

Task Force on Homeowners and Commercial Property Insurance

Final Report to the Minnesota Legislature

February 13, 2026

Executive Summary

The Task Force on Homeowners and Commercial Property Insurance (“Task Force”) was established by the Minnesota Legislature during the 2025 Session.¹ The Task Force was created to make recommendations to the commissioners of Commerce, the Housing Finance Agency, and Employment and Economic Development, and the relevant legislative committees addressing insurance affordability of single-family housing, common interest communities, and multifamily rental housing, and for preventing disruptions or loss to the development, preservation, and long-term sustainability of Minnesota’s housing infrastructure.

The Task Force was charged with reviewing property resilience to natural hazards, liability laws, minimum notice for coverage changes, public reporting of data, the reinsurance market, the current state-supported insurance program, factors that increase claim costs, and regulatory factors that increase or decrease access to insurance products.

Over five meetings from September through December, the Task Force heard testimony from many individuals and organizations on the required topics.² Additionally, members and testifiers shared research papers and articles on the required topics to continue this review between meetings.³

Members were asked to submit recommendations for the December 3rd meeting. For the remainder of the four meetings, the working group reviewed and discussed recommendations to finalize for inclusion in this final report.

¹ See Minnesota Laws 2025, Chapter 4, Article 3, Section 20

² See Appendix B

³ See Appendix C

Contents

Executive Summary.....	2
Membership	4
Enabling Legislation	6
Overview of Meetings	7
First Meeting – September 10, 2025	7
Second Meeting – October 1, 2025	7
Third Meeting – October 22, 2025	7
Fourth Meeting – November 12, 2025.....	8
Fifth Meeting – December 3, 2025	8
Sixth Meeting – December 16, 2025.....	8
Seventh Meeting – January 7, 2026	8
Eighth Meeting – January 21, 2026	9
Ninth Meeting – February 5, 2026	9
Findings and Recommendations	10
Appendices	12
Appendix A: Statutory Authority.....	12
Appendix B: Task Force Meeting Materials	16
Appendix C: Other Resources Reviewed by Task Force	19
Appendix D: Member-submitted Letters.....	22

Membership

Minnesota Laws 2025, Chapter 4, Article 3, Section 20

(a) The task force consists of the following:

- (1) one member appointed by the commissioner of commerce;
- (2) one member appointed jointly by the speaker of the house and the speaker emerita of the house;
- (3) one member appointed jointly by the senate majority leader and the senate minority leader;
- (4) one member appointed by the Minnesota Consortium of Community Developers;
- (5) two members appointed by the Insurance Federation of Minnesota, including one member with expertise in homeowners insurance and one member with expertise in commercial insurance;
- (6) one member appointed by Big I Minnesota;
- (7) one member appointed by the Minnesota Association of Farm Mutual Insurance Companies;
- (8) one member appointed by the Community Associations Institute;
- (9) one member appointed by the Contractors Association of Minnesota;
- (10) one member appointed by the Minnesota Multi Housing Association;
- (11) one member appointed by the Housing Justice Center; and
- (12) one member appointed by Ceres with expertise in climate risk mitigation and insurance markets.

The following individuals served on the Task Force:

Chair: Representative Steve Elkins

Appointed by: Joint House Appointment

Senator Gary Dahms

Appointed by: Joint Senate Appointment

Alternating voting member with Sen. Seeberger

Senator Judy Seeberger

Appointed by: Joint Senate Appointment

Alternating voting member with Sen. Dahms

Adam Axvig

Appointed by: Minnesota Association of Farm Mutual Insurance Companies

Peter Brickwedde

Appointed by: Department of Commerce

Jaclyn de Medici Bruneau

Appointed by: Ceres

Fost Choles

Appointed by: Minnesota Multi Housing Association

Aaron Cocking

Appointed by: Insurance Federation of Minnesota

Kari Johnson

Appointed by: Minnesota Consortium of Community Developers

Tim Johnson

Appointed by: Contractors Association of Minnesota

Jessica Szuminski

Appointed by: Housing Justice Center

Anna Midgley

Appointed by: Insurance Federation of MN

Josh Reams

Appointed by: Community Associations Institute

Jean Sundlof

Appointed by: Big I Minnesota

Enabling Legislation

[Minnesota Laws 2025, Chapter 4, Article 3, Section 20](#)

Subd. 3.

Duties.

(a) The task force must identify recommendations to strengthen and stabilize the homeowners and commercial property insurance industry.

(b) The task force must consult with the commissioner of the Housing Finance Agency, the commissioner of employment and economic development, other relevant state and local agencies, and key stakeholders in the insurance and housing industries.

(c) The task force must review:

(1) risk mitigation and property resilience to natural hazards, and the effect on insurance costs;

(2) the effect of liability laws on insurance costs and whether tort reform could reduce costs;

(3) minimum notice for coverage changes, including enforcement and oversight;

(4) public reporting of aggregated data relating to insurance plan costs and coverage;

(5) the reinsurance market for homeowners and commercial property insurance;

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

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

(8) regulatory factors that increase insurance costs or decrease access to insurance products; and

(9) other areas that would strengthen and stabilize the homeowners and commercial property insurance industry.

