

1.1 Senator ..... moves to amend the delete-everything amendment (SCS2219A-2)  
1.2 to S.F. No. 2219 as follows:

1.3 Page 13, after line 22, insert:

1.4 "Sec. 17. **[65A.298] HOMEOWNER'S INSURANCE; FORTIFIED PROGRAM**  
1.5 **STANDARDS.**

1.6 Subdivision 1. **Definitions.** (a) For purposes of this section the following term has the  
1.7 meaning given.

1.8 (b) "Insurable property" means a residential property designated as meeting the Fortified  
1.9 program standards as administered by the Insurance Institute for Business and Home Safety  
1.10 (IBHS).

1.11 Subd. 2. **Fortified new property.** (a) An insurer shall provide a premium discount or  
1.12 an insurance rate reduction to an owner who builds or locates a new insurable property in  
1.13 Minnesota.

1.14 (b) An owner of insurable property claiming a premium discount or rate reduction under  
1.15 this subdivision must submit a certificate issued by IBHS showing proof of compliance  
1.16 with the Fortified program standards to the insurer prior to receiving the premium discount  
1.17 or rate reduction.

1.18 Subd. 3. **Fortified existing property.** (a) An insurer shall provide a premium discount  
1.19 or insurance rate reduction to an owner who retrofits an existing property to meet the  
1.20 requirements to be an insurable property in Minnesota.

1.21 (b) An owner of insurable property claiming a premium discount or rate reduction under  
1.22 this subdivision must submit a certificate issued by IBHS showing proof of compliance  
1.23 with the Fortified program standards to the insurer prior to receiving the premium discount  
1.24 or rate reduction.

1.25 Subd. 4. **Insurers.** (a) An insurer must submit to the commissioner actuarially justified  
1.26 rates and a rating plan for a person who builds or locates a new insurable property in  
1.27 Minnesota.

1.28 (b) An insurer must submit to the commissioner actuarially justified rates and a rating  
1.29 plan for a person who retrofits an existing property to meet the requirements to be an  
1.30 insurable property.

2.1 (c) An insurer may offer, in addition to the premium discount and insurance rate  
2.2 reductions required under subdivisions 2 and 3, more generous mitigation adjustments to  
2.3 an owner of insurable property.

2.4 (d) Any premium discount, rate reduction, or mitigation adjustment offered by an insurer  
2.5 under this section applies only to policies that include wind coverage and may be applied  
2.6 only to the portion of the premium for wind coverage, or for the total premium if the insurer  
2.7 does not separate the premium for wind coverage in its rate filing.

2.8 (e) A rate and rating plan submitted to the commissioner under this section shall not be  
2.9 used until the expiration of 60 days after it has been filed unless the commissioner approves  
2.10 it before that time. In evaluating insurer submissions under this section prior to approval  
2.11 for use, the commissioner must:

2.12 (1) evaluate evidence of cost savings directly attributed to the Fortified program standards  
2.13 administered by IBHS; and

2.14 (2) evaluate whether those cost savings are passed along in full to qualified policyholders.

2.15 (f) Insurers must resubmit rates and rating plans at least every five years following their  
2.16 initial submissions under this section for review and approval by the commissioner.

2.17 (g) The commissioner shall annually publish the premium savings policyholders  
2.18 experienced because of the program.

2.19 (h) Participating insurers shall provide to the commissioner any information requested  
2.20 by the commissioner for the purposes of this paragraph.

2.21 **Sec. 18. [65A.299] STRENGTHEN MINNESOTA HOMES PROGRAM.**

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

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

2.26 (b) "Insurable property" has the meaning given in section 65A.298, subdivision 3.

2.27 (c) "Program" means the Strengthen Minnesota Homes program established under this  
2.28 section.

2.29 Subd. 3. **Program established; purpose, permitted activities.** The Strengthen Minnesota  
2.30 Homes program is established within the Department of Commerce. The purpose of the

3.1 program is to provide grants to retrofit insurable property to resist loss due to common  
3.2 perils, including but not limited to tornadoes or other catastrophic windstorm events.

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

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

3.14 Subd. 5. **Use of grants.** (a) A grant under this section must be used to retrofit an insurable  
3.15 property.

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

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

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

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

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

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

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

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

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

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

4.6 (7) successfully complete the Fortified Roof for High Wind and Hail training provided  
4.7 by the IBHS and maintain an active certification or IBHS's successor and provide a certificate  
4.8 of successful completion. The training may be offered as separate courses;

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

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

4.15 (10) maintain an active email address for the communication with the program;

4.16 (11) successfully complete the program training; and

4.17 (12) agree to follow program procedures and rules established under this section and by  
4.18 the commissioner.

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

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

4.29 (1) be in good standing with IBHS and maintain an active certification as a fortified  
4.30 home evaluator for hurricane and high wind and hail or a successor certification;

4.31 (2) possess a Minnesota business license and be registered with the secretary of state;  
4.32 and

5.1 (3) successfully complete the program training.

