
# The 2026 Legislative Session

Given the turmoil of the past year and how closely the Legislature is divided, the 2026 Legislature accomplished more than many of us originally anticipated. Legislators ultimately agreed on government anti-fraud measures, limited property tax relief, funding HCMC, a $1.2 billion bonding bill and even a tab fee reduction. There was plenty left on the table however, with legislators taking issues like school safety and gun control to the voters.

In the insurance world, this session was more of a hard, fought status quo. There were no shortages of bad insurance bills ranging from onerous marketing and gun ownership reporting requirements for agents to bills significantly increasing litigation risk for homeowners' and other insurers—all of which we were able to stop. The 67-67 tie in the House, however, made it a tough year to move any measure, tort reform is a good example, with even a whisper of opposition. Nonetheless, were we able to start building the foundation for issues such as increasing the minimum auto insurance limits, additional storm chaser regulation, and to continue educating legislators on the important role of the independent agent.

As always, a special shout out to the members of the Big I MN Legislative Committee for their support, expertise and a willingness to get involved to make a difference.

## Property and Casualty

### Enacted Bills

*Insurance Disclosures-Common Interest Communities*

The only legislation to make it across the finish line that was even semi-related to the recommendations of the Legislative Task Force on Homeowners and Commercial Property insurance was SF 1750, which dealt with common interest communities. While the Task Force recommended mandating HO6 coverage, the new law requires important disclosures regarding insurance coverage for both unit owners and prospective buyers. These disclosures include: 1) letting unit owners know that they are responsible for loss assessments levied by the association even if they don't have sufficient insurance coverage; 2) recommending that unit owners purchase loss assessment coverage in the amount of the deductible, 3) the association's deductible and 4) encouraging unit owners to conduct annual coverage reviews. While not a panacea for the issues regarding loss assessment coverage, these disclosures are good first step.

## Bills Not Enacted

*Increasing Minimum Auto Limits*

For several years we have successfully defeated bills creating a low-cost auto insurance program that generated savings by reducing the minimum limits or eliminating types of coverage for eligible low-income drivers. This year, legislation was actually introduced taking the opposite approach of ensuring drivers have sufficient coverage by increasing the minimum auto insurance limits from 30/60/10 to 100/200/30 and from 25/50 to 75/150 for UM and UIM. Representative Ginny Klevorn, who is the DFL Co-Chair of the State Government Committee, introduced HF 3482 because of the plight of a family whose mother was killed in a severe accident where the at-fault driver only had the minimum limits. Unfortunately, the bill did not receive a hearing because members of both parties were concerned about even the appearance of increasing premiums in a year when affordability is shaping up to be a huge campaign issue. This is despite our demonstrating to legislators how minimal the premium increase would be to provide actual meaningful insurance coverage. We will bring this bill back next year and will work in the interim to help legislators and candidates understand that higher limits are good public policy and can be affordable.

*Mandated Firearm Coverage*

HF 3938 would have created a $100,000 coverage mandate for firearm owners for accidental occurrences under homeowners' and tenant policies. The bill would also have required agents to enforce that requirement. When the bill was posted for a hearing, we reached out to the bill author to explain that liability for accidental firearm occurrences were already covered in all homeowners and tenant policies. We also expressed concerns that the 100,000 limit might actually encourage consumers to buy less coverage than they currently have. Not to mention the fact that the bill would put agents in the uncomfortable position of asking clients if they owned firearms and how many. After our meeting, the bill author took her bill off the committee agenda. The Committee Chair thanked us for our work on this issue. This is an issue that will likely be back next session. It is also worth noting that the bill was actively supported by the DOC.

*Arbitration Expansion for Homeowner's Claims*

The fallout from last summer's storm in Bemidji resulted in a bipartisan bill, HF 4422, that would have significantly expanded the use of the statutory appraisal process, which is currently just used for hail and fire losses, to all covered losses. The expansion would have given policyholders two years to file a claim for all covered property losses and, unlike the current law, would still allow policyholders to sue their insurance company if they were not pleased with the results of the appraisal process. Also, objectionable was that the bill did not include any licensing requirements or competency standards for appraisers. What made matters worse is that on the day that the bill was heard in House Commerce, DOC Commissioner Grace Arnold had an opinion piece published in the Bemidji Pioneer that placed the blame for claim denials and delays squarely and solely on insurance companies. Fortunately, we were able to bottle the bill up in House Commerce Committee and to prevent it from being heard in the Senate.