Overview of Meetings

First Meeting – September 10, 2025

Rep. Elkins called the first meeting of the Task Force on Homeowners and Commercial Property Insurance to order. Rep. Elkins and staff from Management, Analysis, and Development (MAD), and the Legislative Coordinating Commission (LCC) introduced themselves and the purpose of the Task Force. The Task Force members were asked to introduce themselves and their interests in the work of the group. Representative Elkins was elected Chair of the Task Force. LCC staff walked through the Task Force's enabling legislation and provided information on the Open Meeting Law. Members discussed meeting dates, a draft of the task force charter, and how to share resources with other members. Julia Dreier, Deputy Commissioner of Insurance, gave a presentation on the state of housing insurance in Minnesota.

Second Meeting – October 1, 2025

Members discussed a task force charter and the use of designees. Sam Grant from MAD presented to the group themes and insights from member interviews. Heather Morton, from the National Conference of State Legislatures (NCSL), presented on national legislative trends relating to mitigating risk, disaster, and catastrophe savings accounts, insurers of last resort, and fraud and tort liability. Members asked questions following the presentation. Katie Hatt from MAD facilitated a discussion with the members on themes identified from the brainstorming activity from the September 10th meeting.

Third Meeting – October 22, 2025

Michelle Yurich, LCC executive director, informed the Task Force of nonpartisan counsel's findings and recommendations regarding the use of designees of appointed members and the Task Force's operating procedures. The Task Force heard testimony from the following individuals:

- Paul Eger, Senior Vice President of Government Affairs for the Minnesota Realtors Association
- Keenan Reverty, Chair of the Government Affairs Committee for the Minnesota Mortgage Association
- Teresa Ruiz, Homeownership Program Manager, Minnesota Homeownership Center / PRG
- Joel Carlson, Chief Lobbyist for Minnesota Association for Justice, and Jake Jagfeld, Johnson Becker, Minnesota Association for Justice Legislative Chair
- Galen Teuer, Independent economic development climate risk expert
- Cristen Incitti, CEO of Habitat for Humanity of Minnesota
- Gary Rupp, Executive Director of the Minnesota FAIR Plan

Fourth Meeting – November 12, 2025

The Task Force heard testimony from the following individuals:

- Tom Barry - Beltrami County Administrator
- Michael Newman – IBHS
- Dr. Lars Powell - University of Alabama Hurricane Sally Study
- Greg Metz – DLI
- Jordan Haedtler and Moira Birss – Climate Cabinet and Climate & Community Institute
- Dave Snyder and Rhonda Hurwitz – APCIA
- Julia Nerbonne - Minnesota Interfaith Power & Light
- Mary Novak - Riverton Community Housing
- Bernadette Hornig - Hornig Companies
- Dan Kitzberger - Minnesota Housing

Fifth Meeting – December 3, 2025

The Task Force heard testimony from the following individuals:

- Jeremy Eisemann – Reinsurance Association of America
- Patrick Abbe – Aon
- Lynn Boergerhoff – HOA Leadership Network
- Jake Christensen – RowCal
- Jake Olinger – Christensen Group Insurance
- Matt Lynch – RPS
- Gary Rupp – MN FAIR plan

Sixth Meeting – December 16, 2025

The members discussed recommendations relating to MN FAIR Plan, Strengthen Minnesota Homes, Alternative Dispute Resolution, and Catastrophe Savings Accounts. The Task Force heard testimony from Gary Rupp, Executive Director of the Minnesota Fair Plan.

Seventh Meeting – January 7, 2026

Katie Hatt, MAD, facilitated a fist-to-five activity, allowing members to show interest in draft recommendation language on the following areas: Strengthen Minnesota Homes program and Minnesota FAIR Plan. Members also discussed recommendations regarding the following areas: catastrophe savings accounts and tort reform.

Eighth Meeting – January 21, 2026

Katie Hatt, MAD, facilitated a fist-to-five activity, allowing members to show interest in draft recommendation language on the following areas: catastrophe savings accounts and the Minnesota FAIR Plan governance model. The members reviewed and discussed recommendations regarding the Minnesota FAIR Plan, Strengthen MN Homes, building code, S.F. 2929, and alternative dispute resolution. The Task Force heard testimony from Joel Carlson, Patrick Hynes, and Anna Odegaard regarding S.F. 2929.

Ninth Meeting – February 5, 2026

The Task Force discussed and voted on recommendations to be included in the report. The list of recommendations and roll-call votes can be found in the minutes for this meeting. The Task Force adopted the report and approved the minutes from the February 5 meeting.

Findings and Recommendations

Members were asked to submit preliminary recommendations for discussion and consideration at the December 3rd meeting.⁴ The December and January meetings were dedicated to discussing and prioritizing member recommendations. At the February 5th meeting, members discussed and voted on recommendations.⁵ Below are the recommendations that were adopted as final Task Force recommendations.

