 1** **Benefit terminations or denials; arbitration.** Provides that a "reparation obligor," (which means an auto insurance company or a business's or government's self-insured auto plan) cannot deny a claim or discontinue no-fault benefits on a claim it has been paying, unless it first starts an arbitration to determine whether the reparation obligor has the right to deny the claim or discontinue benefits. The reparation obligor would be required to provide benefits until the arbitration has been completed.
- 2** **Effective date; application.** Makes the bill effective August 1, 2007, and apply to claims based on incidents occurring on or after that date.