

# Political Update – 2014 Legislative Session

## Summary

Despite DFL control of the Minnesota legislature and all constitutional offices, including governor, Minnesota's insurance industry enjoyed a very successful 2014 legislative session. In addition to passage of the Insurance Fraud Prevention Act, a broad coalition of insurance industry partners that included agents and employees, were successful in defeating numerous anti-insurer initiatives brought forth by various parties adverse to the insurance industry.

## Success

A number of initiatives were introduced that were adverse to our industry and our policyholders. Each of the following proposals were successfully defeated during the course of the 2014 legislative session. These proposals include:

A proposal to assess a \$10 surcharge on all auto policies to be used for the funding of emergency medical services. Specifically, the proposal would supplement costs of trauma hospitals. If passed into law, this proposal would have been a line item surcharge on all policyholders-personal and commercial.

A proposal by the body shop repair industry and the Minnesota Auto Dealers Association to prohibit insurers from specifying or requiring any repair shop to use a specific vendor, manufacturer, supplier, distributor, business platform or internal process in order to complete a repair for a client policyholder. This onerous legislation would have turned back the clock and prohibited any of the programs insurers currently use to make the auto repair process more efficient and less costly for our policyholders.

An initiative by a group of personal injury lawyers would have allowed cases to survive the death of a lawsuit's plaintiff. Billed as the "Survivorship Statute", this provision would have overturned longstanding Minnesota law which has recognized that a lawsuit dies when the plaintiff dies. Further troubling, this proposal did not include any caps on damages. The insurance industry worked closely with the health care industry, including hospitals and other medical providers, to defeat the legislation during the last days of the 2014 legislative session.

In late 2013, the Minnesota Department of Public Safety announced it was no longer going to allow the sale of bulk data to vendors, many of whom are vendors that the insurance industry utilizes in order to verify policyholder information. A group called the Bulk Data Coalition quickly organized in order to oppose the Department's actions and to pass into law a provision specifically allowing the sale of bulk data. Although the provision faced strong opposition at times from both legislators and the Dayton administration, a compromise provision was passed into law that continues to allow the sale of bulk data. A coalition of many industries, including insurers and insurance agents, worked closely to get this important provision passed into law.

Finally, despite efforts by Minnesota's trial bar to attach a number of onerous amendments to the Insurance Fraud Prevention Act, the legislation passed unanimously in both the House and Senate and was signed into law by Governor Dayton. In particular, the trial bar attempted to include in the legislation a provision to "clarify" Minnesota's current Bad Faith statute. The provision was defeated and was not included in the final version of the fraud prevention legislation. This legislation was

passed after months of negotiations and represents the first steps in addressing the increasing problem of insurance fraud in Minnesota.

## **Our Engagement**

Over the course of the past four years, we as agents have made a concerted effort to be more engaged with our elected officials. This engagement has included making strategic financial contributions to key legislators and statewide officeholders. More importantly, our efforts have included engaging with our elected officials more often and at opportune moments when our industry faces tough decisions on issues that impact us and our policyholders. We continue to have meetings and dialogue with the leaders on both sides of the political aisle. Our goal continues to be to build relationships and when needed help to educate and explain the impact of insurance related legislation. We believe this engagement is important and that it is working. Our successes during the 2013-2014 biennium speak to that success.

We hope that this summary is helpful. If you are a member of the North Star PAC we thank you for your continued support. If you are not a member we hope the role we play in our industry and all of our careers will motivate you to join. Your support is important to our continuing growing success. Finally on a somewhat personal note Joan Roisum and I have switched positions. She has become the new chairperson of the PAC and I have taken over her role as Treasurer. Joan has and will continue to be a great advocate of the State Farm Agents and works tirelessly for your cause. After our startup efforts over four years ago we thought it's time to make a change in our organization's chairperson. I want to thank all of you for your help, comments and participation and I pledge to continue to help nurture the relationships we have built in the legislature.