1. The Task Force recommends Minnesota FAIR Plan examine the feasibility of offering additional products, including commercial property insurance to help fill coverage gaps in the market and report its findings to the Legislature. Products include but are not limited to affordable multifamily housing, common interest communities, and other smaller multi-unit properties. The Task Force recommends the Legislature provide the FAIR Plan with sufficient funding to conduct the study, including actuarial research. The study and any recommendations should continue to recognize that the FAIR Plan is a market of last resort only.
2. The Task Force recommends that the Legislature fund the Strengthen Minnesota Homes Program found in Minn. Stat. 65A.299.
3. The Task Force recommends that the Department of Labor and Industry update the building codes for new construction to incorporate elements of the Insurance Institute for Business & Home Safety (IBHS) FORTIFIED roofing standards into residential and commercial building codes through the Construction Codes Council process.
4. The Task Force recommends the creation of Catastrophic and Mitigation Savings Accounts.
5. The Task Force recommends that the Legislature continue to examine the issues relating to third-party financing of litigation raised during the Task Force's deliberations through the legislative committee process, including an exploration of the unresolved legal issues identified by the courts due to perceived ambiguities in current law.

⁴ [Member Preliminary Recommendations - December 3, 2025](#)

⁵ A full list of recommendations voted on and roll calls can be found in the [February 5, 2026, meeting minutes](#).

6. The Task Force finds that legal system abuse is a significant driver of rising insurance premiums and recommends that the Legislature examine and pursue appropriate legal reforms to lessen the burden of the tort tax on Minnesotans.

7. The Legislature should consider changes to Minn. Stat. 515B, including but not limited to 515B.3-113 – adding language that requires members (homeowners) to carry an HO6 policy, 515B.3-113 – adding language that requires the HO6 policy to add the Association as an additionally insured, 515B.4-107 – adding language in the Resale Disclosure requirements and 515B.3-115 – carve out language that would remove assessments cap increases related to insurance premiums.

Appendices

Appendix A: Statutory Authority

[Minnesota Laws 2025, Chapter 4, Article 3, Section 20](#)

Sec. 20.

TASK FORCE ON HOMEOWNERS AND COMMERCIAL PROPERTY INSURANCE.

Subdivision 1.

Establishment.

A task force is established to evaluate issues and provide recommendations relating to insurance affordability of single-family housing, common interest communities, and multifamily rental housing and for preventing disruptions or loss to the development, preservation, and long-term sustainability of Minnesota's housing infrastructure.

Subd. 2.

Membership.

(a) The task force consists of the following:

- (1) one member appointed by the commissioner of commerce;
- (2) one member appointed jointly by the speaker of the house and the speaker emerita of the house;
- (3) one member appointed jointly by the senate majority leader and the senate minority leader;
- (4) one member appointed by the Minnesota Consortium of Community Developers;
- (5) two members appointed by the Insurance Federation of Minnesota, including one member with expertise in homeowners insurance and one member with expertise in commercial insurance;
- (6) one member appointed by Big I Minnesota;
- (7) one member appointed by the Minnesota Association of Farm Mutual Insurance Companies;
- (8) one member appointed by the Community Associations Institute;
- (9) one member appointed by the Contractors Association of Minnesota;

(10) one member appointed by the Minnesota Multi Housing Association;

(11) one member appointed by the Housing Justice Center; and

(12) one member appointed by Ceres with expertise in climate risk mitigation and insurance markets.

(b) The appointing authorities must make the appointments by August 15, 2025.

Subd. 3.

Duties.

(a) The task force must identify recommendations to strengthen and stabilize the homeowners and commercial property insurance industry.

(b) The task force must consult with the commissioner of the Housing Finance Agency, the commissioner of employment and economic development, other relevant state and local agencies, and key stakeholders in the insurance and housing industries.

(c) The task force must review:

(1) risk mitigation and property resilience to natural hazards, and the effect on insurance costs;

(2) the effect of liability laws on insurance costs and whether tort reform could reduce costs;

(3) minimum notice for coverage changes, including enforcement and oversight;

(4) public reporting of aggregated data relating to insurance plan costs and coverage;

(5) the reinsurance market for homeowners and commercial property insurance;

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

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

(8) regulatory factors that increase insurance costs or decrease access to insurance products; and

(9) other areas that would strengthen and stabilize the homeowners and commercial property insurance industry.

Subd. 4.

Administration.

The Legislative Coordinating Commission must provide administrative support to the task force. Upon request of the task force, the commissioners of commerce, the Housing Finance Agency, and employment and economic development must provide technical support and expertise.

Subd. 5.

Meetings.

(a) The Legislative Coordinating Commission must ensure the first meeting of the task force convenes no later than September 15, 2025, and must provide accessible physical or virtual meeting space as necessary for the task force to conduct work.

(b) At the first meeting, the task force must elect a chair or co-chairs from the members appointed by the house and senate by a majority vote of those members present and may elect a vice-chair as necessary.

(c) The task force must establish a schedule for meetings and must meet as necessary to accomplish the duties under subdivision 3.

(d) The task force is subject to Minnesota Statutes, chapter 13D.

Subd. 6.

Report required.

(a) The task force must submit a report to the commissioners of commerce, the Housing Finance Agency, and employment and economic development and the chairs and ranking minority members of the legislative committees having jurisdiction over the agencies listed in this paragraph by February 15, 2026.

