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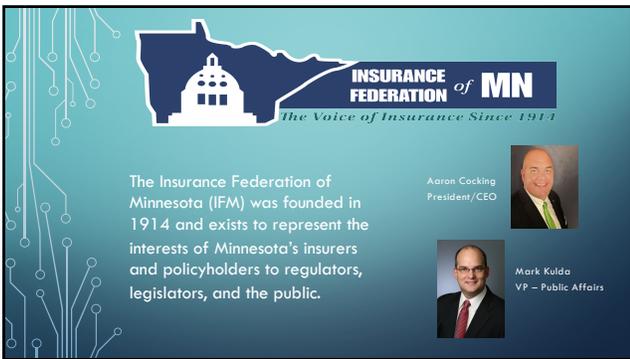
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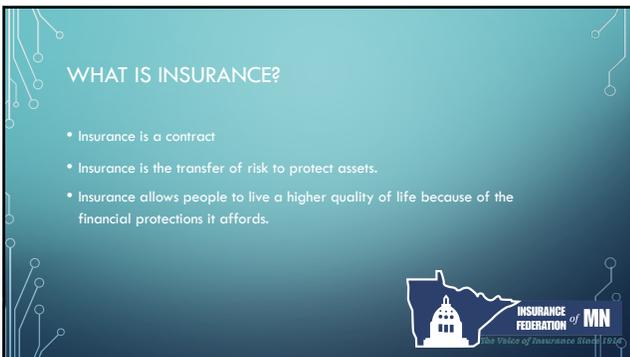
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### INSURANCE AT A GLANCE IN MINNESOTA

- There are nearly 1,000 foreign, domestic, and township mutual insurers in Minnesota.
- 39 Minnesota domiciled companies
- Stock vs. Mutual
- Insurance can be sold by independent agents, captive agents (direct writers), or online/app.



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### PERSONAL LINES INSURANCE

- Personal lines
  - Refers to insurance that covers individuals/couples against loss that results from death, injury, or loss of property. The named insured will be a person as opposed to a business.
- Examples
  - Homeowners
  - Auto
  - Renters



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### AUTO INSURANCE IN MINNESOTA

- Minimum limits in Minnesota are 30/60/10
  - (Per person/per incident/Property damage)
  - MN per person/per incident limits are on the higher side nationwide, while our property damage limits are on the low side.
- Uninsured motorist (UJ)/Under insured motorist (UIM)
  - Minimum limits 25/50
  - Uninsured motorist rate in MN is 11.5%



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### AUTO INSURANCE IN MINNESOTA

- Minnesota is one of nine states that has mandatory no-fault auto.
  - No fault or Personal Injury Protection (PIP) has each insurance company compensate its own policyholders for the cost of minor injuries regardless of who was at fault in the accident.
- PIP Limits 20/20/5
  - \$20k medical/\$20k lost wages & services/\$5k funeral expenses



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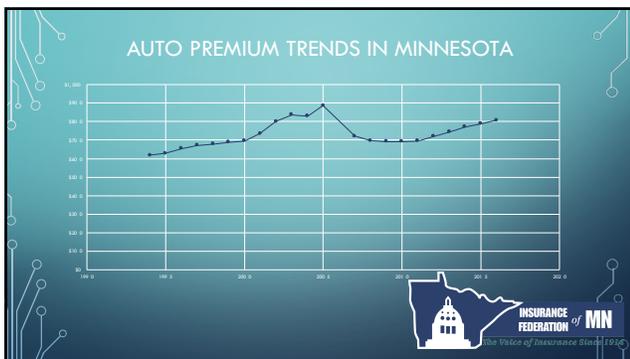
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### WHAT'S CAUSING RATE AND PREMIUM INCREASES?

- Frequency and severity are the two things that most contribute to rate increases. Simply put, how often and how much a crash costs is what drives premium.
- Cost of parts and repairing new vehicles has increased and is increasing significantly.



