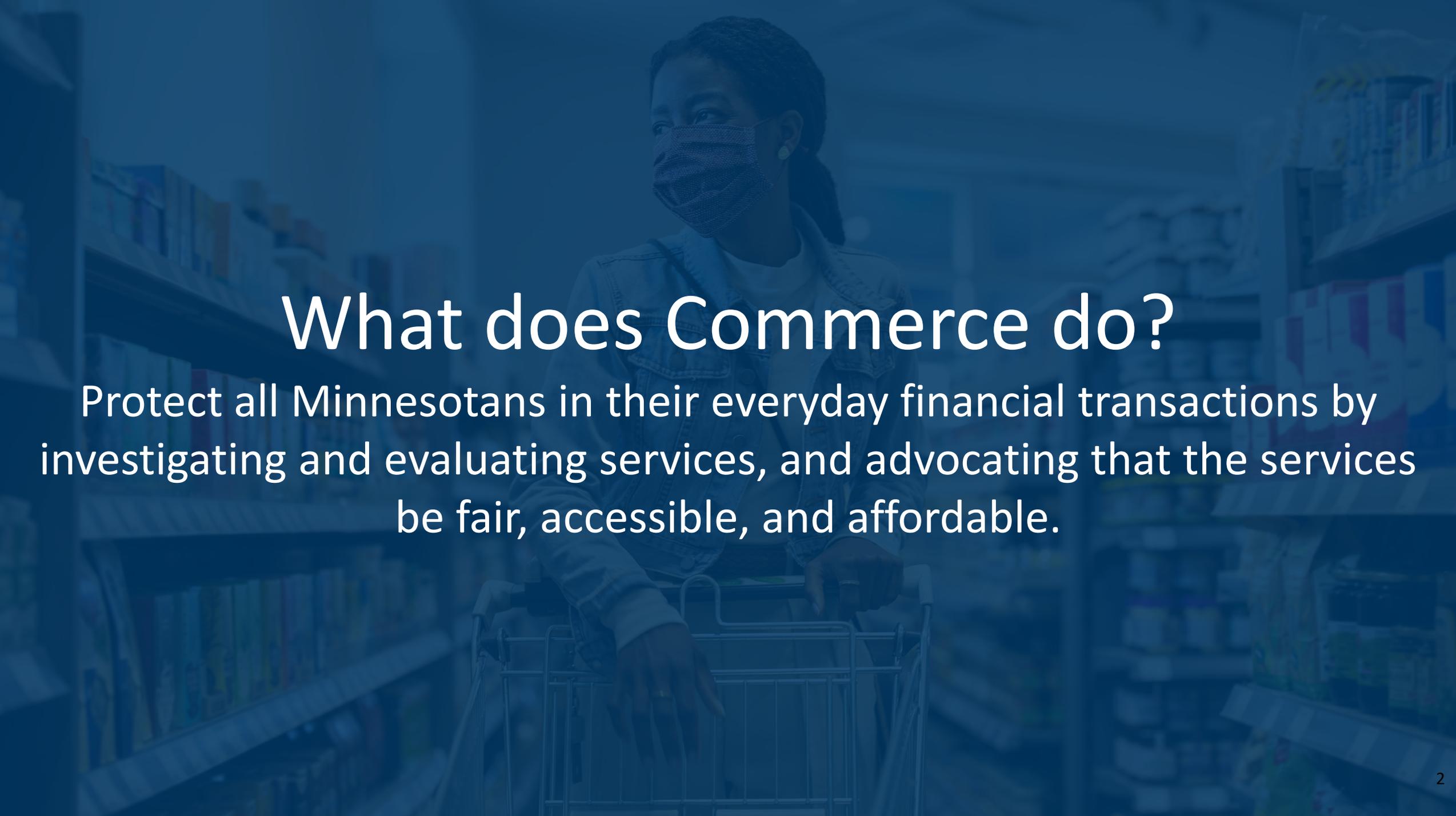




# Commerce Department House Commerce Hearing February 14, 2023



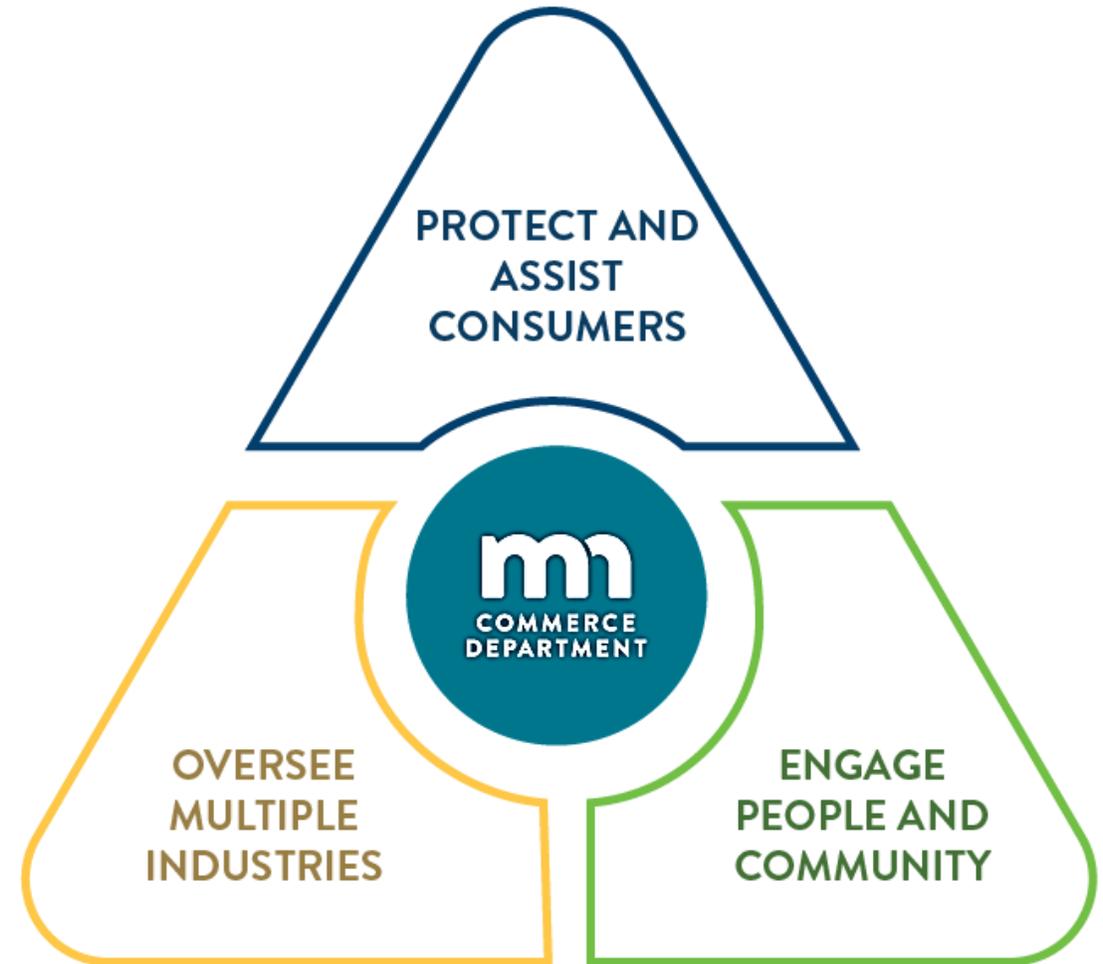
# What does Commerce do?

Protect all Minnesotans in their everyday financial transactions by investigating and evaluating services, and advocating that the services be fair, accessible, and affordable.

