SENATE COUNSEL, RESEARCH, & FISCAL ANALYSIS

BILL SUMMARY

S.F. No. 2209 – Auto Insurance Settlement Claims and Offers Modifications

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SF 2209 modifies provisions related to claims handling, and settlement offers and agreements.

Section 1 adds a definition of "repair" or "repair operations."

Section 2 amends what is considered an unfair settlement practice by an insurer, adjuster, or a self-insured.

Section 72A.01, subdivision 6, clause 2.
Under the new language, an unfair settlement practice includes the failure to assume all costs or offer a cash settlement sufficient to pay all costs if the automobile insurance policy provides for the adjustment and settlement of an automobile partial loss on the basis of repair or replacement.

The assumption of loss may only be reduced by an applicable policy provision provided in writing to the insured or claimant, and the repair facility at the time the loss is adjusted.

A settlement or settlement offer that deviates from this provision must be in writing and include:

(1) An itemized list of the repairs and costs;
(2) The offer for settlement; and
(3) Confirmation that a denied repair is not material to the vehicles safe operation and the driver assumes liability.

Section 72A.01, subdivision 6, clause 18.
An unfair settlement practice includes intentional or negligent delay by the insurer or adjuster to:

(1) Repeatedly requesting similar information;

(2) Failing to accurately estimate a claim in a manner that results in a settlement underpayment.

Section 72A.01, subdivision 6, clause 19.
An unfair settlement practice also includes failing to review and approve or deny a repair supplement for a vehicle repair within three business days of submission.

Section 3 provides an insured, contractor, or repair facility a private right of action against an insurer or adjuster.