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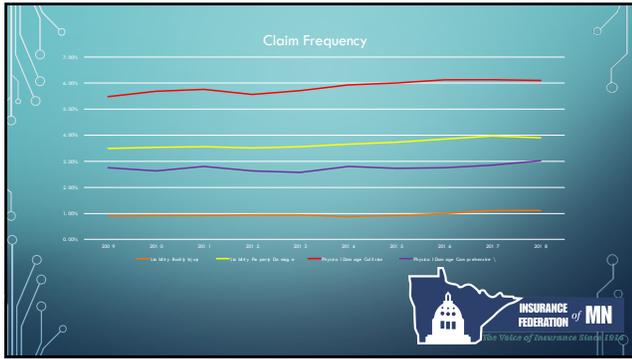
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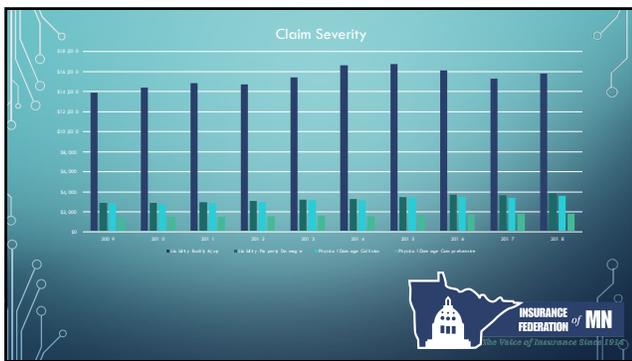
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**HOMEOWNER'S INSURANCE IN MINNESOTA**

- What does your homeowner's policy generally cover?
  - Dwelling
  - Personal Property
  - Other Structures
  - Liability
  - Medical payments to others
  - Additional living expenses
- Flood is not covered in your homeowner's policy

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### H.O. INSURANCE – WHAT IS DRIVING THE COST

- MN is an extreme weather state (2<sup>nd</sup> most extreme in the Country)
  - Hail is the biggest cost driver (roofs, siding, & windows)
  - Ice storms and blizzards in the winter
  - Tornado's in spring/summer/winter

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### WEATHER AS A COST DRIVER

- 1998 marked a big change in Minnesota.
- Total insured losses in MN in 1998 were \$1.5 Billion (\$2.4B in 2020 numbers)
  - More than the previous 40 years combined
- June 2017 – Major hailstorm in northern suburbs.
  - \$3.2 billion in damage
  - Most expensive storm in MN history
  - 10<sup>th</sup> most expensive storm in the world in 2017!

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### WEATHER AS A COST DRIVER

- Why does this matter?
- Minnesota is the only state in the country that doesn't allow for weather to be considered in underwriting.
- In 1998, \$368 average MN premiums was 35<sup>th</sup> highest in the U.S. In 2017, \$1,348 average MN premium was 14<sup>th</sup> highest in the U.S.
- Consider that in contrast, \$140 average MN renters insurance policy was 48<sup>th</sup> in the U.S.



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### COMMERCIAL LINES INSURANCE

- Commercial lines include insurance needed and designed for businesses
  - Property
  - Liability
  - Commercial Auto
  - Worker's Compensation
  - Umbrella
  - Specialized Liability



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### ACCESS/AVAILABILITY OF COVERAGE

- Voluntary Market Alternatives
  - This is where you can find coverage if it is unavailable in the regular or admitted market
- Automobile Insurance Plan (AIP)
- FAIR (Fair Access to Insurance Rates) Plan (Homeowner's)
- Minnesota Joint Underwriting Association (MJUA)
- Workers Compensation Assigned Risk Plan
- Excess and Surplus lines market



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### HOW IS INSURANCE REGULATED?

- State based regulation
  - (McCarran-Ferguson Act)
- Departments of Commerce, DL, Public Safety, Revenue
- Laws and Rules
  - Licensure
  - Policy Creation
  - Underwriting
  - Rates
  - Investments
  - Solvency
  - Sales
  - Claims Handling
  - Company Operations
  - Market Conduct



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### PROTECTION FOR CONSUMERS

- Reinsurance
  - Insurance for Insurance Companies
- Guaranty Funds
  - Provides coverage for policyholders in the event of an insolvency



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### FINANCIAL IMPACT OF INSURANCE

- Taxes Paid to State in Premium Taxes
- Jobs and Payroll Economic Impact
  - 18,000 company employees and 24,000 agent direct employees
- Reserve Investments Benefit the Community
  - Most investments by insurers are held in public bonds
- Net result is strong, healthy, competitive marketplace



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