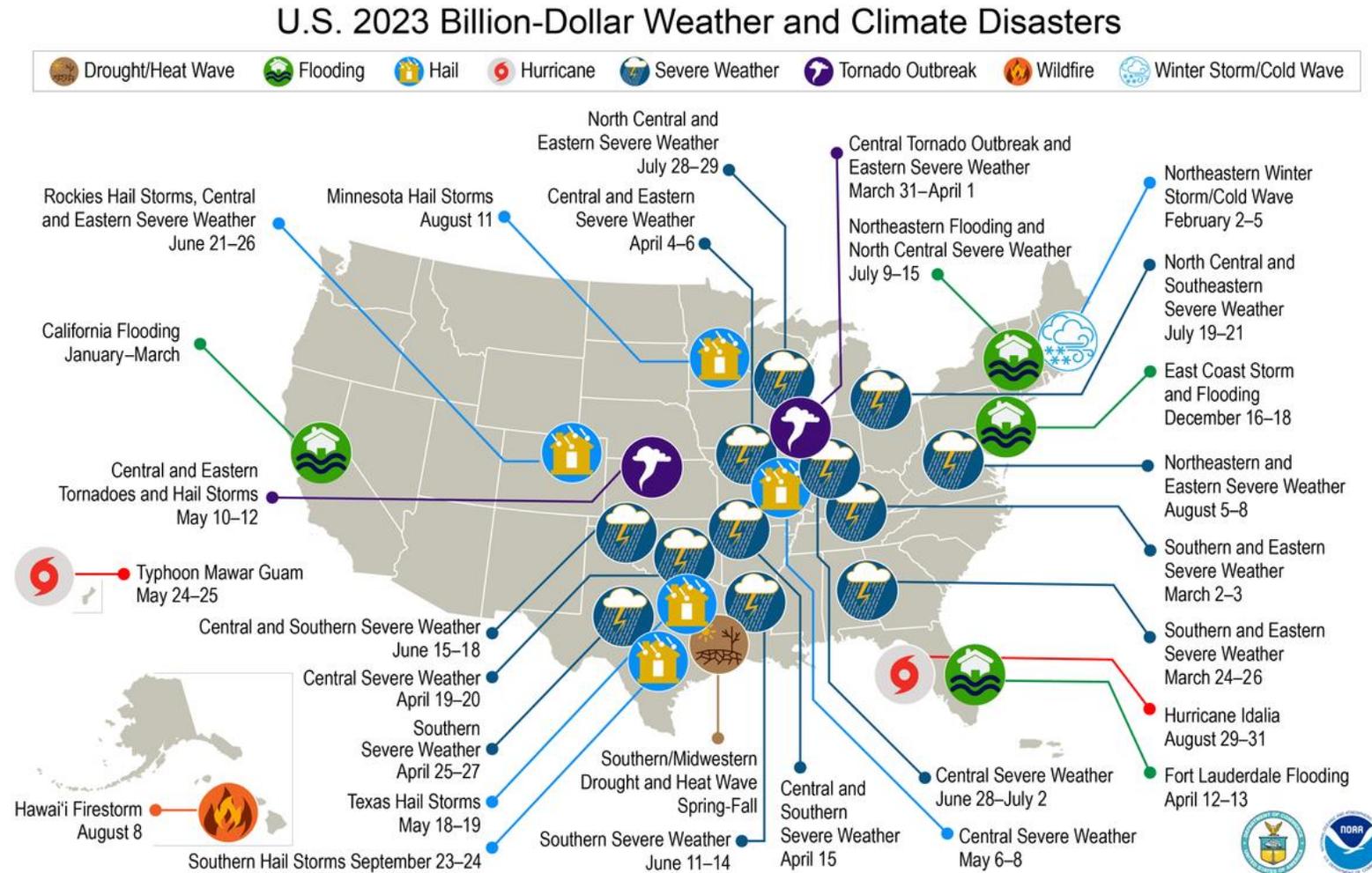
# Commerce protects the public interest

## Mission

- Consumer centered
- Oversight: 40+ industry areas
- Engagement with all communities

