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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4174

02/22/2024 Authored by O'Driscoll 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; increasing the number of counties in which a township mutual
1.3 fire insurance company may write business; permitting certain policies to avoid
1.4 automatic cancellation in connection with the merger of township mutual fire
1.5 insurance companies; amending Minnesota Statutes 2022, sections 67A.01,
1.6 subdivision 2; 67A.14, subdivision 1.

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

1.8 Section 1. Minnesota Statutes 2022, section 67A.01, subdivision 2, is amended to read:

1.9 Subd. 2. Authorized territory. (a) A township mutual fire insurance company may be
1.10 authorized to write business in up to nine adjoining counties in the aggregate at the same
1.11 time. If policyholder surplus is at least \$500,000 as reported in the company's last annual
1.12 financial statement filed with the commissioner, the company may, if approval has been
1.13 granted by the commissioner, be authorized to write business in ten or more counties in the
1.14 aggregate at the same time, subject to a maximum of 20 40 adjoining counties, in accordance
1.15 with the following schedule:

Table with 2 columns: Number of Counties, Surplus Requirement. Rows 1.16-1.25 showing values from 10 to 18 counties and \$500,000 to 1,300,000 surplus.

2.1	19	1,400,000
2.2	20	1,500,000
2.3	<u>21</u>	<u>1,600,000</u>
2.4	<u>22</u>	<u>1,700,000</u>
2.5	<u>23</u>	<u>1,800,000</u>
2.6	<u>24</u>	<u>1,900,000</u>
2.7	<u>25</u>	<u>2,000,000</u>
2.8	<u>26</u>	<u>2,100,000</u>
2.9	<u>27</u>	<u>2,200,000</u>
2.10	<u>28</u>	<u>2,300,000</u>
2.11	<u>29</u>	<u>2,400,000</u>
2.12	<u>30</u>	<u>2,500,000</u>
2.13	<u>31</u>	<u>2,600,000</u>
2.14	<u>32</u>	<u>2,700,000</u>
2.15	<u>33</u>	<u>2,800,000</u>
2.16	<u>34</u>	<u>2,900,000</u>
2.17	<u>35</u>	<u>3,000,000</u>
2.18	<u>36</u>	<u>3,100,000</u>
2.19	<u>37</u>	<u>3,200,000</u>
2.20	<u>38</u>	<u>3,300,000</u>
2.21	<u>39</u>	<u>3,400,000</u>
2.22	<u>40</u>	<u>3,500,000</u>

2.23 (b) In the case of a merger of two or more companies having contiguous territories, the  
 2.24 surviving company in the merger may transact business in the entire territory of the merged  
 2.25 companies; however, the territory of the surviving company in the merger may not be larger  
 2.26 than ~~20~~ 40 counties.

2.27 (c) Notwithstanding paragraph (b), a policy issued by a constituent company to the  
 2.28 merger may remain effective, without respect to the policy being issued in a county outside  
 2.29 the territory of the surviving company, until the policy: (1) expires or is terminated by the  
 2.30 policy's terms; or (2) is terminated or annulled and canceled in accordance with section  
 2.31 67A.18. The surviving company must not amend or renew a policy issued in a county outside  
 2.32 the surviving company's territory.

2.33 ~~(e)~~ (d) A township mutual fire insurance company may write new and renewal insurance  
 2.34 on property in cities within the company's authorized territory having a population less than  
 2.35 25,000. A township mutual fire insurance company may continue to write new and renewal  
 2.36 insurance once the population increases to 25,000 or greater provided that amended and

3.1 restated articles are filed with the commissioner along with a certification that such city's  
3.2 population has increased to 25,000 or greater.

3.3 ~~(d)~~(e) A township mutual fire insurance company may write new and renewal insurance  
3.4 on property in cities within the company's authorized territory with a population of 25,000  
3.5 or greater, but less than 150,000, if approval has been granted by the commissioner. No  
3.6 township mutual fire insurance company shall insure any property in cities with a population  
3.7 of 150,000 or greater.

3.8 ~~(e)~~(f) If a township mutual fire insurance company provides evidence to the  
3.9 commissioner that the company had insurance in force on December 31, 2007, in a city  
3.10 within the company's authorized territory with a population of 25,000 or greater, but less  
3.11 than 150,000, the company may write new and renewal insurance on property in that city  
3.12 provided that the company files amended and restated articles by July 31, 2010, naming  
3.13 that city.

3.14 Sec. 2. Minnesota Statutes 2022, section 67A.14, subdivision 1, is amended to read:

3.15 Subdivision 1. **Kinds of property; property outside authorized territory.** (a) Township  
3.16 mutual fire insurance companies may insure qualified property. Qualified property means  
3.17 dwellings, household goods, appurtenant structures, farm buildings, farm personal property,  
3.18 churches, church personal property, county fair buildings, community and township meeting  
3.19 halls and their usual contents.

3.20 (b) Township mutual fire insurance companies may extend coverage to include an  
3.21 insured's secondary property if the township mutual fire insurance company covers qualified  
3.22 property belonging to the insured. Secondary property means any real or personal property  
3.23 that is not considered qualified property for a township mutual fire insurance company to  
3.24 cover under this chapter. The maximum amount of coverage that a township mutual fire  
3.25 insurance company may write for secondary property is 25 percent of the total limit of  
3.26 liability of the policy issued to an insured covering the qualified property.

3.27 (c) A township mutual fire insurance company may insure any real or personal property,  
3.28 including qualified or secondary property, subject to the limitations in subdivision 1,  
3.29 paragraph (b), located outside the limits of the territory in which the company is authorized  
3.30 by its certificate or articles of incorporation to transact business, if the company is already  
3.31 covering qualified property belonging to the insured, inside the limits of the company's  
3.32 territory. For purposes of this paragraph, qualified property inside the limits of the company's  
3.33 territory includes qualified property outside the territory of the surviving company to a

4.1 merger for the duration of the policy insuring the qualified property if the qualified property  
4.2 was qualified property inside the territory of a constituent company to the merger.

4.3 (d) A township mutual fire insurance company may insure property temporarily outside  
4.4 of the authorized territory of the township mutual fire insurance company.