(b) The report must:

- (1) summarize the activities of the task force;
- (2) provide findings and recommendations adopted by the task force;
- (3) make recommendations related to tort reform that could reduce insurance costs;
- (4) include any draft legislation required to implement recommendations; and
- (5) include other information the task force believes is necessary to report.

Subd. 7.

Expiration.

The task force expires upon submission of the report required under subdivision 6.

EFFECTIVE DATE.

This section is effective the day following final enactment.

Appendix B: Task Force Meeting Materials

All meeting materials are available at <https://www.lcc.mn.gov/hcpi/meetings.html>

Thursday, February 5, 2026

- [Agenda](#)
- [January 21, 2026 Meeting Minutes](#)
- [February 5, 2026 Meeting Minutes](#)
- [Recommendations Organizational Chart](#)
- [Member Josh Reams Recommendations](#)
- [Member Kari Johnson Amendment](#)
- [Draft Task Force on Homeowners and Commercial Property Insurance Report](#)
- [Recommendations Slides](#)
- [SF 2929: Consumers in Crisis Protection Act](#)
- [Resilience Savings Account Draft Language](#)
- [Alternative Dispute Resolution Draft Language](#)
- [Roof Standard Draft Language](#)
- [Aaron Cocking Recommendations](#)

Wednesday, January 21, 2026

- [Agenda](#)
- [January 7, 2026 Meeting Minutes](#)
- [SF 2929: Consumers in Crisis Protection Act](#)
- [Resilience Savings Account Draft Language](#)
- [Alternative Dispute Resolution Draft Language](#)
- [Minnesota Association for Justice Memo](#)
- [Alliance for Responsible Consumer Legal Funding Memo](#)
- [Beltrami County Letter](#)
- [Draft Recommendations - Pulse Check Slides](#)
- [Draft Recommendations - Organizational Chart](#)

Wednesday, January 7, 2026

- [Agenda](#)
- [Draft Recommendations Slides](#)
- [December 16, 2025 Meeting Minutes](#)

- [Draft Task Force Report](#)
- [Reliance Saving Accounts Language Draft](#)
- [Maslowski V. Prospect Funding Partners](#)

Tuesday, December 16, 2025

- [Agenda](#)
- [December 3, 2025 Meeting Minutes](#)
- [Report Outline](#)
- [Member Preliminary Recommendations Categorized](#)

Wednesday, December 3, 2025

- [Agenda](#)
- [November 12th, 2025 Meeting Minutes](#)
- [HOA Leadership Presentation](#)
- [AON Presentation](#)
- [WSIA Talking Points](#)
- [AMBest Surplus Lines Market Segment Report](#)
- [Member Preliminary Recommendations](#)

Wednesday, November 12, 2025

- [Agenda](#)
- [October 22, 2025 Minutes](#)
- [Climate and Community Presentation](#)
- [Minnesota Housing Presentation](#)
- [Insurance Institute of Business and Home Safety Presentation](#)
- [APCIA - Dave Snyder Presentation](#)
- [Climate Cabinet Action Testimony](#)
- [APCIA - Ronda Hurwitz Presentation](#)
- [Resilience in Alabama](#)
- [Minnesota Interfaith Power & Light Testimony](#)

Wednesday, October 22, 2025

- [Agenda](#)
- [October 1, 2025 Minutes](#)
- [LCC Memo on Member Designees](#)
- [Task Force Operating Procedures](#)

- [Property Insurance: Commercial Property and HOA-CICs 2025 Legislation \(NCSL\)](#)
- [Homeowners insurance costs are growing fast but coverage is shrinking \(Federal Reserve Bank of Minneapolis\)](#)
- [Galen Treuer Testimony](#)

Wednesday, October 1, 2025

- [Agenda](#)
- [September 10, 2025 Minutes](#)
- [Task Force on Homeowners and Commercial Property Insurance Meeting Overview](#)
- [Member ideas on issues, challenges and problems](#)
- [Task Force Charter](#)

Wednesday, September 20, 2025

- [Agenda](#)
- [Task Force on Homeowners and Commercial Property Insurance Overview](#)
- [Insurance Market Overview - Commerce Department](#)
- [Enabling Legislation Overview](#)

Appendix C: Other Resources Reviewed by Task Force

The categories below are topics identified in the enabling legislation for review by the Task Force. The links below are resources identified by group members and presenters. These materials are available at <https://www.lcc.mn.gov/hcpi/background.html>

1. Risk Mitigation and Property Resilience to Natural Hazards, and the Effect on Insurance

- [Resilience Planning Policy Toolkit \(NCSL\)](#)
- [Hurricane Sally Study](#)
- [Resilient infrastructure, responsible development can reduce insurance risk](#)
- [The Performance of Asphalt Shingle Roofs in Extreme Severe Convective Storm Winds](#)
- [Resume Digest Act 79](#)
- [Louisiana Fortify Homes Program](#)
- [Fortified Homes Financial Incentives](#)
- [A 2021 report from the Nature Conservancy Sand Willis Towers Watson Titled](#)

