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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2300

03/01/2023 Authored by Stephenson
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy
03/23/2023 Adoption of Report: Re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to insurance; providing for certain premium discounts and rate reductions;
1.3 establishing a strengthen Minnesota homes program; establishing an account;
1.4 authorizing administrative rulemaking; proposing coding for new law in Minnesota
1.5 Statutes, chapter 65A.

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

1.7 Section 1. 65A.60] PREMIUM DISCOUNT OR INSURANCE RATE REDUCTION;
1.8 CONSTRUCTION AND CERTIFICATION.

1.9 (a) For purposes of sections 65A.60 to 65A.63:

1.10 (1) "commissioner" means the commissioner of commerce;

1.11 (2) "insurable property" means a residential property certified as meeting the Fortified
1.12 For Safe Living Standards (FFSLS), as may be adopted from time to time by the Institute
1.13 for Business and Home Safety (IBHS) or a successor entity, or the Fortified Commercial
1.14 Standard (FCS), as may be adopted from time to time by IBHS; and

1.15 (3) "insurer" has the meaning given in section 65A.27, subdivision 5.

1.16 (b) An insurer must provide a premium discount or insurance rate reduction in an amount
1.17 and manner as established in paragraph (h) for an insurable property. An insurer may offer
1.18 additional adjustments in deductibles, other credit rate differentials, or a combination thereof,
1.19 collectively referred to as adjustments. An adjustment must be made available under the
1.20 terms specified under this section to an owner who builds or locates a new insurable property
1.21 in Minnesota in order to resist loss due to catastrophic windstorm events.

2.1 (c) An insurable property must be certified as conforming to FFSLs or FCS criteria only  
2.2 after inspection and certification by an IBHS-certified inspector.

2.3 (d) An owner of insurable property claiming an adjustment must maintain the IBHS  
2.4 certification documentation, which is considered proof of compliance with the FFSLs or  
2.5 FCS requirements.

2.6 (e) The records required by this section are subject to audit by the commissioner or the  
2.7 commissioner's representative.

2.8 (f) Evidence of IBHS certification must be presented to the insurer or potential insurer  
2.9 of a property owner before the adjustment becomes effective for the insurable property.

2.10 (g) The records that must be maintained under paragraph (d) must be presented to the  
2.11 insurer or potential insurer of a property owner before the adjustment becomes effective  
2.12 for the insurable property.

2.13 (h) An insurer required to submit rates and rating plans to the commissioner must submit  
2.14 an actuarially justified rating plan for a person who builds an insurable property to comply  
2.15 with this section. In addition to the requirements of this section, an insurer may voluntarily  
2.16 offer a more generous mitigation adjustment that the insurer deems appropriate. An insurer  
2.17 is prohibited from offering a mitigation adjustment that does not meet the minimum  
2.18 requirements of this section.

2.19 (i) The commissioner may adopt rules as necessary to implement this section.

2.20 **Sec. 2. [65A.61] PREMIUM DISCOUNT OR INSURANCE RATE REDUCTION;**  
2.21 **FORTIFIED EXISTING HOMES.**

2.22 (a) An insurer must provide a premium discount or insurance rate reduction in an amount  
2.23 and manner as established in paragraph (e) for an insurable property. An insurer may offer  
2.24 additional adjustments in deductibles, other credit rate differentials, or a combination thereof,  
2.25 collectively referred to as adjustments. An adjustment must be available under the terms  
2.26 specified in this section to any owner who retrofits an insurable property located in Minnesota  
2.27 in order to resist loss due to catastrophic windstorm events.

2.28 (b) To obtain the adjustment provided in this section, an insurable property must be  
2.29 retrofitted to the requirements in the *Fortified Home: Highwind and Hail Standards* (FHWH),  
2.30 as may be adopted from time to time by the IBHS or a successor entity.

3.1 (c) An insurable property must be certified as conforming to Fortified Commercial  
3.2 Standard or Fortified Home requirements only after an IBHS-certified inspector inspects  
3.3 and certifies the insurable property.

3.4 (d) An owner of insurable property claiming an adjustment under this section must  
3.5 maintain the IBHS certification documentation, which is considered proof of compliance  
3.6 with the FCS or Fortified Home requirements described under paragraphs (b) and (c). The  
3.7 certification must be presented to the insurer or potential insurer of a property owner before  
3.8 the adjustment becomes effective for the insurable property.

3.9 (e) An insurer required to submit rates and rating plans to the commissioner must submit  
3.10 an actuarially justified rating plan for a person who retrofits an insurable property to comply  
3.11 with the sets of alternatives provided in paragraph (b). The adjustment only applies to  
3.12 policies that provide wind coverage and may apply to that portion of the premium for wind  
3.13 coverage or to the total premium if the insurer does not separate the premium for wind  
3.14 coverage in the insurer's rate filing. The adjustment applies exclusively to the premium  
3.15 designated for the improved insurable property. In addition to the requirements of this  
3.16 section, an insurer may voluntarily offer any other mitigation adjustment that the insurer  
3.17 deems appropriate.

3.18 (f) The commissioner may adopt rules as necessary to implement this section.

