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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5173

03/25/2024 Authored by Koegel, Agbaje and Hollins
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to insurance; requiring the commissioner of commerce to create a low-cost
1.3 motor vehicle insurance program for low-income residents; requiring a report;
1.4 appropriating money; amending Minnesota Statutes 2022, section 65B.49, by
1.5 adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter
1.6 65B.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. 65B.121 MINNESOTA LIFELINE INSURANCE PROGRAM.

1.9 Subdivision 1. Definitions. For the purposes of this section, the following terms have
1.10 the meanings given.

1.11 (a) "Commissioner" means the commissioner of commerce or the commissioner's
1.12 representative.

1.13 (b) "Eligible applicant" means an individual who meets the requirements of subdivision
1.14 6 and who has applied for a low-cost policy under the program.

1.15 (c) "Facility" has the meaning given in section 65B.02, subdivision 3.

1.16 (d) "Insured" means a driver insured under the program.

1.17 (e) "Low-cost policy" means a low-cost motor vehicle insurance policy issued in
1.18 compliance with subdivision 5.

1.19 (f) "Member" has the meaning given in section 65B.02, subdivision 4.

1.20 (g) "Minnesota lifeline insurance program" or "program" means the program created
1.21 under this section.

1.22 (h) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

2.1 (i) "Moving violation" means a violation of law or municipal ordinance regulating the
2.2 operation of motor vehicles on the streets or highways. Moving violation does not include
2.3 a law or ordinance related to parking or equipment.

2.4 (j) "Qualified health coverage" means medical assistance, MinnesotaCare, Medicare, or
2.5 TRICARE.

2.6 Subd. 2. Commissioner. (a) The commissioner must establish the Minnesota lifeline
2.7 automobile insurance program to offer more affordable motor vehicle insurance policies to
2.8 low-income Minnesota drivers, reduce the number of uninsured motorists, and promote
2.9 public safety.

2.10 (b) The commissioner must consult with the facility in creating and operating the program.

2.11 (c) By March 1 of each year, the commissioner must issue a report to the standing
2.12 committees of the legislature with jurisdiction over insurance that evaluates the
2.13 competitiveness of the private passenger vehicle insurance market in Minnesota in order to
2.14 evaluate whether the program is having an effect on uninsured motorist rates.

2.15 (d) The report under paragraph (c) must:

2.16 (1) compare the average rates charged by auto insurers in Minnesota with the premium
2.17 rates charged by the facility;

2.18 (2) provide market information, including but not limited to the number of carriers,
2.19 market shares, and losses; and

2.20 (3) recommend to the legislature appropriate modifications to this section.

2.21 Subd. 3. Facility. (a) The facility must:

2.22 (1) assist the commissioner establish and develop the program;

2.23 (2) determine whether an applicant is eligible for the program; and

2.24 (3) sell, issue, and deliver low-cost policies under the program and accept payment for
2.25 premiums by cash, if requested by the insured.

2.26 (b) The facility must determine the rates charged for low-cost policies and file rates with
2.27 the commissioner, in compliance with section 70A.06. Prior to determining the rates, the
2.28 facility must conduct a meeting with opportunity for public comment on the proposed rates
2.29 and the rate setting process.

2.30 (c) The facility must determine the rates for the program based on:

3.1 (1) the rate, claims, and loss data for, at minimum, the two prior years, including but
3.2 not limited to overall losses for private passenger auto insurance policies required under
3.3 state law;

3.4 (2) the distribution of losses for private passenger auto insurance policies based on
3.5 criminal driving history and geographic area;

3.6 (3) actual losses on policies sold by the facility under the program, when available;

3.7 (4) overall private passenger auto insurance industry trends in Minnesota, but only to
3.8 the extent that program data are not available or not credible and adjusted to reflect the
3.9 eligibility factors described in subdivision 6;

3.10 (5) up to three geographic locations; and

3.11 (6) public comments submitted under paragraph (b).

3.12 (d) When assessing loss reserve of the program, the commissioner must only allow loss
3.13 reserves that are estimated based on actual claim losses under low-cost policies or comparable
3.14 data by a statistician, as adjusted to reflect the coverage provided by low-cost policies and
3.15 eligibility factors used to become an insured.

3.16 (e) The facility must set rates for the program in an amount adequate to pay for losses
3.17 incurred for claims filed under the program and program expenses incurred by the facility
3.18 to operate the program, including those related to administration, underwriting, subrogation,
3.19 rate setting, taxes, commission, and claims adjusting.

3.20 (f) The facility must create and maintain a website for the program that includes the
3.21 information necessary for an eligible applicant to apply for the program.

3.22 (g) The program may accept funding from sources other than members to support the
3.23 program's marketing, outreach, and public education efforts.

3.24 (h) Money for marketing, outreach, and public education must be awarded equitably
3.25 among geographic regions, taking into consideration a region's target population and
3.26 marketing goals.

3.27 (i) The facility has the authority to form a subcommittee, subject to chapter 13D, to
3.28 make recommendations regarding the program's operation.

3.29 Subd. 4. **Producers.** (a) A licensed producer must provide to an applicant for a low-cost
3.30 policy the following information in no smaller than 14-point type on a form prescribed by
3.31 the commissioner:

4.1 (1) notice that a low-cost policy under this section satisfies the requirements under
4.2 section 65B.48 to maintain automobile liability insurance;

4.3 (2) premium cost;

4.4 (3) how eligibility is determined; and

4.5 (4) the difference between the coverage available under a low-cost policy and the
4.6 minimum coverage requirements that apply to policies sold outside of the program and in
4.7 compliance with section 65B.48.