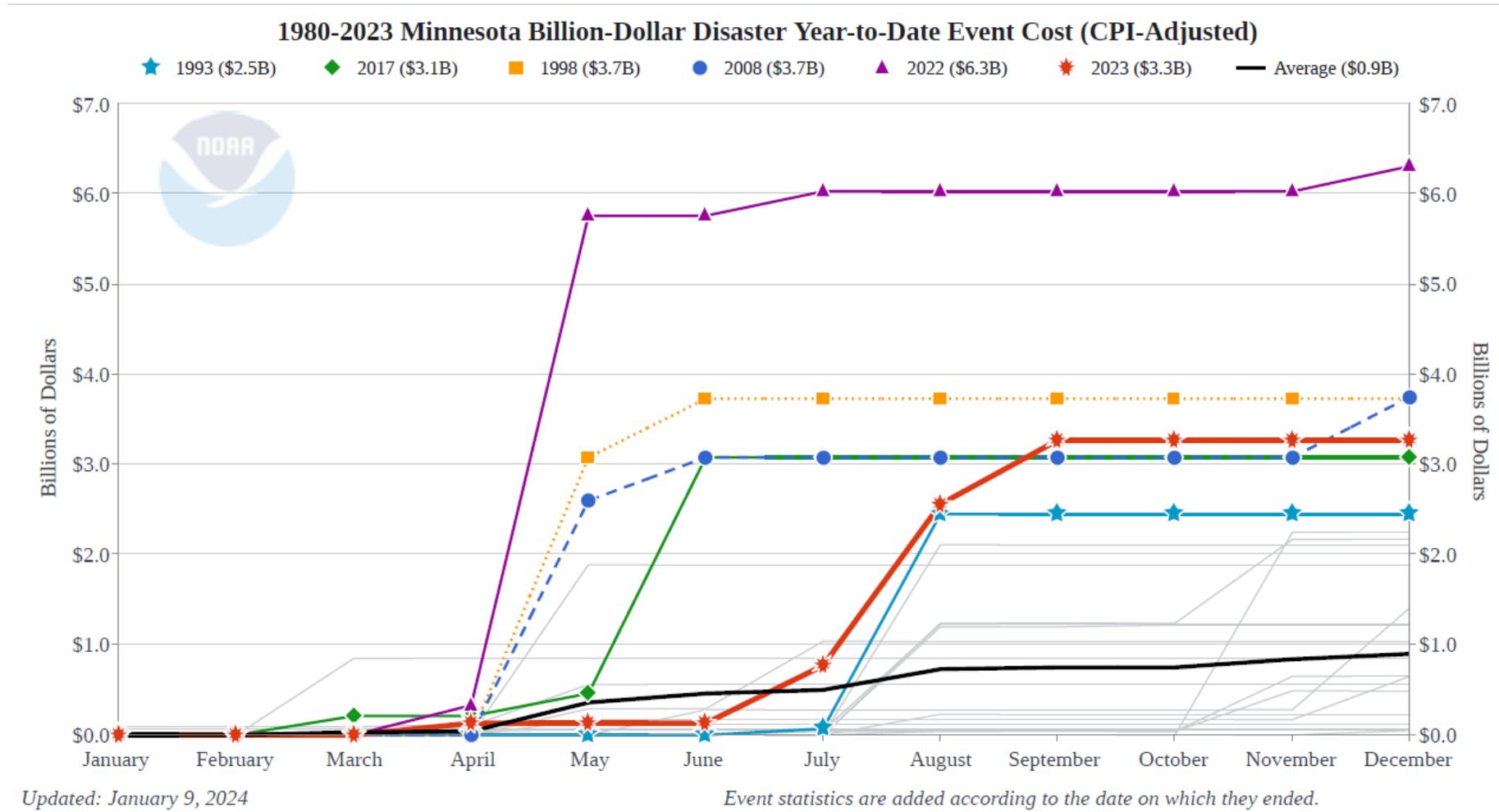


# Extreme (and expensive) weather events are happening in Minnesota – and across the country



*This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.*

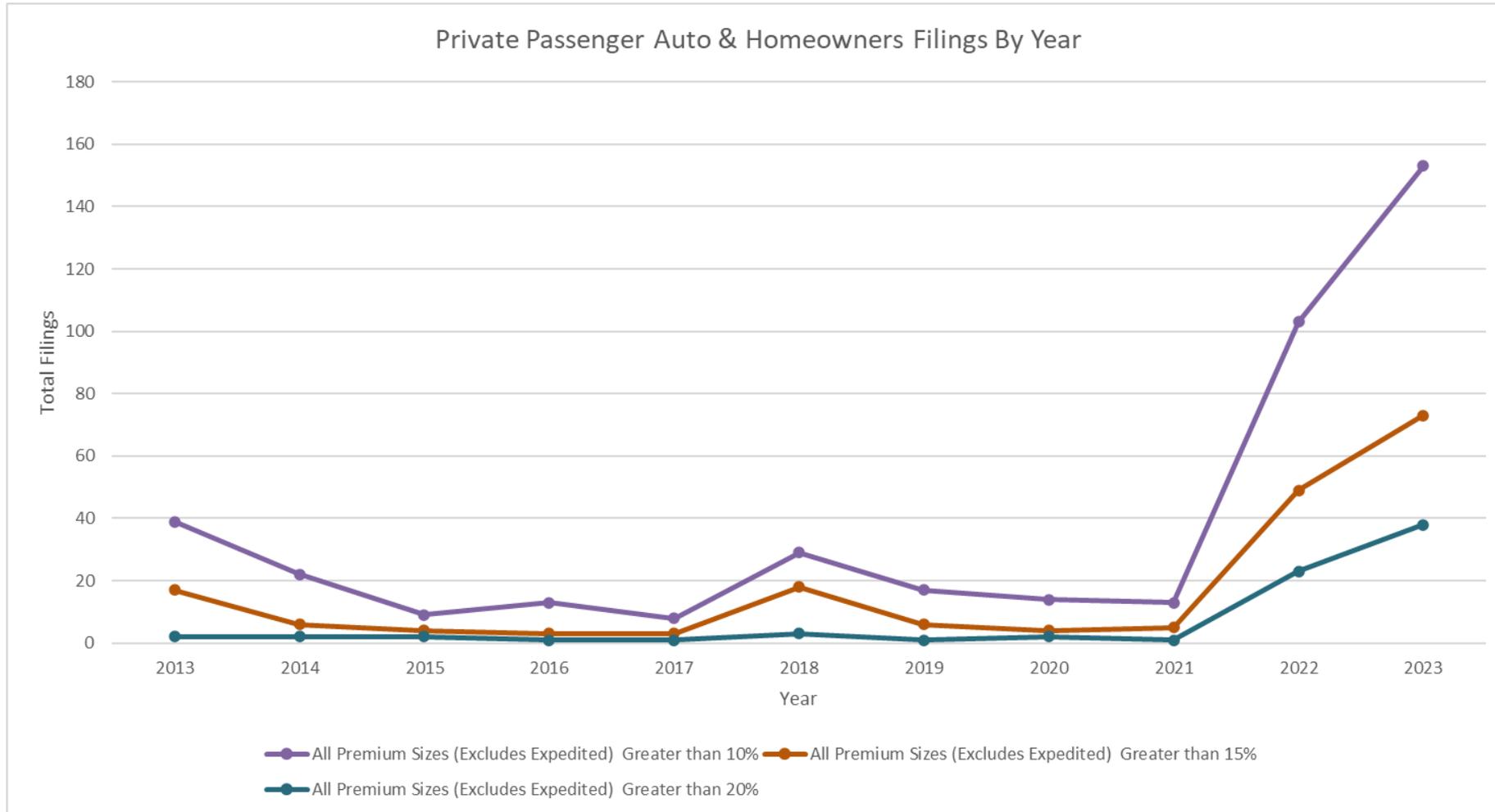
# 2022 was Minnesota's costliest storm year yet



# Factors are impacting the P&C market affordability and availability

- Balance between product availability and affordability with insurer solvency
- Similar factors are impacting markets across the country
  - Reinsurance costs
  - Labor & material supply
  - Inflationary pressures
  - Litigation
  - Broader macroeconomic conditions

# Insurers are raising rates in response to market conditions



# Insurers are also making changes to coverages

- Conversions from Replacement Cost to Actual Cash Value, particularly on roofs that 15 years or older and certain roofing materials
- Cosmetic damage/matching
- Separate deductibles for wind/hail in addition to basic deductibles
- Percentage (of coverage) deductibles for wind/hail,
- Increased deductibles in general – removing low level deductibles

# Consumer complaints are above pre-pandemic levels

- Homeowners complaints are up considerably
  - 2021: 690
  - 2022: 883
  - 2023: 1,179
- Homeowners recoveries by Commerce
  - 2021: \$1.4M
  - 2022: \$3.2M
  - 2023: \$5.7M
- Consumers learning about changes when they have a claim, not when the changes take effect
- Homeowner association policies
- Insurers' perception of risks associated with home energy upgrades

# Commerce is acting to protect consumers and ensure access to insurance products

- [Consumer Alert on reading your homeowners policies middle of last year](#)
- Filing and actuarial review of P&C filings
- 60 notice of hearing letters issued since August 2022
- [Strengthen Minnesota Homes](#)
- National Association of Insurance Commissioners
  - Climate Risk Disclosure Survey
  - Capital adequacy monitoring and financial examination manual updates
  - Catastrophe Model Center of Excellence
  - Future Data calls



Questions?