3.19 **Sec. 3. [65A.62] ENDORSEMENT OFFER TO UPGRADE HOME TO FORTIFIED**  
3.20 **STANDARD.**

3.21 (a) An insurer writing homeowners insurance must offer a fortified roof endorsement  
3.22 to upgrade a nonfortified home that is otherwise eligible for a fortified standard to a fortified  
3.23 standard identified under section 65A.61 when the insured home incurs damage covered  
3.24 by the policy that requires the roof to be replaced. The endorsement must upgrade the  
3.25 nonfortified home consistent with the fortified requirements for the geographic area in which  
3.26 the nonfortified home is located.

3.27 (b) The endorsement offer must be made at the time (1) a new policy on a nonfortified  
3.28 home is written, and (2) upon first renewal of an existing policy on a nonfortified home.

3.29 (c) For policies offered, issued, or renewed after January 1, 2026, an insurer must file  
3.30 the insurer's endorsement form and accompanying rates for approval by the department.

3.31 (d) The commissioner may adopt rules as necessary to implement this section.

4.1 Sec. 4. **[65A.63] STRENGTHEN MINNESOTA HOMES PROGRAM.**

4.2 Subdivision 1. **Short title.** This section may be cited as the "Strengthen Minnesota  
4.3 Homes Act."

4.4 Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have  
4.5 the meanings given.

4.6 (b) "Commissioner" means the commissioner of commerce.

4.7 (c) "Insurable property" has the meaning given in section 65A.60, paragraph (a).

4.8 (d) "Program" means the Strengthen Minnesota Homes program established under this  
4.9 section.

4.10 Subd. 3. **Program established; purpose, permitted activities.** The Strengthen Minnesota  
4.11 Homes program is established within the department. The purpose of the program is to  
4.12 provide grants to retrofit insurable property to resist loss due to common perils, including  
4.13 but not limited to tornadoes or other catastrophic windstorm events.

4.14 Subd. 4. **Strengthen Minnesota homes account; appropriation.** (a) A strengthen  
4.15 Minnesota homes account is created as a separate account in the special revenue fund of  
4.16 the state treasury. The account consists of money provided by law and any other money  
4.17 donated, allotted, transferred, or otherwise provided to the account. Earnings, including  
4.18 interest, dividends, and any other earnings arising from assets of the account, must be  
4.19 credited to the account. Money remaining in the account at the end of a fiscal year does not  
4.20 cancel to the general fund and remains in the account until expended. The commissioner  
4.21 must manage the account.

4.22 (b) Money in the account is appropriated to the commissioner to pay for (1) grants issued  
4.23 under the program, and (2) the reasonable costs incurred by the commissioner to administer  
4.24 the program.

4.25 Subd. 5. **Use of grants.** (a) A grant under this section must be used to retrofit an insurable  
4.26 property, as provided under section 65A.61, paragraph (b).

4.27 (b) Grant money provided under this section must not be used for maintenance or repairs,  
4.28 but may be used in conjunction with repairs or reconstruction necessitated by damage from  
4.29 wind or hail.

4.30 (c) A project funded by a grant under this section must be completed within three months  
4.31 of the date the grant is approved. Failure to complete the project in a timely manner may  
4.32 result in forfeiture of the grant.

5.1 Subd. 6. **Applicant eligibility.** (a) The commissioner must develop (1) administrative  
5.2 procedures to implement this section, and (2) criteria used to determine whether an applicant  
5.3 is eligible for a grant under this section.

5.4 (b) The criteria may include but are not limited to:

5.5 (1) proof that the applicant has an existing insurance policy that provides wind insurance  
5.6 on the home; and

5.7 (2) the applicant's eligibility for and participation in other financial assistance programs  
5.8 the commissioner administers, including but not limited to the weatherization assistance  
5.9 program under section 216C.264 and the low-income energy assistance program, as defined  
5.10 in section 256J.08, subdivision 52.

5.11 Subd. 7. **Contractor eligibility; conflicts of interest.** (a) To be eligible to work as a  
5.12 contractor on a projected funded by a grant under this section, the contractor must meet all  
5.13 of the following program requirements and must maintain a current copy of all certificates,  
5.14 licenses, and proof of insurance coverage with the program office. The eligible contractor  
5.15 must:

5.16 (1) hold a valid residential building contractor and residential remodeler license issued  
5.17 by the commissioner of labor and industry;

5.18 (2) not be subject to disciplinary action by the commissioner of labor and industry;

5.19 (3) hold any other valid state or jurisdictional business license or work permits required  
5.20 by law;

5.21 (4) possess an in-force general liability policy with \$1,000,000 in liability coverage;

5.22 (5) possess an in-force workers compensation policy with \$1,000,000 in coverage;

5.23 (6) possess a certificate of compliance from the commissioner of revenue;

5.24 (7) successfully complete Fortified Roof for High Wind and Hail and Hurricane training  
5.25 provided by the IBHS or IBHS's successor and provide a certificate of successful completion  
5.26 of the training. The training may be offered as separate courses;

5.27 (8) agree to the terms and successfully register as a vendor with the commissioner of  
5.28 management and budget and receive direct deposit of payment for mitigation work performed  
5.29 under the program;

5.30 (9) maintain Internet access and keep a valid email address on file with the program and  
5.31 remain active in the commissioner of management and budget's vendor and supplier portal  
5.32 while working on the program;

- 6.1 (10) maintain an active email address for the communication with the program;  
6.2 (11) successfully complete the program training; and  
6.3 (12) agree to follow program procedures and rules established under this section and by  
6.4 the commissioner.