*Storm Chasers*

Unfortunately, the persistence of the Bemidji bill's advocates hindered our efforts to push a new approach to curtail storm chasers. This was because the Commerce Committee Chairs correctly felt if they allowed us to move our proposal, then they would have a hard time saying "no" to moving the Bemidji bill. Our new anti-storm chaser proposal, which we will bring back next session, would subject storm chasers to oversight by the DOC, significant record keeping requirements regarding their marketing strategies, and subject them to DOC enforcement for false advertising and misrepresentation.

*Strengthen Minnesota Homes Program*

In 2023, the Legislature created a grant program for lower income Minnesotans to retrofit their property with climate resilient materials, specifically materials that meet IBHA Fortified standards. However, the Legislature never funded the program. The pursuit for funding was revived this year as a result of the Legislative Task Force on Homeowners and Commercial Property Insurance's work. The bill that was introduced and was heard in House Commerce, HF 4223 sought an appropriation of $35 million to fund the grant program. Unfortunately, the current budget situation combined with other more pressing funding needs, like HCMC, did not leave funds available for this project.

# Tort Reform

The tort reform stand-off between the insurance industry and the plaintiffs' bar continued throughout the '25-'26 session. While we understand the correlation between nuclear verdicts, third-party litigation funding and higher premiums, the plaintiffs' bar contends that corporate profits and CEO salaries are the real culprits. With such a closely divided Legislature, the plaintiff's bar was able to block our efforts to curtail third-party litigation funding via SF 2929, the Consumers in Crisis Act. On the flip side, we were able to defeat the plaintiffs' bar's attempts to create a new private cause of action against insurance companies. SF 3535, would have created a private cause of action for alleged, unreasonable denials of long-term care and disability insurance claims, which would include recovery for emotional distress and attorneys' fees with no caps or guardrails, something that isn't currently allowed in MN. This expansion of litigation would have set a terrible precedent for all lines of insurance.

# Taxes

## Enacted Bills

*PTE Workaround*

Business taxation is one area where the DFL and the GOP could not find much common ground this session. Nonetheless, the business community was able to get an extension of the pass -through entity (PTE) workaround through tax year 2027. This workaround allows certain small business owners to bypass the federal cap on state and local tax deductions.

Many states automatically conform with changes to federal tax code. MN does not, however, and as a result, the Legislature must agree on whether to enact or reject federal tax changes—nothing is easy here. That means that the permanent extension of the PTE workaround in the One Big Beautiful Bill had to be specifically passed into law since the MN workaround expired on December 31, 2025.

The issue became a bit of political football during the end of session leadership negotiations, which was extremely frustrating since extending the workaround is a way to help small businesses that has zero cost to the state. Since there was only agreement to extend the workaround for tax years 2026 and 2027, we will be back next year to try and make the workaround permanent. If your business is an S-Corp, LLC or a partnership, consult with your accountant as the legislature also adopted special "catch-up" provisions for your 2026 estimated tax payments.

## Bills Not Enacted

*Sales Tax Expansion*

For the second year in a row, Governor Walz proposed expanding the sales tax to legal, banking, accounting and financial advice services used by consumers (HF 5055). The expansion was paired with a .075 reduction of the tax overall. The Governor pitched the expansion as necessary to begin to modernize the tax code stating that it would result in an overall tax decrease for most Minnesotans because the newly included services are the purview of the wealthy. Of particular concern for the Big I MN was whether the Dept. of Revenue would interpret "financial advice services" to include insurance sales. At one point, the Revenue Commissioner testified in Tax Committee that if there is any doubt regarding whether a particular service is included in the sales tax, assume it will be taxed. The Big I MN teamed up with the business community to defeat this proposal for two years in a row by explaining how important insurance and financial advice is to all consumers.

