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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2245

02/27/2023 Authored by Koegel, Hollins, Newton, Norris and Moller
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; requiring the commissioner of commerce to create a low-cost
1.3 motor vehicle insurance program for low-income residents; appropriating money;
1.4 amending Minnesota Statutes 2022, section 65B.49, by adding a subdivision;
1.5 proposing coding for new law in Minnesota Statutes, chapter 65B.

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

1.7 Section 1. 65B.121 MINNESOTA LIFELINE INSURANCE PROGRAM.

1.8 Subdivision 1. Definitions. For the purposes of this section the following terms have
1.9 the meanings given.

1.10 (a) "Commissioner" means the commissioner of commerce or the commissioner's
1.11 designee.

1.12 (b) "Eligible applicant" means an individual who meets the requirements of subdivision
1.13 6 and who has applied for a low-cost policy under the program.

1.14 (c) "Facility" has the meaning given in section 65B.02, subdivision 3.

1.15 (d) "Insured" means a driver insured under the program.

1.16 (e) "Low-cost policy" means a low-cost motor vehicle insurance policy issued in
1.17 compliance with subdivision 5.

1.18 (f) "Member" has the meaning given in section 65B.02, subdivision 4.

1.19 (g) "Minnesota lifeline insurance program" or "program" means the program created
1.20 under this section.

1.21 (h) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

2.1 (i) "Moving violation" means a violation of a law or municipal ordinance, except a law
2.2 or ordinance related to parking or equipment, regulating the operation of motor vehicles on
2.3 the streets or highways.

2.4 (j) "Qualified consumer organization" means an organization that has experience
2.5 analyzing insurance rates, including motor vehicle insurance rates, and advocating to protect
2.6 consumer rights.

2.7 Subd. 2. **Commissioner.** (a) The commissioner must establish the Minnesota lifeline
2.8 automobile insurance program to offer affordable motor vehicle insurance policies to
2.9 low-income Minnesota drivers, reduce the number of uninsured motorists, and promote
2.10 public safety.

2.11 (b) The commissioner must consult with the facility when creating and operating the
2.12 program.

2.13 (c) The commissioner must contract with a qualified consumer organization and solicit
2.14 public comment on the rate-setting process and premiums.

2.15 (d) The commissioner must determine the premiums charged on low-cost policies for
2.16 the first two years the program is operational. When determining the premiums, the
2.17 commissioner must consider:

2.18 (1) the rate, claims, and loss data, including but not limited to overall losses for policies
2.19 that provided the minimum motor vehicle insurance coverage required by state law for at
2.20 least the previous two years;

2.21 (2) the distribution of losses under low-cost policies, based on criminal driving history
2.22 and geographic area;

2.23 (3) the opinion of a qualified consumer organization; and

2.24 (4) public comment on the proposed premiums and rate-setting process.

2.25 (e) The commissioner must annually review and approve premiums proposed by the
2.26 facility beginning the third year of the program's operation.

2.27 (f) When assessing the program's loss reserves, the commissioner must only allow loss
2.28 reserves that are estimated based on actual claim losses under low-cost policies or comparable
2.29 data by a statistician, as adjusted to reflect the coverage provided by low-cost policies and
2.30 the eligibility factors used to become an insured under the program.

2.31 Subd. 3. **Facility.** (a) The facility must:

2.32 (1) help the commissioner establish and develop the program;

3.1 (2) determine whether an applicant is eligible for the program;

3.2 (3) sell, issue, and deliver low-cost policies under the program; and

3.3 (4) accept payment for premiums by cash, if requested by the insured.

3.4 (b) Beginning the third year the program is in operation and every year thereafter, the
3.5 facility, subject to approval by the commissioner, must determine the premiums charged
3.6 for low-cost policies.

3.7 (c) The facility must determine the premiums for the program based on:

3.8 (1) actual losses on policies sold by the facility under the program;

3.9 (2) overall private passenger auto insurance industry trends in Minnesota, but only to
3.10 the extent that the program's data are not credible and adjusted to reflect the eligibility
3.11 factors described in subdivision 6; and

3.12 (3) up to three geographic locations, except that premiums charged to insureds in the
3.13 highest cost area must not be more than 100 percent higher than the premiums charged to
3.14 insureds in the lowest cost area.

3.15 (d) The facility must set premiums for the program in an amount adequate to pay for (1)
3.16 losses incurred for claims filed under the program, and (2) program expenses incurred by
3.17 the facility to operate the program, including expenses related to administration, underwriting,
3.18 subrogation, rate setting, taxes, commission, and claims adjusting.

3.19 (e) Each facility member must pay an annual assessment per insured motor vehicle, in
3.20 an amount to be determined by the facility, to support marketing, outreach, and public
3.21 education efforts for the program. The outreach must include the creation and maintenance
3.22 of a website for the program that includes all necessary information for an eligible applicant
3.23 to apply for the program.

3.24 (f) The program may accept funding from sources besides members to support marketing,
3.25 outreach, and public education efforts.

3.26 (g) Money for marketing, outreach, and public education must be awarded equitably
3.27 among any geographic regions, taking into consideration a region's target population and
3.28 marketing goals.

3.29 Subd. 4. **Producers.** (a) A licensed producer must provide the following information in
3.30 no smaller than 14-point type and on a separate document to an applicant for a low-cost
3.31 policy under this section:

4.1 (1) notice that a low-cost policy under this section meets the requirements to maintain
4.2 automobile liability insurance under section 65B.48;

4.3 (2) premium cost;

4.4 (3) how eligibility is determined; and

4.5 (4) the difference between (i) the coverage available under a low-cost policy, and (ii)
4.6 the minimum coverage requirements that apply to policies sold outside of the program and
4.7 in compliance with section 65B.48.