4.8 (b) A licensed producer is entitled to receive a commission on each low-cost policy sold
4.9 that is equal to 12 percent of the policy premiums, provided that the commission is not less
4.10 than \$50. The facility or any insurance company issuing a low-cost policy under this section
4.11 is prohibited from requiring a producer to return any portion of the commission paid for the
4.12 sale of a low-cost policy if the insured, facility, or issuing carrier cancels the policy before
4.13 the end of the policy term.

4.14 (c) A licensed producer that complies with the disclosure requirements of this subdivision
4.15 in conjunction with the sale of a low-cost policy is not liable for selling a policy that does
4.16 not provide the coverage required in section 65B.49.

4.17 (d) A producer is not required to accept cash as a payment.

4.18 Subd. 5. **Low-cost policies.** The program must include and the facility must offer a
4.19 low-cost policy, with a length of six or 12 months, that includes:

4.20 (1) basic economic loss benefits that provide (i) reimbursement for all loss suffered
4.21 through injury arising out of the maintenance or use of a motor vehicle, subject to any
4.22 applicable deductibles, exclusions, disqualifications, and other conditions, and (ii) a minimum
4.23 of \$5,000 for income loss, replacement services loss, funeral expense loss, survivor's
4.24 economic loss, and survivor's replacement services loss arising out of the injury to any one
4.25 person;

4.26 (2) the payment of claims for bodily injury or death arising from an accident of \$30,000
4.27 for any one person and \$60,000 for any two or more persons, in addition to interest and
4.28 costs;

4.29 (3) the payment of claims for property of others damaged or destroyed in an accident
4.30 of \$10,000, in addition to interest and costs; and

5.1 (4) uninsured and underinsured motorist coverage with limits of \$25,000 because of
5.2 injury to or the death of one person in any accident and \$50,000 because of injury to or the
5.3 death of two or more persons in any accident.

5.4 Subd. 6. **Eligible applicant.** (a) An eligible applicant must:

5.5 (1) be a resident of Minnesota;

5.6 (2) demonstrate that all household members are enrolled in qualified health coverage;
5.7 and

5.8 (3) have been continuously licensed as a driver for the three years immediately preceding
5.9 application, except that a license suspension or revocation does not constitute a break in
5.10 continuous licensure for the purposes of satisfying this requirement if the revocation or
5.11 suspension was due to any of the following:

5.12 (i) a conviction for a violation under section 169.791, 169.797, or 171.24, subdivision
5.13 1 or 2;

5.14 (ii) a violation of section 171.18, subdivision 1, paragraph (a), clause (1), for being cited
5.15 for a violation of section 169.791 or 169.797;

5.16 (iii) failure to appear in court under section 171.16, subdivision 3a, for a petty
5.17 misdemeanor; or

5.18 (iv) failure to pay a fine under section 171.16, subdivision 3.

5.19 (b) A policy may be issued to an eligible applicant who has had continuous licensure
5.20 for less than three years. A surcharge of up to 30 percent of the base premium is applied to
5.21 a policy issued pursuant to this paragraph.

5.22 (c) An eligible applicant must not have a misdemeanor, gross misdemeanor, or felony
5.23 conviction for a violation arising out of the use of a motor vehicle, other than for a violation
5.24 of section 171.24, subdivision 1 or 2; 169.791; or 169.797.

5.25 (d) An eligible applicant must not, within the three years immediately preceding
5.26 application, be:

5.27 (1) at fault in a motor vehicle accident involving bodily injury or death;

5.28 (2) convicted of a misdemeanor, gross misdemeanor, or felony for a violation arising
5.29 out of the use of a motor vehicle other than for a violation of section 171.24, subdivision 1
5.30 or 2; 169.791; or 169.797;

6.1 (3) convicted of a violation of section 84.765; 84.795, subdivision 5; 86B.33; or a
6.2 Minnesota statute or a statute in another state that is equivalent to the sections identified in
6.3 this clause;

6.4 (4) convicted of more than two moving violations;

6.5 (5) at fault in more than one motor vehicle accident that involved only damage to
6.6 property; or

6.7 (6) convicted of one or more moving violations and found to be at fault for one or more
6.8 motor vehicle accidents that involved only damage to property.

6.9 (e) If an applicant is rejected by the facility, the facility must allow the applicant to cure
6.10 the deficiency and must accept the cured application if the applicant is otherwise eligible
6.11 for the program.

6.12 (f) An enrollee may be required to provide proof of qualified health insurance.

6.13 (g) A low-cost policy may be nonrenewed if the insured no longer meets the requirements
6.14 under subdivision 6.

6.15 Sec. 2. Minnesota Statutes 2022, section 65B.49, is amended by adding a subdivision to
6.16 read:

6.17 Subd. 11. **Minnesota lifeline automobile insurance program.** Notwithstanding this
6.18 section or any law to the contrary, a policy issued pursuant to the Minnesota lifeline
6.19 automobile insurance program under section 65B.121 meets the requirements of this section.

6.20 Sec. 3. **APPROPRIATION.**

6.21 (a) \$..... in fiscal year 2025 is appropriated from the general fund to the commissioner
6.22 of commerce to establish the Minnesota lifeline automobile insurance program.

6.23 (b) \$..... in fiscal year 2025 is appropriated from the general fund to the commissioner
6.24 of commerce to perform outreach and marketing for the Minnesota lifeline automobile
6.25 insurance program.