*Wealth Tax*

The House DFL Tax Co-Chair proposed a bill, HF 4616, that would have been a first in the nation state-level, wealth tax. The bill would have imposed a 1% annual tax on all "taxable wealth" exceeding $10 million and defined taxable wealth to include the total value of a taxpayer's real or personal property including homes, vehicles and business assets. This bill was dead on arrival in the tied House. However, it received a hearing and strong support from some House DFL members.

*Social Media Tax Proposals*

There were two attempts to derive revenue from social media companies this session. One bill, SF 3197, would have imposed a graduated excise tax based on large platforms' monthly active users. This proposal passed the Senate as part of the omnibus tax bill, but was rejected by the House. A second proposal, HF 4343, proposed to eliminate the sales tax exemption on digital advertisements, including banner ads and internet search results. We supported the business community in opposition to these proposals which would increase the cost of doing business in MN.

The state is expected to face a significant deficit next biennium, and no matter which party is in control, the Legislature will be looking for additional revenue. We can expect the above proposals as well as new tax proposals and possible fee increases to be on the table next session.

# Health Insurance

Health insurers are perennially on the hot seat these days, but the biggest health insurance issue this year, the extension of the Premium Security Plan (known as Reinsurance), ended in stalemate between the DFL and the GOP. You will recall that the Reinsurance program stabilizes Minnesota's private, individual insurance market by buying down certain high dollar medical bill for insurers that write on the individual market. The program is praised for consistently reducing premiums by approximately 25%. However, the program is set to expire at the end of the 2027 plan year.

The Big I MN joined with the other agents' groups to advocate for the extension of the program. However, DFL legislators opposed the extension of the program because they have generally viewed it as a temporary fix and do not feel buying down insurers' claims is the best approach to making heath care affordable. Advocates opposing the extension of the Reinsurance program stated their preference for a public option or a government run health insurance program. None of those bills, which are opposed by the Big I MN, received a hearing this year. We can expect the battle to continue next session. The ultimate make-up of the Legislature will determine whether Reinsurance will be extended or if the Legislature will enact something like a public option, which would allow Minnesotans who would not otherwise qualify to buy into Minnesota Care.

# Miscellaneous

## Bills Not Enacted

*Continuing Education Credits for Professional Association Membership, HF 3389*

The Big I MN championed legislation this session along with the other agent groups that would have required the DOC to grant up to four hours of CE credit for "active participation" in a state or national professional insurance association. The bill defined "active participation" as participation on the board or a formal committee or subcommittee of the association. The idea being that active engagement in a professional insurance association provides valuable learning experiences. At least 10 other states currently provide credit for association membership. The bill had a great hearing in the House Commerce Committee. The DOC, however, eventually determined that they were uncomfortable with the overall concept as well as language requiring them to grant approval for any educational programming approved by other states. We will continue the discussion with the DOC over the interim to see if there is a path forward.

*DOC Lead-Generation, HF 4188*

The DOC proposal to regulate insurance lead generators made it across the finish line. The Big I worked with the DOC to rewrite the proposal, so that it did not impose new, and extremely onerous record keeping requirements on agents. By way of background, the DOC has seen a significant uptake in complaints from consumers that were being recruited by lead generators using false claims to hook the consumers. These included promising consumers "ACA compliant health insurance" when the product being sold was just a discount card and scaring seniors into working with a certain financial advisor with claims that Congress made significant changes to the social security program. When the DOC tried to go after the lead generators in question, they were told they that the DOC did not have jurisdiction.

To resolve the issue, the DOC, drafted a proposal to subject lead generators to DOC oversight, significant record keeping requirements regarding their marketing strategies, and DOC enforcement for false advertising and misrepresentation. While the Big I MN had no issues with the DOC's intent, the definition of "lead generator" was so broad that it would have subjected agents to the same record keeping requirements—keeping records of every single marketing contact as well as complaint data for three years. The Big I MN's Legislative Committee met with the DOC to share our concerns, and we were able to work on an amendment that targeted the legislation to lead generators and excluded agents.

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