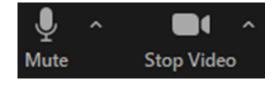
#### Welcome to the Task Force on Homeowners and Commercial Property Insurance

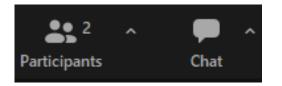
#### Please use this time to get settled and test out Zoom features.

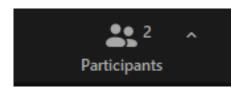
- Mute/Unmute: Turn your microphone on/off. Use the arrow to adjust settings.
- Stop/Start Video: Turn your camera on/off. Use the arrow to adjust settings.
- Participants: See who's currently in the meeting.
- Chat: Open the chat panel.
- Show Captions: Turn on live captions (it only turns on for you, not everyone).
- **Reactions:** Use the Raise Hand feature to show you'd like to talk.

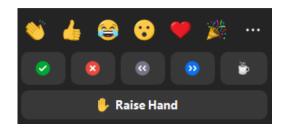
Please ensure Zoom shows your preferred name, and (if you like) add your pronouns.

- Click the "Participants" button.
- Hover your mouse over your name, then click the three dots beside it.
- Click "Rename." A pop-up box will appear edit your name and your pronouns.
- Click "Change."









# Task Force on Homeowners and Commercial Property Insurance



October 1, 2025 meeting



## Approval of minutes



## Welcome, agenda, and operating agreements

## Welcome

- Welcome Senator Dahms
- Introductions:
  - Name
  - Role and perspective you bring (30-second version)

## Agenda

- 1. Administrative business
- 2. Member interviews: Themes and insights
- 3. Presentations: National learnings and trends
- 4. First meeting brainstorming
- 5. Group discussion
- 6. Adjourn

## Operating agreements

- Be present.
- Say your name before speaking (whether in room or remotely).
- Make space/take space.
- Refrain from side conversations whether verbally or via chat.
- Ask questions to understand the opinions, viewpoints and experiences of others.



## Administrative business

### Administrative business

- Task force charter
  - Vote
- Resources for the task force
  - https://www.lcc.mn.gov/hcpi/
- Reminder to sign up to review resources

## Interview summary

#### Interview summary

• Interviews were conducted with all task force members—thank you for sharing your expertise.

• Deep expertise from multiple perspectives:



The current system isn't working.

Affordability, availability, and insurance coverage and imbalance between premiums and claims are not meeting the needs of Minnesotans and businesses.

Shared

values

Our climate is changing. Climate change is presenting unique challenges to our systems. We can't solve climate change, but we can explore solutions to mitigate risk.

Willingness to hear multiple perspectives. Solutions cannot be made without involving experience across the issues.

**Commitment to making practical recommendations.** Interviews
highlighted the importance of
focusing on changes within control
of the legislature.

#### Challenges highlighted from interviews

Affordability of insurance



Insurance risk



Availability of insurance



Lack of consumer education



Climate change



Constraining innovation



Storm chasers/ fraudulent practices



Premium pressures



Defining what we can solve



#### **Challenges**

"What can the legislative body do? What is in the power of government to resolve issues in the market? There are things we can't do."

"Consumer education is so huge- people don't understand and read their policies. What is included, what is excluded, what policies you might need."

#### **Additional Challenges**

"Weather claims are through the roof. Inflation, cost of labor, and weather."

"Liability risks betting bigger and bigger because claim settlements are getting bigger. Attorneys willing to go to court to get 3-4 times what might be accomplished in a negotiated settlement before a court setting."

"Cosmetic damage exclusion. We are filling up landfills with gutters that are not bad."

#### Issues to address

- Drivers of insurance premium increases/causation factors
- Homeowner education
- Liability exposure/cost of claims
- Consumer protections from storm chasers
- Creative financing
- Solutions that center tenants/individuals
- Tort reform
- HOA protections

• **Bold text**= multiple people raised this issue

#### Areas to understand for relevance included:

- Availability and coverage
- Contractor fraud
- Longer window to resolve claims
- Appraisal process
- Supply and demand of construction materials
- Reinsurance market use/ safety net
- Cash value versus replacement value
- Approvals to sell insurance in Minnesota

"There is a tendency to want short term solutions at the longterm expense of the consumer. Instead of looking for an easy Band-Aid, I want a long-term solution."



## Presentation

Heather Morton, National Conference of State Legislators



#### Six draft themes by topic/policy area:

- Cost/Affordability
- Resilience/Climate/Risk Reduction
- Safety Net
- Regulatory factors
- Liability issues/legal issues/tort reform
- Claims process and parties

#### Two draft themes by housing type (commercial market)

- Homeowners Associations (HOAs)
- Multifamily affordable housing

#### Other input

#### **Optional prompts for discussion:**

- What questions do you have?
- Are there additional challenges, issues, and/or problems to add?
- What changes, if any, would you suggest to the draft themes?
- What other input would you like to share today?

