



The 2024 Legislative Session

The 2025 Legislative Session was slow to get going, often messy and didn't end on time. A looming estimated deficit of \$6 billion in the out years only seemed to exacerbate the differences between the parties. Ultimately, the Legislature managed to put together a state budget with the most closely divided state legislature in the country.

With very little middle ground between the GOP and DFL and most of the decisions being made by leadership behind closed doors, even working on routine bills presented an entirely new and complex set of challenges. The Big I MN, however, was there every step of the way and was able to successfully protect you and your clients' interests.

The following summary describes which of our priorities made it across the finish line, which bills we were able to kill and what we will continue to pursue next session. As always, please do not hesitate to reach out if you have any questions or would like any additional information.

Lastly, we would like to express our gratitude to the members of the Big I MN Legislative Committee for their support, leadership, expertise, and willingness to get involved and make a difference.

2025 Session Bills that were Enacted

Property Insurance Legislative Task Force, Special Session HF 4, Article 3, Section 20: Community developers and housing advocates brought forth a proposal this session to create a task force to address the affordability of property insurance—both homeowners and commercial. As originally introduced, the legislation was extremely problematic. First, the task force was largely comprised of property owners and housing advocates, and it lacked the necessary insurance expertise to appropriately understand and address insurance affordability issues. Second, the task force was directed to focus on “solutions” that would likely have resulted in fewer carriers willing to write property insurance in MN, such as mandatory reporting of cancellations and premium rate regulation.

Working with our industry and legislative partners, we were able to amend the membership of the task force to include the necessary insurance expertise. Insurance members will include the Big I MN, the Insurance Federation (two members), and the MN Assoc. of Farm Mutuals. There will also be four representatives from property insurance consumer groups; one representative each from the House, Senate and the Department of Commerce (DOC); one representative with knowledge in the areas of climate risk mitigation and insurance markets, and a representative from the contractors. Appointments must be made by August 15, 2025.

In terms of the scope, we required that the task force review the following to ensure any solutions are aimed at actual cost drivers: climate risk mitigation, fraud, post-loss contractors, inflation, discontinued building materials, and the effects of litigation and the potential for decreasing costs through tort reform.

Despite our success in putting in place a balanced task force with a focused agenda, there are still plenty of opportunities for mischief and bad ideas. As the **only insurance agent group with a seat on the task force**, we will work hard to protect and enhance Minnesota's property insurance markets. The first task force meeting must take place before September 15, 2025, and the task force must submit a written report to the Legislature by February 15, 2026. Stay tuned for more updates.

Reinsurance, Special Session HF 4, Article 6: An on-going priority for the Big I MN has been to protect the private health insurance market by opposing public option and single-payer proposals and supporting the state's reinsurance program to keep individual health insurance affordable and available. With the DFL and GOP tied in the House this year, it became clear that the DFL would not be able to successfully move to any type of state-run health insurance program. As a result, the Walz Administration, as well as both GOP and the DFL legislators, agreed that the reinsurance program needed to be extended to control premiums in the individual health insurance market. There was a significant disagreement, however, over the duration of that extension and the funding source for the \$500 million/biennium program.

The Big I MN strongly advocated for extending the reinsurance program with the broadest funding base possible and opposed taxing the health plans and products sold by life insurers, such as disability and long-term care insurance to fund the program, which was Governor Walz's and the DOC's proposal.

In addition to our lobbying efforts at the Capitol, Big I MN CEO, April Goodin, and Big I MN Board Member, Bill Butler, wrote editorials that were published in the Fargo/Moorhead and Duluth papers, respectively. Big I MN members also reached out to their legislators through a targeted grass roots campaign.

Our hard work paid off, and the reinsurance program was successfully extended through the next biennium with a compromise on the funding sources. In the first year, the funding will come from the provider tax via the Health Care Access Fund. The next year, the health insurers will be assessed to fund the program, but they will receive a premium tax credit in the amount of the assessment.

Surplus Lines, Special Session HF 4, Article 3, Section 1: This year the Big I MN continued its efforts to make placing coverage in the surplus lines market more convenient for our member agents and their clients. You will recall that last year we eliminated the requirement that MN resident producers must collect three admitted market declinations before placing a risk with a surplus lines carrier. This session we worked with the Surplus Lines Association to repeal the statutory rebuttable presumption that standard market insurance is available for any property worth less than \$1.9 million. There was significant support for the proposal amongst the insurance community, but the Department of Commerce raised concerns about first time homebuyers and lower income purchasers entering the unregulated market. In response, we argued that those homebuyers should not be forced to use the FAIR plan which provides less comprehensive coverage. The DOC would not back down, so we compromised and lowered the presumption to homes under \$500,000. This new law will take effect on August 1, 2025.

Medicare Supplement Insurance, Special Session HF 4, Article 5: For those who sell Medicare supplement insurance, the Legislature enacted some significant changes to preserve this market in MN. By way of background, in 2023, the Legislature passed a bill creating an annual open enrollment period for Medicare Supplement Insurance policies. Policies purchased during this open enrollment period would be guaranteed issue and would not be subject to preexisting condition limitations. This was a pet project of the Chair of the House Health Committee, and the bill made it through the process largely uncontested by the Medicare supplement insurers.