2. Effect of Liability Laws on Insurance Costs and Whether Tort Reform Could Reduce Costs

- [The Costs of Legal System Abuse](#)
- [Tort Costs in America](#)
- [Why trial lawyers hate Florida's Insurance-Market Reforms](#)
- [Florida's auto insurance rates are dropping costs of living - proof that legal reforms work](#)
- [How recent tort reforms are shaping insurance claims](#)
- [Rapid Growth of TPLF Impacts Insurance Affordability](#)
- [What is third-party litigation funding and how does it affect insurance pricing and affordability?](#)
- [Civil Case Statistics Trends 2018](#)
- [How Florida Tort Reform Has Backfired](#)

3. Minimum Notice for Coverage Changes, Including Enforcement and Oversight

- [Underwriting Period by State](#)

4. Public Reporting of Aggregated Data Relating to Insurance Plan Costs and Coverage

- [NAIC U.S. Property & Casualty and Title Insurance Industries 2024 Full Year Results](#)
- [NAIC U.S. Property & Casualty and Title Insurance Industries 2025 First Half Results](#)
- [10-year Profitability Charts](#)

5. Current State-Supported Insurance Program and the Potential to Expand the Program to Include a Catastrophic Reinsurance Fund and a Self-Insured Pool

- [Reinsurance Market Dynamics](#)
- [AON Snapshot Guide of the Reinsurance Renewal](#)
- [State Roofing Contractor Laws PDF attached](#)
- [NCOIL Storm Chaser Model Legislation](#)

6. Current State-Supported Insurance Program and the Potential to Expand the Program to Include a Catastrophic Reinsurance Fund and a Self-Insured Pool

- [Final Florida Insurance Market Report](#)

7. Factors that Increase Claim Costs, Including but not Limited to Post-loss Contractors, Fraudulent Claims, Climate Inflation, and Discontinued Building Materials

- [Guidance for Contractors and Public Adjusters](#)
- [Judge Upholds Iowa Law Stopping Roofers From Directly Negotiating With Insurance Companies](#)
- [Utilizing Economic Power to Manage the Energy and Climate Transitions](#)
- [The Regulatory Paradox of Climate Insurance](#)
- [Desperate US Homeowners Turn to Riskier Insurers Amid](#)
- [The Hidden Cost of Credit Score in Homeowners Insurance Premiums](#)
- [Rising Property Insurance Costs Stress Multifamily Housing](#)
- [A Letter From Affordable Developers](#)
- [Analyses of US Homeowners Insurance Markets 2018-2022 Climate Related Risks and Other Factors](#)
- [Facts + Statistics: Homeowners and Renters Insurance](#)

- [Progressive's Advertising Expenditure Hits Record High in 2024](#)
- [Minnesota Homeowners Report Surge in Insurance Complaints](#)

8. Regulatory Factors that Increase Insurance Costs or Decrease Access to Insurance Products

- [Why California's Homeowner's Insurance Market Collapsed](#)
- [A Gold Rush No More: The Flight of Insurance from California](#)
- [The Proposed Long-term Solvency Regulation recently issued by the California Department of Insurance](#)

9. Other Areas that would Strengthen and Stabilize the Homeowners and Commercial Property Insurance Industry

- [Insurance Market Overview \(Commerce Department Presentation\)](#)
- [Homeowners and Renters Insurance 2025 Legislation \(NCSL\)](#)
- [Parametric Insurance Can Offer Prompt Payout When Disaster Strikes \(NCSL\)](#)
- [Rising Catastrophe Risks: A Look at State Insurance Policy and Market Dynamics \(NCSL\)](#)

Appendix D: Member-submitted Letters

February 11, 2026

Attn: Task Force Members and Members of the Minnesota State Legislature:

My name is Anna Midgley. I have worked in the property and casualty insurance claims industry for over 22 years. I've dedicated my life to serving others by fulfilling the promises contained within an insurance contract. I am passionate about insurance. I work with a large team of professionals who are empathetic, kind, smart and driven to help others. We understand that we are in a service industry, oftentimes helping people through bad times.

I am thankful to have been a member of this task force. I think there were some very good discussions throughout the nine meetings but thought that it would be helpful to provide some additional information about the industry for those who may not fully understand.

When I first started in the insurance industry as a claims trainee, one of the very first concepts I learned was the law of large numbers. It's a foundational principle — not just in insurance, but in how we manage risk as a society.

In simple terms, the law of large numbers tells us that when you combine the experiences of many, you can predict outcomes more accurately. That's the essence of insurance. We pool the premiums of many to pay for the losses of a few. It's a collective approach — everyone contributes a small, predictable amount (premium) so that those who suffer an unexpected loss have support when they need it most.

As I continued my training, I was introduced to another key measure in our business: the combined ratio. This number is a snapshot of how well an insurance company is performing — whether it's overall or within a specific line of business, like homeowners or auto insurance.

Think of it this way: for every dollar of premium that comes in, there are 100 cents available to cover everything the company must pay for. It's not just about paying claims. That dollar also supports everything that makes the business run — our systems, our technology, our buildings, and of course, our people. From underwriting to sales, from HR to IT, from finance to claims — every part of the organization plays a role.

On average, about 35 cents of every dollar goes toward operating expenses. The rest is used to pay claims and maintain the financial strength that allows us to keep our promises to policyholders.

