

and, in particular, the board, and (d) whether the board should be abolished and its functions suspended or transferred. In respect to clauses (c) and (d), the board shall solicit the written opinions of other affected state agencies, and these opinions shall be included as part of the board's report. Prior to adjournment of the regular legislative session in 1982, the governmental operations committees of the house and senate shall have evaluated the report and considered legislation in response thereto.

Sec. 4. This act is effective July 1, 1978.

Approved April 5, 1978.

CHAPTER 769-H.F.No.1943

[Coded in Part]

An act relating to fire and related insurance; permitting cancellation of fire and related insurance policies only under certain circumstances; requiring notice of reason for cancellation or nonrenewal; amending Minnesota Statutes 1976, Section 65A.01, Subdivision 1, and by adding subdivisions.

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

Section 1. Minnesota Statutes 1976, Section 65A.01, Subdivision 1, is amended to read:

65A.01 MINNESOTA STANDARD FIRE INSURANCE POLICY. Subdivision 1. **DESIGNATION AND SCOPE.** The printed form of a policy of fire insurance, as set forth in subdivision 3 and section 2 of this act, shall be known and designated as the "Minnesota Standard Fire Insurance Policy" to be used in the state of Minnesota. No policy or contract of fire insurance shall be made, issued or delivered by any insurer including reciprocals or inter-insurance exchanges or any agent or representative thereof, on any property in this state, unless it shall provide the specified coverage and conform as to all provisions, stipulations, and conditions, with such form of policy, except as provided in section 65A.06. Any policy or contract otherwise subject to the provisions of this subdivision and, subdivision 3 and section 2 of this act which includes either on an unspecified basis as to coverage or for a single premium, coverage against the peril of fire and coverage against other perils may be issued without incorporating the exact language of the Minnesota Standard Fire Insurance Policy, provided: Such policy or contract shall, with respect to the peril of fire, afford the insured all the rights and benefits of the Minnesota Standard Fire Insurance Policy and such additional benefits as the policy provides; the provisions in relation to mortgagee interests and obligations in said Minnesota Standard Fire Insurance Policy shall be incorporated therein without change; such policy or contract is complete as to its terms of coverage; and, the commissioner is satisfied that such policy or contract complies with the provisions hereof.

Sec. 2. Minnesota Statutes 1976, Section 65A.01, is amended by adding a subdivision to read:

Changes or additions indicated by underline deletions by ~~strikeout~~

Subd. 3a. CANCELLATION. (1) There shall be printed in the policy or an endorsement attached to the policy a printed form in the following words:

When this policy has been issued to cover buildings used for residential purposes other than a hotel or motel and has been in effect for at least six months, or if it has been renewed, this policy shall not be cancelled, except for one or more of the following reasons which shall be stated in the notice of cancellation:

(a) Nonpayment of premium;

(b) Misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim thereunder;

(c) An act or omission of the insured which materially increases the risk originally accepted;

(d) Physical changes in the insured property which are not corrected or restored within a reasonable time after they occur and which result in the property becoming uninsurable; or

(e) Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing the insurance.

Provided, however, that this limitation on cancellation shall not apply to additional coverages in a divisible policy, other than a policy of fire and extended coverage insurance. If this company cancels the additional coverages, it may issue a new, separate fire policy at a premium calculated on a pro rata basis for the remaining period of the original policy.

(2) The provisions of clause (1)(e) shall not be included in the language of the policy or endorsement unless the payment of dues to an association or organization, other than an insurance association or organization, is a prerequisite to obtaining or continuing the insurance.

Sec. 3. Minnesota Statutes 1976, Section 65A.01, is amended by adding a subdivision to read:

Subd. 6. When policies covered by section 65A.01 are subject to limitations or cancellation as provided in section 2 of this act, the notice of cancellation shall include a statement of the reason for cancellation in a sufficiently clear and specific form so that an insured of reasonable intelligence will be able to identify the basis for the company's cancellation without making further inquiry.

Approved April 5, 1978.

Changes or additions indicated by underline deletions by ~~strikeout~~