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## **MINNESOTA SENATE PASSES REASONABLE INSURANCE BILL** *Attention turns to House where onerous “bad faith” bill remains*

**ST. PAUL, MN, March 20, 2008** – In a move that ultimately helps consumers, the Minnesota Senate rejected the onerous “Trial Lawyers’ Tax Bill” and passed an amended version of Senate File 2822 that the insurance industry calls a reasonable alternative.

The Insurance Federation of Minnesota, Minnesota Association of Farm Mutual Insurance Companies, American Insurance Association, National Association of Mutual Insurance Companies and Property Casualty Insurers Association of America are all part of a broad based coalition of consumers, taxpayers, business and civic groups called Minnesotans Against Fraud and Higher Insurance Costs ([www.nohigherrates.com](http://www.nohigherrates.com)) that had opposed the original Trial Lawyers’ Tax bill, which remains alive in the form of House File 3115.

Senate File 2822, sponsored by Sen. Tarryl Clark (DFL) was amended by Sen. Linda Scheid (DFL) to address serious concerns with the original bill’s expansive provisions that could drive up insurance costs, because every insurance company would face more lawsuits and higher litigation costs for each insurance claim, and provide personal injury trial lawyers with unlimited fees. The amended version caps attorneys’ fees at \$40,000 while providing consumers up to \$100,000 if insurers are found to have acted in “bad faith.”

The insurance groups point out that insurers have the duty to protect all their policyholders by reviewing claim payments in cases of suspected fraud or arson. The original S.F. 2822, and the current H.F. 3115, encourages the filing of unnecessary lawsuits and that often creates undue pressure on insurers to pay suspicious or fraudulent claims. Such additional costs most often get passed on to all consumers and businesses.

Last year, the trial bar tried unsuccessfully to push through similar legislation, called the “Double Lawsuit Bill,” that would have been the worst bad faith legislation in the nation and allowed for at least two lawsuits for every insurance claim.

These bills are little more than veiled attempts to create a new opportunity for personal injury lawyers to file lawsuits and generate revenues for themselves at the expense of consumers, according to the insurance groups. California and West Virginia both eliminated bad faith lawsuits in their states, after

which analysis showed premiums decreased from 11-19 percent. Both states found that their bad faith law lead to a dramatic increase in 'frivolous' lawsuits.

With gas prices increasing, home values falling and a forecast for a weaker economy, the insurance trade groups are urging members of the House to defeat legislation such as H.F. 3115 that will add to the cost of insurance and benefit personal injury attorneys rather than consumers and instead embrace a more prudent approach as seen in the amended version of S.F. 2822.

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