

March 16, 2016

The Honorable James P. Metzen  
Chair, Senate Commerce Committee  
Room 2113, Minnesota Senate Building  
95 University Avenue W.  
St. Paul, Minnesota 55155

Re: Testimony in Opposition to SF 2770 – March 16, 2016 Committee Hearing

Dear Senator Metzen and Committee Members:

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. In Minnesota, we have 191 member companies, including 110 domiciled companies, that underwrite over 61% of the state's auto insurance.

NAMIC writes in strong opposition to SF 2770. Among its provisions, two stand out as being misguided.

- The rate rollback provisions in the bill suffer from constitution infirmities as shown by the holdings of courts in other states. They also could result in insurer insolvencies to the long term detriment of Minnesota consumers.
- The provisions in the bill that limit rating factors will result in cross-subsidization that harms rural Minnesotans and many others.

In addressing affordability, we urge the Legislature to draw from the exhaustive work that recently was done by both the Senate Commerce Committee's Insurance Fraud Working Group and the statutorily created Task Force on No-Fault Auto Insurance Issues.

The fundamental issue with auto insurance affordability in Minnesota is the cost of providing policy benefits. In addition to implementing the suggestions made by the Task Force and the Fraud Working Group, the state should end the practice of diverting funds from the Auto Theft Prevention Surcharge to cover other state spending. Minnesotans

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who pay this regressive tax should see it used for programs that reduce the burden of auto theft on consumers in general and the economically vulnerable in particular.

NAMIC appreciates your attention to this issue. If you have any questions or comments, please do not hesitate to contact me. In the meantime, I remain,

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Johnston", with a stylized flourish at the end.

Mark Johnston  
Director of State Affairs – Midwest Region