At the end of the day, insurance is a business built on a social purpose — managing risk, protecting people, and helping communities recover when life doesn't go as planned. It's a balance between business discipline and human compassion, and that's what makes this industry both challenging and deeply meaningful.

The remaining 65 cents of that dollar goes toward paying claims — the very heart of what we do. Those funds cover the losses our policyholders experience and all the costs that come with handling those claims. That includes the work of claims adjusters, engineers, and attorneys who represent our insureds in liability or tort cases.

And whatever remains largely goes into establishing additional reserves (savings) to pay claims in future years. After creating strong reserves, the remaining funds are taxable profit that can be used by the Company to otherwise strengthen the operations. It's a simplified way of looking at it, but it's an important concept to understand — because it illustrates how every dollar of premium is carefully balanced between paying losses, covering expenses, and maintaining financial strength.

In recent years in Minnesota, that combined ratio was well over 100% in the homeowners market. For years, insurance companies were paying more in claims and expenses than they were receiving in premium. It's simply not sustainable for a company to lose money consistently for years.

The purpose of this task force was to address the availability of insurance as well as the affordability of insurance – affordability being a vague and relative term. If we want to reduce the cost of insurance (premiums paid by consumers) we need to look at **actionable items** that can be controlled through legislative action that would reduce either the cost of doing business or reduce the cost of claims.

Reducing the cost of doing business, means making it easier to do business in the state. Removing the red tape. If it is easy to do business in Minnesota, more carriers may want to enter the market. I am sure there are ideas on this, but I would like to focus my attention on the other item; reducing the amount paid on claims by either reducing coverage or taking steps to mitigate losses.

I think the task force report provides some great recommendations. However, I think some of the items discussed early in the task force meetings were missed opportunities and I would like to take a moment to discuss those.

One way to reduce claim payments is to reduce coverage. This has been the approach taken by multiple carriers in Minnesota over the last couple of years. Some examples of this:

- Increased deductibles – the days of a \$500 all perils deductible are long gone in Minnesota. It is commonplace to see a 1% deductible for wind and hail losses – this is 1% of Coverage A. So if a home is insured for \$500,000, the deductible is \$5,000.
- Limiting coverage for roof damage to Actual Cash Value or the depreciated value based on age and condition. This means a 10-year-old roof would have non-recoverable depreciation applied to it (this would be the responsibility of the homeowner)
- Excluding coverage for matching of undamaged materials on roof and siding. For example, hail causes damage to the front siding on the home. Based on case law in the state, carriers were required to pay for all four sides of the home despite only one side having “direct physical loss” from a covered peril. Policies now exclude this specifically.
- Excluding cosmetic damage to metal roof components, metal roofs, gutters or windows. Cosmetic damage is damage that consists of minor denting that does not affect the integrity of the materials to do their job. For example, pebble size dents in a vent cap do not impact the vent cap from functioning or dents in a gutter do not stop water from flowing through the gutters. As a side note, we spend a lot of money replacing cosmetically damaged property that is fully functional, thereby filling landfills up with materials that are perfectly fine – because of a dent. Consider the impact on the environment and climate change here!

During a task force meeting, we heard testimony from Mr. Barry of Beltrami County. My team handled hundreds of claims for the citizens in Bemidji. It was a terrible catastrophe. I can tell you from my experience, many of the claim issues discussed are rooted in unrealistic consumer expectations and lack of consumer education.

First, insurance is a highly regulated industry. We are required to handle claims timely and fairly. The goal is never to deny a claim, but we must abide by the coverages contained within the policy contract.

Mr. Barry stated that they lost over 9 million trees. Unfortunately, homeowners’ policies and businessowners policies are not designed or intended to cover trees that fall. I personally reviewed claims for homes and businesses with 10-20 trees down on their property, causing no damage to covered structures. These claims simply weren’t covered because trees are not covered property. Those conversations are never enjoyable to have with a customer, but our jobs are to pay what is covered by the contract. We must consider the market implications of mandates for coverage. If insurance is made to require covering the handling of trees that do not strike a structure, the premium for homeowners with a

wooded lot would soar because of the increase in exposure. Again, the premium is based on what is covered under the contract.

Many of the complaints referenced by Mr. Barry had to do with higher deductibles, actual cash value coverage on roofing, cosmetic exclusions etc. Insurance companies are required to notify consumers of these changes clearly and within stated timelines.

Inflation of contractor bids is a common source of increased claim expenses. It's a common misconception that an insurance company should automatically pay whatever amount a contractor submits. In reality, we often see examples of price inflation—where contractors charge significantly more than what the work should cost. And at the end of the day, the homeowner does not benefit from this practice.

A homeowner's main goal is to have their roof or property repaired properly and promptly after a loss. When legitimate damage occurs, the claim should be paid quickly and fairly. However, paying inflated or unreasonable repair costs doesn't help anyone. It only leads to higher premiums for everyone.

Insurance companies understand that prices may rise after a major storm or large-scale event—this is expected. But when we see estimates that are double or more than market rates, it's our responsibility to question and verify them. If we simply wrote blank checks for any amount submitted, the result would be higher insurance costs across the board.

