



Insurance Market Overview

September 10, 2025

Commerce's Mission and Strategic Priorities

Protect and assist
consumers

Oversight: 40+
industry areas

Engagement with all
communities

Protect the Public Interest

Trusted Resource

Reduce Economic Barriers

Climate Change Resilience

Strong, Competitive, Fair Marketplace

Commerce is the state's insurance regulator

Insurance lines with Commerce oversight:

Auto, health, homeowners, life, long-term care, workers' compensation

- Examine, analyze and license insurance carriers to ensure financial safety and claims-paying ability
- Review form and rate filings – But not always in the same way
- Accreditation renewed in 2022 by National Association of Insurance Commissioners (NAIC)
- Monitor markets
- Make policy recommendations to maintain market health and stability

Minnesota's homeowners insurance market has been challenged over the last decade

- How competitive is Minnesota's homeowners market?
- Can consumers afford to buy insurance, afford to use their insurance?
- Homeowners is the second largest P&C line in Minnesota with 21.3% market share and \$4 billion in written premium in 2024
- Loss ratios and company profitability have been extremely unfavorable for companies over the last decade – 2024 was best year since 2018
- Some policyholders are taking on more risk (higher deductibles, Actual Cash Value (ACV) policies)
- Surplus lines market growth
- [Minnesota State Profile: Key Facts and Market Trends \(2022 edition\)](#)

States differ in their regulatory oversight of insurance products

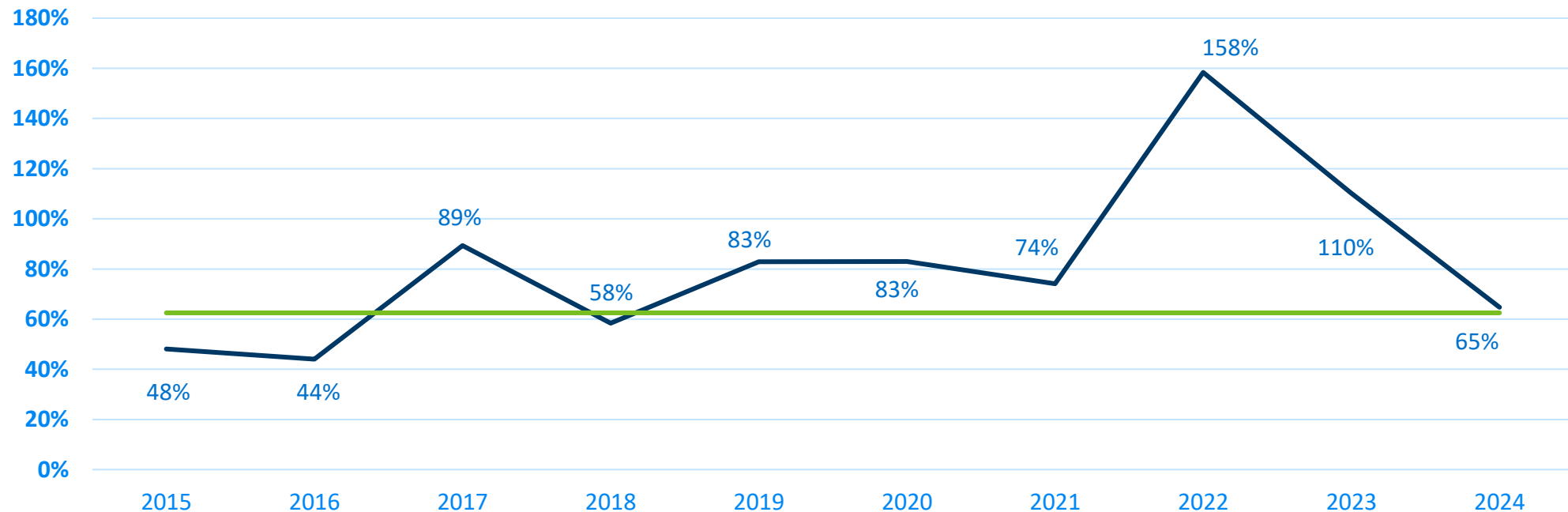
DEFINITIONS OF RATING LAWS	
Prior Approval	Rates must be filed with and approved by the state insurance department before they can be used. Approval can be by means of a deemer provision, which indicates approval if rates are not denied within a specified number of days.
Modified Prior Approval	Rate revisions involving change in expense ratio or rate relativity require prior approval. Rate revisions based on experience only are subject to “file and use” laws.
Flex Rating	Prior approval of rates required only if they exceed a certain percentage above (and sometimes below) the previously filed rates.
File and Use	Rates must be filed with the state insurance department prior to their use. Specific approval is not required but the department retains the right of subsequent disapproval.
Use and File	Rates must be filed with the state insurance department within a specified period after they have been placed in use.
No File	Rates are not required to be filed with or approved by the state insurance department. However, the company must maintain records of experience and other information used in developing the rates and make these available to the commissioner upon his request.

