

### Member Preliminary Recommendations

Charge identified (1- 9)	Please provide your recommendation that you would like to submit to the Task Force.	Policy impact, fiscal impact, or both?	Timeline for implementation	Notes
<b>1) Risk mitigation and property resilience to natural hazards, and the effect on insurance</b>				
1.1	Funding of the Fortified Grant programs to incentivize homeowners and building owners to build to a more resilient standard.		Fiscal impact	Short term (1 year or less)
1.2	Implementation funding and program details to implement the "Strengthen Minnesota Homes" program (Chapter 65A.229)			
1.3	Fully fund Stronger Minnesota Homes with general fund money (legislature).	Both	Medium term (2-4 years)	
1.4	Increase the number of FORTIFIED Homes in Minnesota through Strengthen Minnesota Homes and other means. This recommendation will require funding from the Legislature and implementation by the Commerce Department.	Both	Short term (1 year or less)	
1.5	Direction to DLI to update the building codes to incorporate a version of the IBHS FORTIFIED roofing standards into our residential and commercial building codes through their Construction Codes Council process.			
1.6	Fund and Expand Strengthen MN Homes program, possibly to include multifamily housing properties and targeted small businesses like childcare centers.  The legislature would need to be involved to pass changes and allocate funding. The department of commerce would be responsible for implementation and enforcement. Partner with Minnesota Housing and DLI to pair funding and address workforce needs.			
1.7	Since there is no multifamily fortified plan in the country, could we pilot a program and possibly work with a philanthropic funder? McKnight has expressed possible interest in this.	Both	Short term (1 year or less)	
1.8	We recommend enacting legislation that would authorize establishing catastrophic savings accounts. These accounts are special tax-advantaged accounts designed to help individuals save specifically for disaster recovery and mitigation. We should look to the examples set by SC, AL, and MS who have already implemented programs of this nature.	Both	Medium term (2-4 years)	
	1) Requires insurers to factor in community and household mitigation investments into insurance modeling, pricing, and underwriting 2) legislature to pass, dept of commerce to enforce	Both	Short term (1 year or less)	

1.9	Implement funding for resilient construction. However, it is important to note that this should not be built into building code as a requirement (other than potentially on new construction). If this is made into required code, it will increase the cost of insurance as insurers will take on the burden of paying for those increased costs under the ordinance & law coverage under the policy. It will have the opposite effect if it is a required code on repairs.	Fiscal impact	Medium term (2-4 years)
1.10	Creation of Catastrophic and Mitigation Savings Accounts Legislature to approve, Department of Revenue to oversee implementation and operation.	Both	Medium term (2-4 years)
1.11	Incentivize pricing and mitigation discounts. Encourage or mandate insurers to offer premium discounts for property mitigation and resilience measures. Department of Commerce-Insurance Division/legislature	Fiscal impact	Medium term (2-4 years)
1.12	Develop funding mechanism for adaptation, resiliency, and mitigation grants to strengthen homes and properties (i.e., FORTIFIED roof programs)	Both	Medium term (2-4 years)
1.13	Providing a financial incentive to owners for fortifying roofs will accomplish the carriers' goals of reduced claims, provide safer housing to citizens, and likely would reduce premiums.	Both	Medium term (2-4 years)
<b>2) Effect of liability laws on insurance costs and whether tort reform could reduce costs</b>			
2.1	Consumers in Crisis Protection Act (SF2929) - <a href="https://www.revisor.mn.gov/bills/94/2025/0/SF/2929/versions/0/pdf/">https://www.revisor.mn.gov/bills/94/2025/0/SF/2929/versions/0/pdf/</a>  This bill would need to be passed by the legislature and then would be regulated by the department of Commerce.	Policy impact	Short term (1 year or less)
2.2	Action is recommended to curb third party litigation funding. Excess litigation and higher verdicts are impacting property/liability insurance policies. We have seen continued growth across the country in TPLF and anticipate even higher verdicts and increased class action litigation in Minnesota if we don't support appropriate legislation. We recommend moving forward with current bills SF 2929 and HF 2677 to mitigate rate impact in the liability portion of these policies.	Policy impact	Short term (1 year or less)
2.3	Using the model law (Transparency in Third Party Litigation Financing Model Act - Nov 2024) relating to disclosure of third-party litigation funding - establishes requirements for disclosure, licensing, and prohibits certain conduct.	Policy impact	Short term (1 year or less)
2.4	Currently, MN courts utilize the Frye standard regarding expert testimony in the legal process. Recommendation of regulating this standard by statute to the Daubert Standard (used in the majority of federal courts throughout the country).	Policy impact	Medium term (2-4 years)
2.5	Implement Non-Economic Damage Caps - similar to states like WI, OR, AK which limit the amount recoverable in wrongful death cases. This levels the playing field and helps to control nuclear verdicts.	Policy impact	Short term (1 year or less)

**4) Public reporting of aggregated data relating to insurance plan costs and coverage**

More data in general that would help not only Consumers and the Department of Commerce, but also the industry.

\* Data on Surplus line trends and why there is such a dramatic shift to the surplus lines

\* Catastrophe maps

4.1 \* Comparative data on affordable housing vs. market rate

\* More data on key metrics

Not sure if the legislature would need to act on all the above or if this could be an administrative change at the department of commerce. Certainly would need funding for more staff at the department of commerce.