Our goal is simple: to pay fair, accurate, and timely claims so that customers are made whole—no more, no less.

I spend a lot of my time dealing with customers. I truly believe that part of my job is providing education to consumers. It's important to understand "the why." If we overpaid every wind or hail claim by 10% or \$1,000 and we multiplied that by 5,000 claims – that is \$5,000,000. What is small to one claim is compounded across thousands of claims – and at the end of the day, the money comes from everyone's premium.

Another consumer expectation issue is what is damage. If you have ever been in a neighborhood Facebook group after a hailstorm, people see hail and think that they will be getting a new roof or new siding. I have heard it called "Diamonds in the sky." But hail falling is not a guarantee of damage. Some hail is large, but soft. Some hail is too small to cause damage. Some roofs are covered by trees making the impacts lighter or not at all. Directional factors come into play. There is a real thing called neighbor-itis. You see your neighbor getting a new roof and you want one too. I get it. But just because your neighbor has damage; or even your car that's parked in the driveway has damage, doesn't mean your home is damaged. Depending on the material type, the age, the condition of the roof, there may not be damage.

Salespeople working for contractors who canvas neighborhoods after a storm are a huge problem. As a personal story, I moved here from upstate NY three and a half years ago. NY is not an area that deals with hail – so while I have lived the hail journey as an adjuster, I have not as a homeowner. I live west of the metro and we had a storm in June of 2025. This was the first time I had watched a hailstorm live. Almost instantly, I saw the Facebook posts and the group texts from my neighbors. The storm happened for about 30 minutes from 6:30 –7:00 PM. At 8:54 PM that night, my doorbell rang and it was a storm chaser asking to inspect my roof. In the dark. Needless to say, my response was not kind. The following day, 17 different storm chasers rang my doorbell. I am now the proud owner of a no soliciting sign.

Now let's say that I sign a contract when that person knocks on my door. The contract states, "per insurance scope" – meaning the contractor will charge me whatever is approved by the insurance company. Keep in mind that this is something that does not meet current statute. Contractors are required to provide a good faith estimate. In addition, contractors are not allowed to act in the capacity of a public adjuster, meaning they cannot negotiate claims and/or coverage on behalf of an insured. However, from the insurance company perspective, we see this happening every single day. And while we educate homeowners about this and report contractors to the attorney general for price gouging, there is no one monitoring these violations. Iowa has similar statutory language, but the difference is, the statutes are being enforced, companies are being fined or licenses are being revoked.

It's also important to mention that there is a niche market in the contracting and insurance restoration industry called Supplement or Estimate writers. People who have never been to the policyholder's property are sitting – often times out of state – writing estimates to increase the estimate amount by 20-60%. I have countless examples of this should anyone wish to see actual examples. These people are not licensed as adjusters and yet they are negotiating claims. They are paid for their work by collecting a percentage of the increase. For example, an insurance company writes an estimate for \$15,000 to replace the roof. The out of state supplement writer writes an estimate for \$30,000. They get the insurance carrier to approve \$20,000. That supplement writer – who never visited the property – who isn't using a hammer or nail to put a shingle on – is being paid probably 15-20% of that increase of \$5,000 or \$750 – \$1,000 on the claim.

But why? The policyholder isn't getting anything extra, we are simply lining the pockets of contractors and supplement writers. Let me also be clear – this is not the entirety of the contractor or insurance restoration industry. There are so many really wonderful contractors who want to do good work for fair prices. There are many "bad actors" who

pollute this pool, though and that is what needs to be focused on. The takeaway is this – the cost of a roof that is damaged by hail should be the same price as a roof that is simply being replaced because it is old. Roofs should not be more expensive because an insurance company is paying to replace them.

But, you're probably wondering - why would you increase the cost from \$15k to \$20k? If you know how much it costs to do a roof? Because at the end of the day, all we want is for our customers to get their work done timely, so their home is fixed, but at the same time we want to ensure we are paying a price that is fair so we can protect the future premiums of all our policyholders in the state. We are not incentivized to delay claims. We feel stress when things aren't done in a timely manner. We want to help people and see those surveys that tell us how thankful people are to have insurance, to remind us why we do this job.

Another important factor in claims handling is how prior damage and deductibles work. Insurance is written on a per occurrence basis. Meaning each occurrence – whether it be water damage, wind damage, hail damage or a fire – is a separate occurrence. Each occurrence is subject to a deductible. In addition, that occurrence must fall within the effective dates of the policy period. I will give you an example. Let's say a homeowner buys a home in January of 2025. The homeowner takes out a homeowners insurance policy. There is a hailstorm at their location in June of 2025. The hail is pea sized, but because this is a new homeowner and a storm chaser knocked on their door the next day, they decide to file a claim.

The adjuster comes out and completes an inspection. The contractor has told this homeowner that their roof needs replacement and that likely all the siding, gutters and windows can get approved too. Turns out, the damage to the gutters is from 2019, the prior homeowner filed a claim, was paid the ACV but never replaced them because they were only cosmetically damaged. The pea sized hail was not large enough to cause new impact damage to the gutters. So in this case, is there damage? Yes. But did that damage happen during the time in which the current insurer covered that risk? No. But this claim is now driven by a contractor – pushing that there is damage and there is coverage – and acting as an unlicensed public adjuster. These are daily issues in a claims department in Minnesota.

