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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4960

03/14/2024

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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; authorizing insurers to use certain weather-related losses for
- 1.3 purposes of underwriting and rating; amending Minnesota Statutes 2022, sections
- 1.4 65A.29, subdivisions 7, 8; 70A.05.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2022, section 65A.29, subdivision 7, is amended to read:
- 1.7 Subd. 7. **Renewal; notice requirement.** (a) No insurer shall refuse to renew, or reduce
- 1.8 limits of coverage, or eliminate any coverage in a homeowner's insurance policy unless it
- 1.9 mails or delivers to the insured, at the address shown in the policy, at least 60 days' advance
- 1.10 notice of its intention. The notice must contain the specific underwriting or other reason or
- 1.11 reasons for the indicated action and must state the name of the insurer and the date the notice
- 1.12 is issued.
- 1.13 (b) For purposes of this section and any rules adopted under subdivision 8, increasing
- 1.14 or revising a homeowner's insurance policy deductible due to claims arising from natural
- 1.15 causes, including but not limited to lightning, rain, wind, and hail, is not a refusal to renew,
- 1.16 a reduction in coverage limits, or an elimination of coverage.
- 1.17 (c) Proof of mailing this notice to the insured at the address shown in the policy is
- 1.18 sufficient proof that the notice required by this section has been given.
- 1.19 Sec. 2. Minnesota Statutes 2022, section 65A.29, subdivision 8, is amended to read:
- 1.20 Subd. 8. **Rules.** (a) The commissioner may adopt rules pursuant to chapter 14, to specify
- 1.21 the grounds for nonrenewal, reduction in limits of coverage, or elimination of coverage of
- 1.22 a homeowner's policy. The rules must limit the grounds to the following factors:

- 2.1 (1) reasons stated for cancellation in section 65A.01, subdivision 3a;
- 2.2 (2) reasons stated in section 72A.20, subdivision 13;
- 2.3 (3) insured's loss experience, ~~not to include~~ including natural causes, which may include
- 2.4 but are not limited to lightning, rain, wind, and hail; and
- 2.5 (4) other factors deemed reasonable by the commissioner.

2.6 The rules may give consideration to the form and content of the termination notice to

2.7 the insured, a statement as to what constitutes receipt of the termination notice, and the

2.8 procedure by which the insured may appeal a termination notice.

2.9 The rules adopted under this subdivision may provide for imposition of a monetary

2.10 penalty not greater than \$500 per occurrence upon insurers who are found to be in violation

2.11 of the law or the rules.

2.12 (b) In addition to any rules adopted under this subdivision, an insured may appeal any

2.13 nonrenewal under this section to the commissioner of commerce. If the commissioner finds

2.14 that the nonrenewal is unjustified, arbitrary, or capricious, the commissioner shall order the

2.15 insurer to reinstate the insured's policy. The commissioner's order may be appealed pursuant

2.16 to chapter 14. The insured's policy shall continue in force pending the conclusion of the

2.17 appeal to the commissioner. The insurer must notify the insured of the insured's right to

2.18 appeal the nonrenewal to the commissioner in the notice of nonrenewal required under

2.19 subdivision 7.

2.20 Sec. 3. Minnesota Statutes 2022, section 70A.05, is amended to read:

2.21 **70A.05 RATING METHODS.**

2.22 The compliance of rates with the standards of section 70A.04 shall be determined by

2.23 considering the following matters:

2.24 (1) **Factors in rates.** Due consideration shall be given to past and prospective loss and

2.25 expense experience within and outside this state, to a reasonable provision for catastrophe

2.26 hazards and contingencies, to clearly discernible trends within and outside this state, to

2.27 dividends or savings allowed or returned by insurers to their policyholders, members or

2.28 subscribers, and to all other relevant factors, including the judgment of underwriters and

2.29 raters and, with respect to property and homeowners insurance, the impact of losses caused

2.30 by natural causes, including but not limited to lightning, rain, wind, and hail.

2.31 (2) **Classification.** Risks may be classified by any reasonable method for the

2.32 establishment of rates and minimum premiums. Classifications may not be based on race,

3.1 color, creed or national origin. Rates thus produced may be modified for individual risks
3.2 in accordance with rating plans or schedules which establish standards for measuring probable
3.3 variations in hazards, expenses, or both.

3.4 (3) **Profits.** The rates may contain an allowance permitting a profit that is not
3.5 unreasonable.