In 2024, the effective date of the new, annual open enrollment period was pushed back to August 1, 2026 to give the DOC and the industry an opportunity to study the potential impact on the market of an annual open enrollment period with all policies guaranteed issue. The changes in this year's Commerce omnibus bill were a result of that study and are intended to mitigate the potential impact of any adverse selection resulting from the annual open enrollment period.

Those changes are as follows:

- After August 1, 2026, individuals aged 65 to 70 can enroll in a Medicare supplement policy outside of their initial open enrollment period without medical underwriting or preexisting condition limitations.
- A penalty applies to individuals who enroll in this manner, and the individual may only make this choice once during ages 65 to 70.
- The penalty is a 15% addition to premiums for those who enroll during open enrollment in 2026, and it increases 5% per year, with a maximum penalty of 35% applying for open enrollment 2029 into the future. The penalty will apply for the duration of the policy.
- These changes take effect August 26, 2026.

These changes were vehemently opposed by the proponents of the original legislation, including AARP who thinks an annual open enrollment period should be open to all seniors without any premium penalties. It is very likely that legislation will be introduced next session to remove the limitations enacted this year.

Insurers Required to Provide Policy Copy, Special Session, HF 4, Article 3, Section 18: This bill requires an insurer to provide a copy of an auto or homeowners policy to the first named insured within 21 days of a request. The chief author of the bill, who is also an insurance defense attorney, was frustrated because her insurer would only provide her with a copy of the declarations page and not the actual policy. As originally drafted the bill required the insurance agent to provide the policy copy, but the Big I MN amended the bill to place that responsibility on the insurance company. The policy may be delivered in paper form, electronically, or via a website link. This new law takes effect on August 1, 2025.

Bills that were not Enacted in 2025

State-Run, Low-Cost Auto Insurance (SF 2455/HF 2215): There was another push this year to create a state-run, "low-cost" auto insurance program for lower income Minnesotans. The legislation would have created the "Lifeline Insurance Program" which would deliver savings to low-income drivers by excluding PIP and comprehensive coverage. While the Big I MN supports expanding access to auto insurance, this proposal was significantly flawed. These flaws ranged from putting low-income drivers at serious financial risk by eliminating critical protections to requiring agents who sell these policies to accept cash and authorizing the State's Auto Plan to run the program. The Big I MN submitted testimony in opposition to the bill and lobbied hard to educate legislators about the dangers of eliminating key coverages to lower premiums. Fortunately, we were able to stop this proposal from making it across the finish line in 2025.

Tort Reform: Recognizing the negative impact of litigation costs on insurance, the Big I MN has made tort reform a priority. This year, we worked with Minnesotans Against Lawsuit Abuse to introduce two important bills, a repeal of the seatbelt gag rule (SF 669/ HF 1986) and the "Consumers in Crisis Protection Act" (SF 2929/ HF 2677) which imposes disclosure requirements and other commonsense safeguards to prevent hedge funds and other financiers from taking over litigation and fueling unmeritorious lawsuits. Despite strong Republican support and some moderate DFL support, the plaintiff's bar was able to stop these proposals this year. We will be back at it next year!

Insurance Fraud Bureau Transfer, HF 2432, Article 3: In early January, Governor Walz signed an executive order creating a new fraud investigative unit housed within the BCA and transferring the entire DOC Fraud Bureau (investigators, employees, funding etc.) to the new fraud unit. In addition to insurance fraud, the new unit will be aimed at stopping the theft of public funds and is Governor Walz's response to the number of fraud scandals that have impacted his Administration. The most recent example of this fraud involved an FBI raid of two local autism treatment centers suspected of filing fraudulent medical claims, and there was also the Feeding our Future scheme in which \$250 million was stolen during the pandemic from a federally funded meals program for children overseen by the MN Dept. of Human Services.

Both GOP and DFL legislators, especially current and former Commerce Committee Chairs that were personally invested in the Insurance Fraud Bureau, were displeased that Walz bypassed the Legislature and made these changes via executive order. Hearings were held in the House and Senate where legislators demanded that the Administration accomplish the transfer through the legislative process. Accordingly, the BCA introduced legislation in late April, as part of the Governor's supplemental budget, to effectuate the transfer.

Despite assurances from DOC Commissioner Arnold and BCA Superintendent Evans that the insurance fraud funding and resources will remain dedicated to insurance fraud, we remain concerned. Given all the public attention focused on state agency fraud, it is not hard to imagine that insurance fraud may not receive the attention it deserves. Therefore, the Big I MN, in conjunction with other industry groups, proposed guardrails to prevent potential mission creep, but most of those measures were ultimately rejected by the Judiciary and Public Safety Chairs. However, we did successfully include language that specifically states that the funding received from the assessment on insurance companies must be used to investigate insurance fraud.

In terms of compliance for agents, the new law amends 60A.952 to require producers to report suspected insurance fraud to the Financial Crimes and Fraud Section of the BCA instead of the DOC's Fraud Bureau (current law). The requirement that suspected fraud be reported to the BCA instead of the DOC starts on August 1, 2025. We are waiting for guidance from the DOC/BCA on how producers should report this information to the BCA.

What can you do to help keep the momentum of our efforts going? Consider donating to our MIIA Pac to increase our influence with the Minnesota legislature! Use the QR code below to donate!

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