I'd like to take a moment to talk about consumer complaints. When the number of claims rises during a catastrophe or weather event, it's natural to see a corresponding increase in complaints. However, an increase in the *number* of complaints doesn't necessarily mean that service quality has declined — what matters is the *proportion* of complaints to claims.

For instance, if complaints typically make up about 1% of all claims, and claim volume suddenly increases tenfold, then we should reasonably expect the number of complaints to rise as well — even if the overall standard of service remains unchanged.

That’s why I’d be very interested in seeing the data on this — specifically, the ratio of complaints to total claims, and how many of those complaints were investigated and found to be valid, meaning the insurer acted inappropriately. Understanding those numbers would give us a much clearer picture.

If you take nothing away from my letter, please take this. Adjusters are in no way incentivized to deny claims, make the process hard for the customer or pay below market average for repairs. We are Minnesotans too, homeowners, humans. We do, however, take our jobs seriously as stewards of the insurance industry. We want to protect the premiums of many by paying only what is covered, fair and accurate for the few.

So, what are some actionable steps that may have been missed during the task force?

- We need to clearly define which department is responsible for enforcing contractor estimating practices. Under Minnesota Statute 325E.66, Subdivision 1, that responsibility should be explicitly identified and consistently applied.
- We should 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.
- The “Price Gouging statute” Minn. Stat. §325E.80, Subd. 5. Should be revised to apply to any insurance claim, not just “the occurrence of a weather event classified as a severe thunderstorm pursuant to the criteria established by the National Oceanic and Atmospheric Administration”
- We must continue our conversations around *fortified buildings*. Strengthening structures and promoting mitigation efforts are essential strategies to reduce losses in the future—this is where real progress can be made. I fully support the recommendations made by the task force relating to this.
- And finally, while I didn’t address *tort reform* earlier, it’s an important piece of the puzzle. Although liability claims make up a relatively small percentage of all reported claims, their *severity* is the real challenge. The rising cost of defense and indemnity continues to put pressure on the system and cannot be ignored. I fully support the recommendations made by the task force relating to this.

I am happy to discuss my thoughts in more detail and can be reached at the phone number and email address below.

Sincerely,

Anna Midgley
Assistant Vice President, Claims
Western National Insurance Company
Phone # 952-303-8727
Email: anna.midgley@wnins.com



To: Homeowners and Commercial Property Insurance Task Force

From: Kari Johnson, Minnesota Consortium of Community Developers

Date: February 11, 2026

Re: Comments on Task Force Recommendations for Inclusion in Final Report Appendix

The Minnesota Consortium of Community Developers (MCCD) is thankful for the passage of the Homeowners and Commercial Property Insurance Task Force during the 2025 legislative session and for the opportunity to elevate the issues surrounding the affordability and availability of insurance in Minnesota throughout the nine meetings of the task force. We appreciate and want to thank all the members and those that testified, for their time, perspective, and expertise. The task force provided an avenue to begin the discussion on this important topic, and for that MCCD is grateful.

I am writing on behalf of MCCD and our members to clarify my “no” vote regarding the adoption of the Final Report and Recommendations from the Homeowners and Commercial Property Insurance Task Force.

- **Task Force Membership:** Throughout the task force meetings, it became clear that there were key perspectives missing from the task force membership. Including representation from the consumer perspective, local government, and academia. Even though we heard from these voices through testimony, as with previous task forces, the Homeowners and Commercial Property Insurance task force would have benefited from more members and a broader scope of membership to contribute to discussion and ultimately the final recommendations.
- **Need for Deeper Discussion:** Previous task forces have utilized working groups to dig deeper into the topics outlined in the establishing legislation. Working groups would have enabled additional research to establish a shared understanding of the issues up for consideration and could have produced more evidence-based recommendations. As with previous task forces that MCCD members have been a part of or that we have tracked, the working group model provided both more rationale for recommendations and areas where questions or further research would be needed in a final report.
- **Recommendations:** Ultimately, MCCD did not see strong enough recommendations to help address the affordability and availability of property insurance for our members. We are supportive of the recommendation to fund the Strengthen Minnesota Homes Program, but other than that recommendation, the others do not provide real solutions to address the needs of affordable housing owners and operators that prompted MCCD to pursue the task force legislation in the first place.

MCCD intends to continue to work on issues surrounding the affordability and availability of insurance for our members and intends to bring forth legislation during the 2026 legislative session to continue the conversations. Thank you, please reach out to me should you need any additional information or have any questions. I can be reached at kjohnson@mccdmn.org.

The Minnesota Consortium of Community Developers (MCCD) is an association of nonprofit community development organizations and Community Development Financial Institutions (CDFIs) committed to expanding the wealth and resources of communities through housing opportunities and economic development initiatives. MCCD's mission to build strong and stable communities can only be achieved by addressing the harms and inequities that have shaped housing and economic development policies at every level of government. These policies have prevented many communities from achieving housing stability, accessing capital, and building generational wealth.