Minnesota law establishes different regulatory types for different kinds of insurance

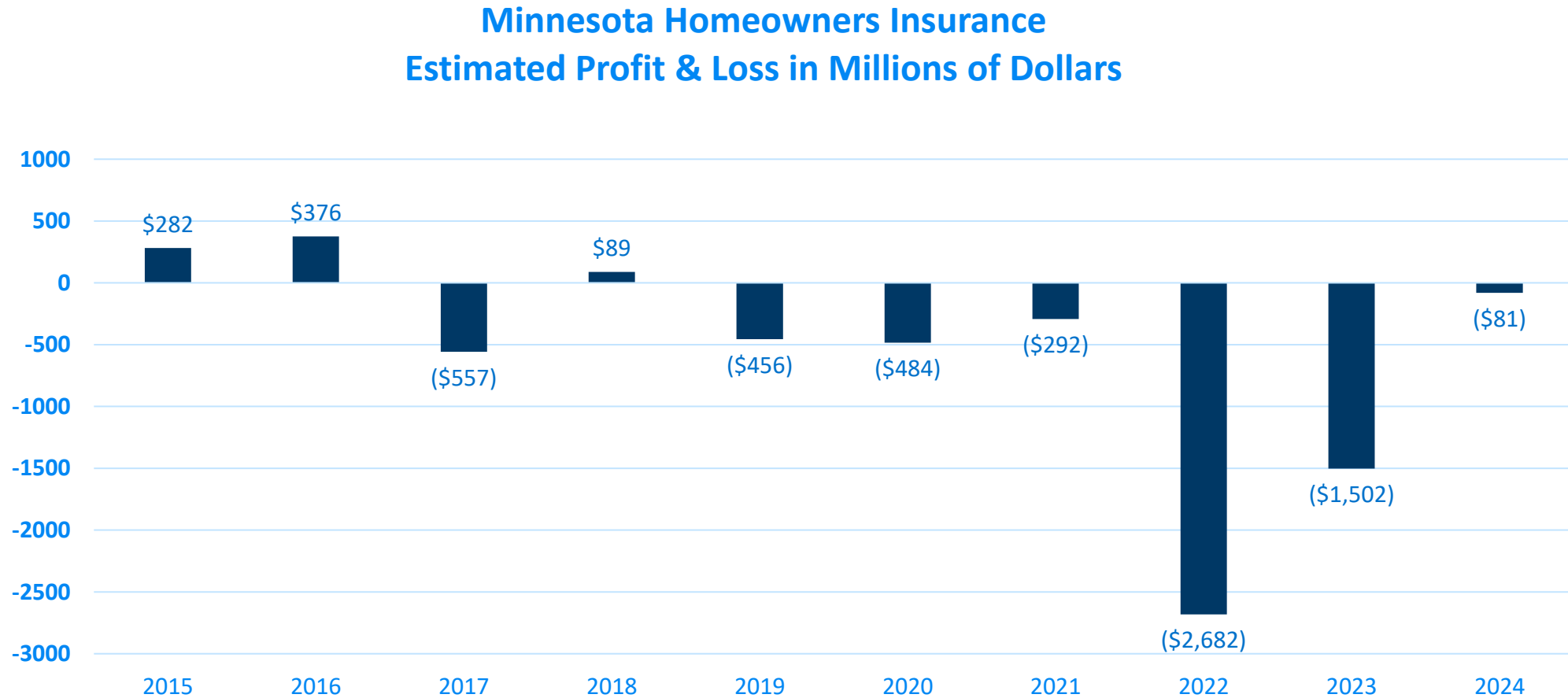
Insurance Line	Health	Homeowners	Commercial
Regulatory Type	Prior Approval <ul style="list-style-type: none">- State-regulated insurance cannot be sold in Minnesota before Commerce (or MDH) approves	File and Use <ul style="list-style-type: none">- Insurance companies file rates that go into effect- Commerce alerted to filing, can review- Many filings are on “expedited” basis, no notice to Commerce	No File <ul style="list-style-type: none">- Rates go into effect, no filing made with Commerce

