

# Task Force on Homeowners and Commercial Property Insurance



**Minnesota  
House of  
Representatives**

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# Background

- Wind and Hailstorms are becoming more common and more severe in Minnesota. In 2023, alone, Minnesota experienced three separate hailstorms, each of which generated over \$1 Billion in property damage claims.
- Over the past decade insurers suffered a net loss on property damage insurance on dwelling of all kinds. Storm damage risk is becoming more difficult to estimate actuarially.
- As a result, premiums for property damage insurance have climbed significantly, especially for owners of older condominiums and affordable apartments with some associations and apartment owners finding it difficult to find any coverage at all.

# The Task Force's Charge

- 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
- Identify recommendations to strengthen and stabilize the homeowners and commercial property insurance industry.

# Membership

- The task force membership was balanced between representatives of the insurance industry and representatives of the insured, along with Legislators, the Department of Commerce and subject matter experts.

# Meetings and Testifiers

- The Task Force met nine times between September and February.
- We heard testimony from over two dozen parties
- Each meeting was devoted to the discussion of one or more subject areas.

# Subject Areas

- Risk Mitigation and Property Resilience to Natural Hazards, and the Effect on Insurance
- Effect of Liability Laws on Insurance Costs and Whether Tort Reform Could Reduce Costs
- Minimum Notice for Coverage Changes, Including Enforcement and Oversight
- Public Reporting of Aggregated Data Relating to Insurance Plan Costs and Coverage
- Current State-Supported Insurance Program and the Potential to Expand the Program to Include a Catastrophic Reinsurance Fund and a Self-Insured Pool
- Factors that Increase Claim Costs, Including but not Limited to Post-loss Contractors, Fraudulent Claims, Climate Inflation, and Discontinued Building Materials
- Regulatory Factors that Increase Insurance Costs or Decrease Access to Insurance Product
- Other Areas that would Strengthen and Stabilize the Homeowners and Commercial Property Insurance Industry

# Recommendations

- 1 The Minnesota FAIR Plan (the State’s “Insurer of last resort”) should examine the feasibility of offering coverage for markets such as condominiums and affordable apartments (in addition to its existing coverage of single-family homes).
- 2 The Legislature should fund the implementation of the “Strengthen Minnesota Homes” insurance discount program passed by the legislature in 2023.
- 3 The DLI Construction Codes Council should develop a Minnesota-appropriate version of the insurance industry’s FORTFIED roofing standard describing how roofs should be built/rebuilt to qualify for the “Strengthen Minnesota Homes” insurance discount.

# Recommendations (cont'd)

- 4 Enable Catastrophic and Mitigation Savings Accounts.
- 5 Continued Legislative examination of issues related to third-party litigation financing.
- 6 Continued Legislative examination of Tort Reform Issues.
- 7 Consider requiring HOA unit owners to carry “HO6” coverage that would pay the owner’s share of communal assessments.

Considered but not adopted:

- Clarifications to the mediation process



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# Thank You

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