

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **1662**

1.1 A bill for an act  
1.2 relating to commerce; regulating return of certain unearned insurance premium;  
1.3 amending Minnesota Statutes 2020, section 72A.20, subdivision 17.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2020, section 72A.20, subdivision 17, is amended to read:

1.6 Subd. 17. **Return of premiums.** (a) Refusing, upon surrender of an individual policy  
1.7 of life insurance in the case of the insured's death, or in the case of a surrender prior to death,  
1.8 of an individual insurance policy not covered by the standard nonforfeiture laws under  
1.9 section 61A.24, to refund to the owner all unearned premiums paid on the policy covering  
1.10 the insured as of the time of the insured's death or surrender if the unearned premium is for  
1.11 a period of more than one month is an unfair method of competition and an unfair and  
1.12 deceptive act or practice in the business of insurance. The return of unearned premium must  
1.13 be delivered to the insured within 30 days following receipt by the insurer of the insured's  
1.14 request for cancellation.

1.15 (b) Refusing, upon termination or cancellation of a policy of automobile insurance under  
1.16 section 65B.14, subdivision 2, or a policy of homeowner's insurance under section 65A.27,  
1.17 subdivision 4, or a policy of accident and sickness insurance under section 62A.01, or a  
1.18 policy of comprehensive health insurance under chapter 62E, to refund to the insured all  
1.19 unearned premiums paid on the policy covering the insured as of the time of the termination  
1.20 or cancellation ~~if the unearned premium is for a period of more than one month~~ is an unfair  
1.21 method of competition and an unfair and deceptive act or practice in the business of  
1.22 insurance. The return of unearned premium must be delivered to the insured within ~~30~~ five  
1.23 ~~days following receipt by the insurer of the insured's request for cancellation.~~

2.1 (c) This subdivision does not apply to policies of insurance providing coverage only for  
2.2 motorcycles or other seasonally rated or limited use vehicles where the rate is reduced to  
2.3 reflect seasonal or limited use.

2.4 (d) For purposes of this section, a premium is unearned during the period of time the  
2.5 insurer has not been exposed to any risk of loss. Except for premiums for motorcycle  
2.6 coverage or other seasonally rated or limited use vehicles where the rate is reduced to reflect  
2.7 seasonal or limited use, the unearned premium is determined by multiplying the premium  
2.8 by the fraction that results from dividing the period of time from the date of termination to  
2.9 the date the next scheduled premium is due by the period of time for which the premium  
2.10 was paid.

2.11 (e) The owner may cancel a policy referred to in this section at any time during the  
2.12 policy period. This provision supersedes any inconsistent provision of law or any inconsistent  
2.13 policy provision.