Minnesota's home insurance market has had a bad decade

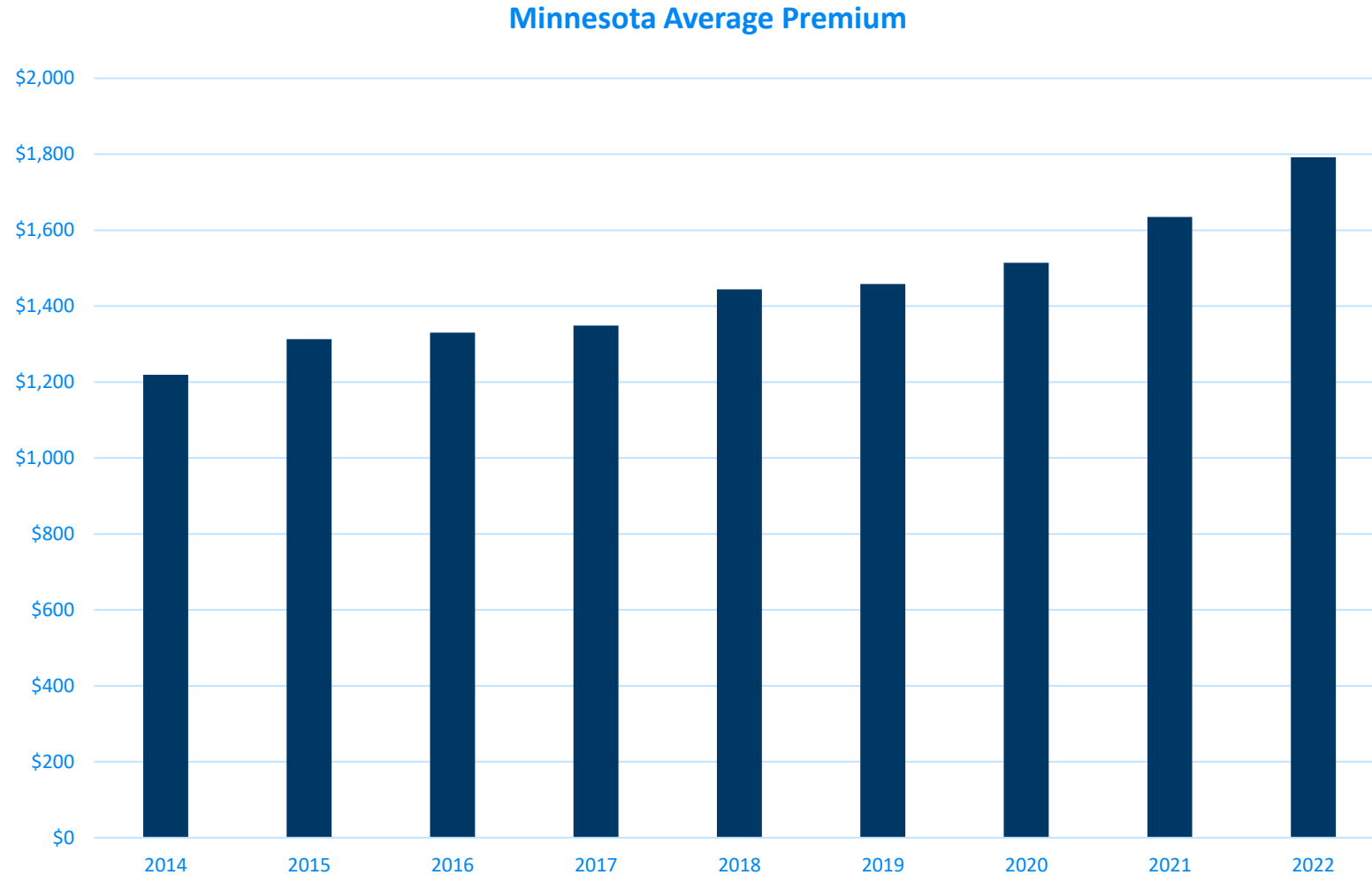
**Minnesota Homeowners Loss Ratios
Excluding all Adjustment & Company Expenses**