Both

Medium term (2-4 years)

4.2

Recommend Oversight and data collection for the non-admitted/surplus lines market – I am starting to think that the insurance industry is pushing for use of their surplus lines and using “risk” as a rationale because they can charge more, don’t have to submit data, aren’t regulated and have no solvency requirements.

Also, it appears that the surplus lines could be one big disaster away from crashing and that would have devastating impacts for affordable multifamily housing providers.

Policy impact Short term (1 year or less)

**6) Current state-supported insurance program and the potential to expand the program to include a catastrophic reinsurance fund and a self-insured pool**

6.1

1) FAIR plan enhancement - strengthen and optimize this program with increased funding, expanding accessibility, and adding a public option.

2) legislature to pass a bill

Both

Medium term (2-4 years)

6.2

FAIR Plan Reforms. Update the board composition so public members have a majority, require the FAIR Plan to conduct financial stress tests based on climate risk exposure, expand coverage options to offer a product to affordable housing providers. FAIR Plan would be responsible for implementing this recommendation, with the Commerce Department responsible for ensuring it occurs.

Both

Medium term (2-4 years)

6.3

Changes to MN FAIR plan (Chapter 65A.31) that might include a new FAIR plan for association housing.

6.4

Reform FAIR Plan and surplus lines regulation

Both

Medium term (2-4 years)

Expand and restructure Minnesota's FAIR Plan – this is a safety net backstop primarily used by homeowners who are unable to secure insurance in the regular market. Making adjustments could allow for a more secure safety net for owners of affordable homes and nonprofit multifamily providers. Potential adjustments include:

6.5 Would need to address availability of workforce to carry out mitigation construction.  
Reform FAIR Plan Board to consist of a majority of public members  
Define active Commerce Department and Minnesota Housing roles in FAIR Plan operations  
Expand the FAIR Plan to address market failures (including diversion to surplus lines) by offering high-value policies for homeowners and multi-family housing properties  
Require FAIR Plan to retain surplus (not divert back to carriers) and invest in risk mitigation strategies

Both Medium term (2-4 years)

7) Factors that increase claim costs including but not limited to post-loss contractors, fraudulent claims, climate, inflation, and discontinued building materials

7.1	Continued enforcement and possible expansion of 325E.66 (Insurance Claims for Residential Contracting Goods and Services) statute.	Policy impact	Medium term (2-4 years)
7.2	Prohibit the use of exclusive contracts in door-to-door solicitations by people pursuing insurance claims after a storm.	Policy impact	Short term (1 year or less)
7.3	Require that third-party supplement writers hold a public adjuster license, as outlined in Statute 72B.03. This ensures accountability and helps maintain professional standards within the claims process.	Both	Short term (1 year or less)
7.4	Strengthen oversight over contractors (either through the Department of Commerce or the Department of Labor and Industry) regarding the unauthorized practice of public adjusting (UPPA) by contractors. Many contractors are engaging in this practice despite the statutes that do not allow them to. See Minnesota Statute Section 325E.66 - Subdivision 1, a, 3.	Both	Short term (1 year or less)

## 8) Regulatory factors that increase costs or decrease access to insurance products

8.1	1) Pass legislation that would ban discrimination based on the property's status as affordable housing or presence of residents receiving housing assistance, just like New York's Insurance Law Section 3462.	Policy impact	Short term (1 year or less)
	2) Legislature to pass bill, Dept of Commerce to enforce the legislation		
8.2	Clarify the alternative dispute resolution statutes so consumers and insurers understand that policyholders have two years from the date of loss to initiate the appraisal process for any type of claim. The recommendation would require legislative action.	Both	Short term (1 year or less)
8.3	Improvements to the insurance claim mediation process.		
8.4	Ban the use of credit scores in premium calculations	Both	Medium term (2-4 years)

9) Other areas that would strengthen and stabilize the homeowners and commercial property insurance industry		
9.1	1) prohibit discrimination based on credit scores in setting or issuing premiums 2) legislature, dept of commerce	Policy impact Short term (1 year or less)
	<p>The biggest complaint from homeowners and contractors alike is short windows to resolve outstanding claims. One year is not long enough in Minnesota where the construction season itself can be as short as 6 months and especially if there is anything unusual in the claim that takes more time to adjust.</p> <p>This can be easily rectified by revising Minn. Stat. 65A.01 (the "Standard Fire Policy") to apply to all perils. It contains certain minimum protections for both insurer and insureds, including a two year claim deadline. Most carriers abide by it on all claims until recent times. But with many separating out all other perils to have a one year deadline recently, this would eliminate challenges faced in more difficult claims, where availability of contractors/adjusters are at issue, and provides enough time to accommodate Minnesota's erratic building season.</p> <p>This would have to be carried out by proposed legislation but the change would only require revising a sentence.</p>	
9.2		Policy impact Short term (1 year or less)
9.3	<p>Prohibit the incomes and types of financing from being calculated into the risk algorithms of insurance providers while referencing the MN Human Rights statutes.</p> <p>Essentially a variation of source of income protections and would not allow the incomes or their income source to be factored into setting rates. New York State just passed this law and will be tracking it.</p> <p>MN Department of Human Rights</p>	Policy impact Short term (1 year or less)