#### **Cost / Availability:**

- a) Affordability concerns / increase in pre-foreclosure notices
- b) Imminent pre-foreclosure crisis for individual homeowners
- c) Minnesotans can afford to buy insurance (home, business) and afford to use it when they need to
- d) Increasing cost of insurance, cost of insurance
- e) Angst with the cost of insurance
- f) Affordability and availability of insurance
- g) Affordability measures
- h) What are practical revenue sources to help fund insurance cost relief (such as reinsurance)
- i) Practical revenue sources we could tap, for example resinsurance.
- j) Challenge: understanding what is driving the cost of insurance and if drivers equate to current premiums
- k) Addressing factors that contribute to rise in cost of insurance in MN
- l) Role of the reinsurance market
- m) Bringing cost drivers down

9/29/2025

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#### **Resilience/Climate/Risk Reduction:**

- a) Effect of climate change on insurance rates
- b) Construction materials are not resilient in our climate
- c) Lack of understanding by consumers what coverage they have/need
- d) Insufficient incentives for risk reductions and reducing risk exposure
- e) Affordability and resiliency measures, mitigating factors driving significant premium increases, consumer education on these issues
- f) How can we incentivize/promote risk reduction actions?
- g) Increased frequency and severity of severe weather events
- h) Resiliency measures
- i) Insufficient consumer education on resiliency measures and mitigating factors

#### **Safety Net:**

- a) Safety nets for insurance markets/interaction with surplus markets
- b) Limited or no safety net coverage for Minnesotans
- c) Availability of insurance, especially for HOAs and other multi-family housing

#### **Regulatory Factors:**

- a) Lack of rate regulation
- b) Problem: Department of Commerce process to negotiate rates (or lack of sufficient information about the process)
- c) Onerous for companies to get approval to sell lines of insurance in MN. Takes long time, limits competition
- d) Market regulation (shifts to less regulation in other states question if this is good for consumers)

#### Liability issues/legal issues/tort reform:

- a) Liability claim settlement amounts are significant
- b) In the commercial space, liability lawsuits 2x more per unit to insure apartment units
- c) Commercial lawsuits are scaring carriers
- d) Cost of liability insurance rise due to "nuclear settlements." Cap?
- e) Commercial space nuclear lawsuits
- f) Tort reform third party litigation funding (TPLF). Who is making the decisions investor or claimant?
- g) "Anchoring" of suggested award amounts

#### Claims process and parties:

- a) Price gouging and contractor driven claims
- b) Contractors acting as unlicensed public adjusters (see IA's law)
- c) Cost of claims as primary driver. Some constructive action on storm chasers. Are there places in the appraisal process that could make tangible results?
- d) The rise in the number of storm chasers operating in the state after significant weather events.
- e) Construction materials are frequently discontinued

#### Themes by housing type (commercial market): HOAs

- a) State 515B statute: examine changes to address affordability?
- b) Insurance costs are increasing as share of HOA budgets (past: 10%, currently: 60%)
- c) Associations: poor resource management, not getting needed maintance done
- d) Regulation of HOA management companies: practices with contracting and adjusters driving cost of claims higher, unit owners pay via loss assessment.
- e) Who regulates claims on the H-O-6 side? Seems like a free-for-all, more fees added to claims, driving up prices.
- HOA policies include additional costs (management fees) that are not part of typical homeowner policies
- g) Cost of insurance, especially for HOAs and other multi-family housing

## Themes by housing type/commercial: Multifamily affordable housing Cost:

- a) High and increasing insurance costs causing affordable rental properties to sell/close
- b) Cost of insurance, especially for HOAs and other multifamily housing
- c) Affordable housing developers and providers are not able to get affordable rates
- d) Ensuring affordable housing developers can get affordable insurance

#### **Access to insurance:**

- e) Decrease in insurance providers willing to insure affordable housing
- f) Loss of insurance providers for affordable housing; 50+ applications for 1 quote
- g) Amount of time spent applying for insurance is ridiculous.
- h) Inability to get insurance for affordable housing properties even with resilience measures

#### Impacts on housing development and operations:

- i) Insurance challenges hindering development of new affordable housing, stressing the industry
- j) Challenge to preserve properties to increase resilience to qualify for insurance (security, maintenance, etc.)

## Group discussion: other input

#### **Principles/values/other advice:**

- Understanding potential responses to recommendations and legislative actions they can bring in new insurers or drive existing ones out
- The insurance market will be responsive to what happens. Look to actions in other states and how insurers responded
- Focusing task force's attention and work on what the legislature can deal with
- Complexity of issues and solutions
- Defining affordability is going to be hard.

#### Task force process / other questions

- State by state issue
- How do we ensure insurers will pass along changes identified by the task force?
- What are things that the legislature is actually able to solve?
- Which issues are amenable to legislative solutions? Which issues defy legislative solutions?
- Limited members of task force orgs missing
- Hope we can identify real changes and that they result in more affordability and availability

## Reminder: next meetings

**Oct 22** 

• Noon – 2:00pm

**Nov 12** 

• Noon – 2:00pm

Dec 3

• 1:00 – 3:00pm

Jan 7

• 1:00 – 3:00 pm

**Jan 21** 

• 1:00 – 3:00pm

Feb 4

• 1:00 – 3:00pm

 \*\*\*If you know in advance you will need to join via Zoom, please alert Austin. This info helps MAD design the meeting agendas and support discussions.

## Thank you!

**Taskforce website:** 

htps://www.lcc.mn.gov/hcpi