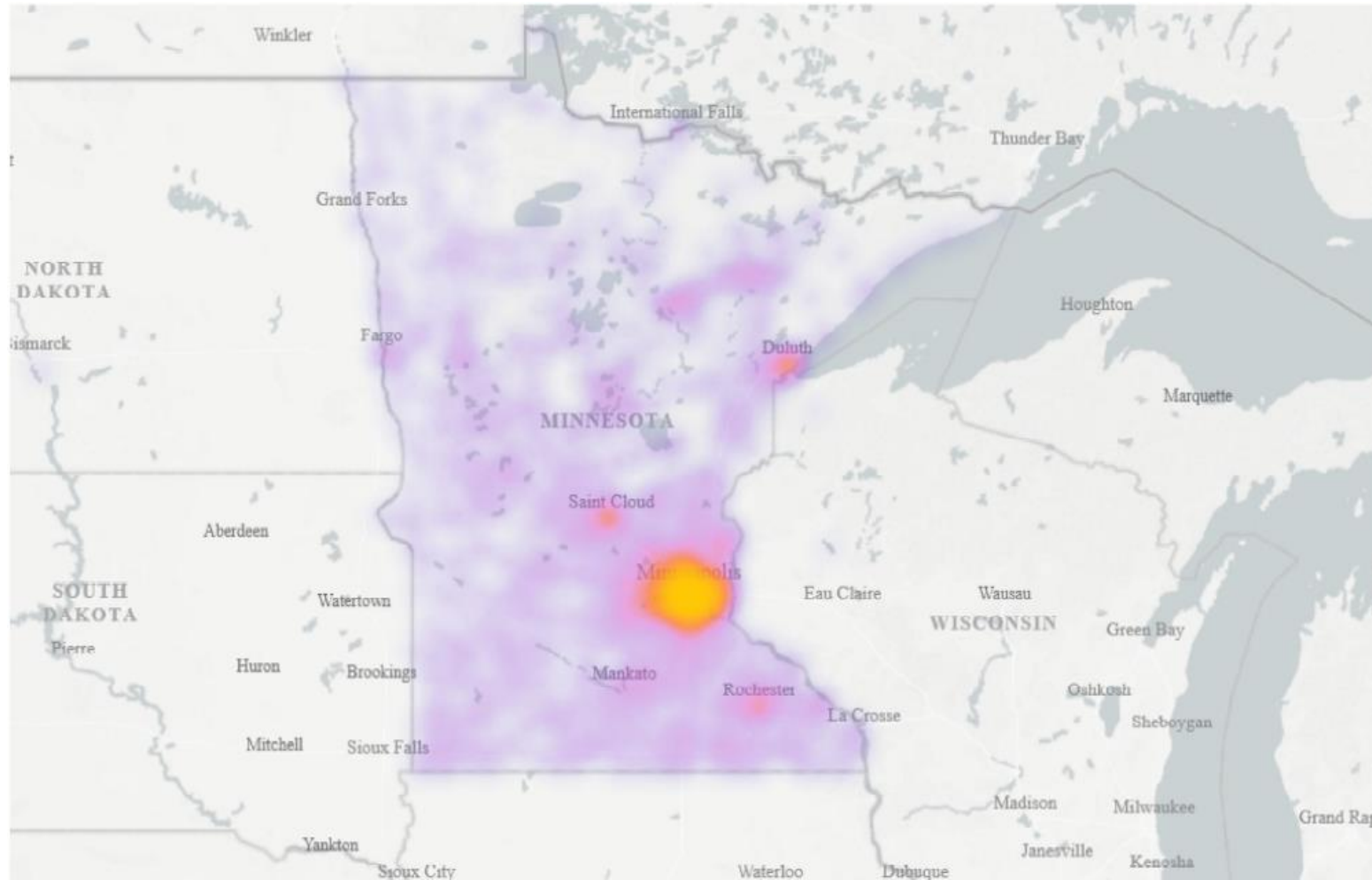
Selling home insurance hasn't been profitable since 2018



Minnesotans' average premiums have increased statewide level the past decade



Homeowners policies in Minnesota are clustered around urban centers



The Commerce Department has limited regulatory oversight over commercial policies sold to CIC's & HOAs

- Associations traditionally buy commercial policies, which are exempt from filing requirements in Minn. Stat. §70A.06
- Residents can also separately purchase HO-6 policies
 - “named-perils” coverage for personal property as well as certain building items in which the unit owner may have an insurable interest
 - 2021: HO-6 and renter’s policies were approximately 30% of Minnesota’s overall homeowners market; \$61.3M in premiums
- Associations can not purchase from the FAIR Plan or any other insurer of last resort in Minnesota

Commerce continues to receive complaints from condo and townhome residents

- Commerce was a member of the Legislative Task Force on the Long-Term Stability of Affordable Housing, monitored the CIC working group
- Complaints to Commerce have been up, resemble testimony the CIC working group heard from Minnesotans
- Condo/townhome insurance complaints:
 - 2022: 41
 - 2023: 61
 - 2024: 55

Thank You!