4.8 (b) Licensed producers are entitled to receive a commission on each low-cost policy
4.9 sold that is equal to 12 percent of policy premiums or \$50, whichever is greater.

4.10 Subd. 5. **Low-cost policies.** The program must include and the facility must offer a
4.11 low-cost policy with a length of six or 12 months that includes:

4.12 (1) basic economic loss benefits that provide reimbursement for all loss suffered through
4.13 injury arising out of the maintenance or use of a motor vehicle, subject to any applicable
4.14 deductibles, exclusions, disqualifications, and other conditions, and provide a minimum of
4.15 \$10,000 for loss arising out of the injury of any one person, consisting of:

4.16 (i) \$5,000 of personal injury protection coverage for medical claims; and

4.17 (ii) \$5,000 for income loss, replacement services loss, funeral expense loss, survivor's
4.18 economic loss, and survivor's replacement services loss arising out of the injury to any one
4.19 person;

4.20 (2) \$20,000 for any one person and \$40,000 for any two or more persons, in addition to
4.21 interest and costs, for the payment of claims for bodily injury or death arising from an
4.22 accident;

4.23 (3) \$10,000, in addition to interest and costs, for the payment of claims for property of
4.24 others damaged or destroyed in an accident; and

4.25 (4) uninsured and underinsured motorist coverage with limits of \$20,000 because of
4.26 injury to or the death of one person in any accident and \$40,000 because of injury to or the
4.27 death of two or more persons in any accident.

4.28 Subd. 6. **Eligible applicant.** (a) An eligible applicant must:

4.29 (1) be a resident of Minnesota;

4.30 (2) have a gross annual household income that is no more than 300 percent of the federal
4.31 poverty level in the year the policy was issued or reissued;

5.1 (3) demonstrate that all household members are covered by medical insurance that covers
5.2 hospitalization and emergency services; and

5.3 (4) have been continuously licensed as a driver for the three years immediately preceding
5.4 application, except that a license suspension or revocation does not constitute a break in
5.5 continuous licensure for the purposes of satisfying this requirement if the revocation or
5.6 suspension was due to any of the following:

5.7 (i) a conviction for a violation under section 169.791, 169.797, or 171.24, subdivision
5.8 1 or 2;

5.9 (ii) a violation of section 171.18, subdivision 1, paragraph (a), clause (1), for being cited
5.10 for a violation of section 169.791 or 169.797;

5.11 (iii) failure to appear in court under Minnesota Statutes 2020, section 169.92, subdivision
5.12 4, for a petty misdemeanor; or

5.13 (iv) failure to pay a fine under section 171.16, subdivision 3.

5.14 (b) A policy may be issued to an eligible applicant who has had continuous licensure
5.15 for less than three years, but the policy is subject to a surcharge of up to 30 percent of the
5.16 base premium.

5.17 (c) An eligible applicant must not have a misdemeanor, gross misdemeanor, or felony
5.18 conviction for a violation arising out of the use of a motor vehicle, other than for a violation
5.19 of section 171.24, subdivision 1 or 2; 169.791; or 169.797.

5.20 (d) An eligible applicant must not, within the three years immediately preceding
5.21 application, have been:

5.22 (1) found to be at fault, as decided by a civil court, in a motor vehicle accident involving
5.23 bodily injury or death;

5.24 (2) convicted of a misdemeanor, gross misdemeanor, or felony for a violation arising
5.25 out of the use of a motor vehicle, other than for a violation of section 171.24, subdivision
5.26 1 or 2; 169.791; or 169.797;

5.27 (3) convicted of a violation of section 84.765; 84.795, subdivision 5; or 86B.33 or in
5.28 Minnesota or another state that conforms with any of the sections identified in this clause;

5.29 (4) convicted of more than two moving violations;

5.30 (5) found to be at fault in more than one motor vehicle accident that involved only
5.31 damage to property; or

6.1 (6) convicted of one or more moving violations and found to be at fault, as decided by
6.2 a civil court, for one or more motor vehicle accidents that involved only damage to property.

6.3 (e) If an applicant is rejected by the facility, the facility must allow the applicant to cure
6.4 the deficiency and must accept the application if the applicant is otherwise eligible for the
6.5 program.

6.6 (f) An insured is not required to provide documentation of income eligibility more than
6.7 once every three years. A new violation arising out of operation or use of a motor vehicle
6.8 may render the enrollee ineligible for renewal. Notwithstanding this paragraph, an enrollee
6.9 may be required to provide proof of medical insurance that meets the requirements of
6.10 paragraph (a), clause (3), once a year.

6.11 (g) A low-cost policy may be nonrenewed if the insured no longer meets the requirements
6.12 under subdivision 6.

6.13 Sec. 2. Minnesota Statutes 2022, section 65B.49, is amended by adding a subdivision to
6.14 read:

6.15 Subd. 10. **Minnesota lifeline automobile insurance program.** Notwithstanding this
6.16 section or any law to the contrary, a policy issued pursuant to the Minnesota lifeline
6.17 automobile insurance program under section 65B.121 meets the requirements of this section.

6.18 Sec. 3. **APPROPRIATION.**

6.19 \$..... in fiscal year 2024 is appropriated from the general fund to the commissioner of
6.20 commerce to develop the Minnesota lifeline automobile insurance program under Minnesota
6.21 Statutes, section 65B.121.