6.5 (b) An eligible contractor must not have a financial interest, other than payment on  
6.6 behalf of the homeowner, in any project for which the eligible contractor performs work  
6.7 toward a fortified designation under the program. An eligible contractor is prohibited from  
6.8 acting as the evaluator for a fortified designation on any project funded by the program. An  
6.9 eligible contractor must report to the commissioner regarding any potential conflict of  
6.10 interest before work commences on any job funded by the program.

6.11 Subd. 8. **Evaluator eligibility; conflicts of interest.** (a) To be eligible to work on the  
6.12 program as an evaluator, the evaluator must meet all program eligibility requirements and  
6.13 must submit to the commissioner and maintain a copy of all current certificates and licenses.  
6.14 The evaluator must:

- 6.15 (1) be in good standing with IBHS and maintain an active certification as a fortified  
6.16 home evaluator for hurricane and high wind and hail or a successor certification;  
6.17 (2) possess a Minnesota business license and be registered with the secretary of state;  
6.18 and  
6.19 (3) successfully complete the program training.

6.20 (b) Evaluators must not have a financial interest in any project that the evaluator inspects  
6.21 for designation purposes for the program. An evaluator must not be an eligible contractor  
6.22 or supplier of any material, product, or system installed in any home that the evaluator  
6.23 inspects for designation purposes for the program. An evaluator must not be a sales agent  
6.24 for any home being designated for the program. An evaluator must inform the commissioner  
6.25 of any potential conflict of interest impacting the evaluator's participation in the program.

6.26 Subd. 9. **Grant approval; allocation.** (a) The commissioner must review all applications  
6.27 for completeness and must perform appropriate audits to verify (1) the accuracy of the  
6.28 information on the application, and (2) that the applicant meets all eligibility rules. All  
6.29 verified applicants must be placed in the order the application was received. Grants must  
6.30 be awarded on a first-come, first-served basis, subject to availability of money for the  
6.31 program.

6.32 (b) When a grant is approved, an approval letter must be sent to the applicant.

7.1 (c) An eligible contractor is prohibited from beginning work until a grant is approved.

7.2 (d) In order to assure equitable distribution of grants in proportion to the income  
7.3 demographics in counties where the program is made available, grant applications must be  
7.4 accepted on a first-come, first-served basis. The commissioner may establish pilot projects  
7.5 as needed to establish a sustainable program distribution system in any geographic area  
7.6 within Minnesota.

7.7 Subd. 10. **Grant award process; release of grant money.** (a) After a grant application  
7.8 is approved, the eligible contractor selected by the homeowner may begin the mitigation  
7.9 work.

7.10 (b) Once the mitigation work is completed, the eligible contractor must submit a copy  
7.11 of the signed contract to the commissioner, along with an invoice seeking payment and an  
7.12 affidavit stating the fortified standards were met by the work.

7.13 (c) The IBHS evaluator must conduct all required evaluations, including a required  
7.14 interim inspection during construction and the final inspection, and must confirm that the  
7.15 work was completed according to the mitigation specifications.

7.16 (d) Grant money must be released on behalf of an approved applicant only after a fortified  
7.17 designation certificate has been issued for the home. The program or another designated  
7.18 entity must, on behalf of the homeowner, directly pay the eligible contractor that performed  
7.19 the mitigation work. The program or the program's designated entity must pay the eligible  
7.20 contractor the costs covered by the grant. The homeowner must pay the eligible contractor  
7.21 for the remaining cost after receiving an IBHS fortified certificate.

7.22 (e) The program must confirm that the homeowner's insurer provides the appropriate  
7.23 premium credit.

7.24 (f) The program must conduct random reinspections to detect any fraud and must submit  
7.25 any irregularities to the attorney general.

7.26 Subd. 11. **Limitations.** (a) This section does not create an entitlement for property  
7.27 owners or obligate the state of Minnesota to pay for residential property in Minnesota to be  
7.28 inspected or retrofitted. The program under this section is subject to legislative appropriations,  
7.29 the receipt of federal grants or money, or the receipt of other sources of grants or money.  
7.30 The department may obtain grants or other money from the federal government or other  
7.31 funding sources to support and enhance program activities.

7.32 (b) All mitigation under this section is contingent upon securing all required local permits  
7.33 and applicable inspections to comply with local building codes and the Fortified for Existing

8.1 Homes Program. A mitigation project receiving a grant under this section is subject to  
8.2 random reinspection at a later date.

8.3 Subd. 12. **Rulemaking; other rules.** The commissioner may adopt administrative rules  
8.4 and eligibility requirements necessary to administer the program established under this  
8.5 section and pursuant to instructions or requirements associated with grants or other money  
8.6 received by the program.