

Minnesota Advances 'One-Way' Lawsuit Bill

<http://www.insurancenewsnet.com/article.asp?a=1&id=105449>

Copyright 2009 A.M. Best Company, Inc. All Rights Reserved BestWire

April 21, 2009 Tuesday 04:28 PM EST

429 words

Minnesota Advances 'One-Way' Lawsuit Bill

Sean P Carr

ST. PAUL, Minn.

The Minnesota House of Representatives approved legislation that would require insurance companies that lose in court to pay plaintiffs' attorney fees and costs, plus 12% interest, in addition to monetary damages.

Insurers object to the "one-way loser pays" nature of the bill, as it does not allow companies to recover fees and costs incurred by lawsuits identified as frivolous. The bill would certainly raise the cost of litigation and hurt the property/casualty insurance market in the state, said Steve Schneider, Midwest vice president for the American Insurance Association.

"Perhaps the most troubling aspect of the bill is that it applies retroactively to outstanding cases. This will almost certainly, and unjustly, impact countless court proceedings and lawsuits, and could force insurers to prematurely pay suspect or even fraudulent claims to avoid the risk of extremely high financial awards which might be levied against them," Schneider said in a state ment.

But House Commerce and Labor Chairman Joe Atkins, DFL-Dist. 39B, said the bill would protect Minnesota businesses from inappropriate denial and delay tactics sometimes used by insurers to forestall claims.

"Right now in Minnesota, insurance companies have a financial incentive to delay and deny payment of business insurance claims for as long as possible," Atkins said in a statement. "By dragging out claim dispute for months, and even years, insurance companies can keep their money, earn interest on it, and exhaust a business' resources and incentive for pursuing the claim."

The state House of Representatives passed H.F. 417 in a 75-56 vote on April 16. The Senate will take up companion legislation. S.F. 528.

Both sides cited the recession in making their case. Schneider warned of "increasing the hidden costs of litigation." Atkins stressed providing relief to businesses and consumers uncertain of their economic security.

The top five writers of homeowners multiperil insurance in Minnesota in 2007, according to A.M. Best state/line data, were: State Farm Group, with 23.8%; American Family Insurance Group, 15.0%; Farmers Insurance Group, 11.4%; Allstate Insurance Group, 6.1%; and Auto-Owners Insurance Group, 4.9%.

The top five writers of private passenger auto insurance in Minnesota in 2007, according to A.M. Best Co. state/line data, were: State Farm Group, with 21.9%; American Family Insurance Group, 14.4%; Progressive Insurance Group, with 12.4%; Farmers Insurance Group, 9.9%; and Allstate Insurance Group, 6.1%.

(By Sean P. Carr, senior associate editor, BestWeek: Sean.Carr@ambest.com)

April 22, 2009

[Copyright © 2009 LexisNexis, a division of Reed Elsevier Inc. All Rights Reserved.](#)
[Terms and Conditions](#) [Privacy Policy](#)

For more insurance news, visit InsuranceNewsNet.com

Don't miss another insurance headline, [sign up](#) for our free newsletter today.

Want your company's news featured on Insurance News Net? [Click Here](#)

