

March 26, 2023

Dear House Commerce Committee Members,

On behalf of the Minnesota Association of Farm Mutual Insurance Companies, I would like to express our organization's opposition to the inclusion of HF 1532 and HF 2249 into the commerce finance and policy omnibus bill.

We have significant concerns with the inclusion of the family exclusion prohibition in HF 2249. First, is the impact of the legislation on the cost of boat and umbrella coverage in Minnesota. Increasing coverage through statute will almost certainly raise the number of claims insurance companies marketing the affected products in the state will incur. This will in-turn raise rates for companies continuing to write the affiliated coverages with the result being higher prices for boat and umbrella insurance policyholders. Policyholders are already experiencing inflation in many of their insurance coverages, this bill would further exacerbate those price increases.

Secondly, this provision limits coverage choices for Minnesotans. Currently, Minnesotans can elect to purchase a policy that includes coverage for resident household members should that be their preference. Conversely, Minnesotans who do not feel they need the coverage, and would like to save the premium dollars, can choose a policy that leaves household family members excluded. Passing this bill would remove that option for Minnesotans, essentially forcing all to purchase this coverage.

We also have significant concerns with the inclusion of HF 1532, the provision that would prohibit insurers from underwriting or charging different rates based on the homeowner owning a certain breed of dog.

Dog bites and other dog-related claims accounted for more than one-third of homeowners insurance liability claims in 2021, the latest year for which we have data. In that same year, dog-related claims cost homeowners insurers \$881 million in 2021, a 44% increase over 2012¹.

From 2005 to 2019, 521 Americans were killed by dogs, with 66% of those deaths attributable to pit bulls². A 2016 study in the journal *Clinical Pediatrics* analyzed 1616 dog bite injuries and found that pit bulls were involved in half of the surgeries performed on the study group and two and a half times more like to bite in multiple locations³. A 2012 study published in the peer-reviewed journal, *Injury Prevention*, found a "significant reduction" in dog bite injury hospitalizations in Manitoba after the implementation of dog breed legislation that banned pit bulls in certain cities in 1990⁴. The ban on pit bulls remains in place in the city of Winnipeg and numerous other municipalities in Manitoba and across Canada.

The simple fact is certain breeds represent a higher risk for insurers, and while some insurers may opt to not take on that risk, there are other companies operating in Minnesota who are willing to take on the higher risk these breeds represent.

Minnesotans enjoy an innovative and competitive property and casualty marketplace in our state. Measures such as those identified for consideration in the commerce finance and policy omnibus bill are a step in the wrong direction for Minnesota and our insurance market.

Thank you for your consideration,

Adam Axvig

President and CEO

Minnesota Association of Farm Mutual Insurance Companies

- 1- <https://www.iii.org/press-release/triple-i-us-home-insurers-paid-out-nearly-900m-in-dog-related-claims-in-2021-041222>
- 2- <https://www.dogsbite.org/pdf/15-year-dog-bite-fatality-chart-dogsbiteorg.pdf>
- 3- https://www.researchgate.net/publication/305270428_Characteristics_of_1616_Consecutive_Dog_Bite_Injuries_at_a_Single_Institution
- 4- <https://injuryprevention.bmj.com/content/injuryprev/19/3/177.full.pdf>