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

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

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

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

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

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

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

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

5.30 (d) Grant money must be released on behalf of an approved applicant only after a fortified  
5.31 designation certificate has been issued for the home. The program or another designated  
5.32 entity must, on behalf of the homeowner, directly pay the eligible contractor that performed  
5.33 the mitigation work. The program or the program's designated entity must pay the eligible

6.1 contractor the costs covered by the grant. The homeowner must pay the eligible contractor  
6.2 for the remaining cost after receiving an IBHS fortified certificate.

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

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

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

6.13 (b) All mitigation under this section is contingent upon securing all required local permits  
6.14 and applicable inspections to comply with local building codes and applicable Fortified  
6.15 program standards. A mitigation project receiving a grant under this section is subject to  
6.16 random reinspection at a later date."

6.17 Page 20, after line 24, insert:

6.18 "Sec. 25. **[325E.67] POST-LOSS ASSIGNMENT OF BENEFITS.**

6.19 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision  
6.20 have the meanings given.

6.21 (b) "Residential contractor" means a residential roofer, as defined in section 326B.802,  
6.22 subdivision 14; a residential building contractor, as defined in section 326B.802, subdivision  
6.23 11; or a residential remodeler, as defined in section 326B.802, subdivision 12.

6.24 (c) "Residential real estate" means a new or existing building, including appurtenant  
6.25 structures, constructed for habitation by at least one family but no more than four families.

6.26 Subd. 2. **Post-loss assignment.** A post-loss assignment of rights or benefits to a residential  
6.27 contractor under a property and casualty insurance policy insuring residential real estate  
6.28 must comply with the following:

6.29 (1) the assignment must only authorize a residential contractor to be named as a copayee  
6.30 for the payment of benefits under a property and casualty insurance policy covering  
6.31 residential real estate;

6.32 (2) the assignment must include all of the following:

7.1 (i) an itemized description of the work to be performed;

7.2 (ii) an itemized description of materials, labor, and fees for the work to be performed;

7.3 and

7.4 (iii) a total itemized amount to be paid for the work to be performed;

7.5 (3) the assignment must include a statement that the residential contractor has made no  
7.6 assurances that the claimed loss is fully covered by an insurance contract and must include  
7.7 the following notice in capitalized 14-point type:

7.8 "YOU ARE AGREEING TO ASSIGN CERTAIN RIGHTS YOU HAVE UNDER  
7.9 YOUR INSURANCE POLICY. THE ITEMIZED DESCRIPTION OF THE WORK  
7.10 PERFORMED, AS SET FORTH IN THIS ASSIGNMENT FORM, HAS NOT BEEN  
7.11 AGREED TO BY THE INSURER. PLEASE READ AND UNDERSTAND THIS  
7.12 DOCUMENT BEFORE SIGNING. THE INSURER MAY ONLY PAY FOR THE  
7.13 REASONABLE COST TO REPAIR OR REPLACE DAMAGED PROPERTY CAUSED  
7.14 BY A COVERED PERIL, SUBJECT TO THE TERMS OF THE POLICY.";

7.15 (4) the named insured has the right to cancel the assignment within ten business days  
7.16 after receipt of the scope of work by the insurance company. The cancellation must be made  
7.17 in writing or a comparable digital format. Within ten business days of the date of the written  
7.18 cancellation, the residential contractor must tender to the named insured, the landowner, or  
7.19 the possessor of the real estate any payments, partial payments, or deposits that have been  
7.20 made by that person;

7.21 (5) the assignment must include the following notice in capitalized 14-point type, located  
7.22 in the immediate proximity of the space reserved in the assignment for the signature of the  
7.23 named insured:

7.24 "YOU MAY CANCEL THIS ASSIGNMENT WITHOUT PENALTY WITHIN TEN  
7.25 (10) BUSINESS DAYS FROM THE LATER OF THE DATE THE ASSIGNMENT IS  
7.26 EXECUTED OR THE DATE ON WHICH YOU RECEIVE A COPY OF THE EXECUTED  
7.27 ASSIGNMENT. YOU MUST CANCEL THE ASSIGNMENT IN WRITING AND THE  
7.28 CANCELLATION MUST BE DELIVERED TO [insert the name and address of residential  
7.29 contractor as provided by the residential contractor]. IF MAILED, THE CANCELLATION  
7.30 MUST BE POSTMARKED ON OR BEFORE THE TEN (10) BUSINESS DAY  
7.31 DEADLINE. IF YOU CANCEL THIS ASSIGNMENT, THE RESIDENTIAL  
7.32 CONTRACTOR HAS UP TO TEN (10) BUSINESS DAYS TO RETURN ANY  
7.33 PAYMENTS OR DEPOSITS YOU HAVE MADE.";

8.1 (6) the assignment must not impair the interests of a mortgagee or other parties with any  
8.2 legal interests listed on the declarations page of the property and casualty insurance policy  
8.3 that is the subject of the assignment; and

8.4 (7) the assignment must not prevent or inhibit an insurer from communicating with the  
8.5 named insured or mortgagee listed on the declarations page of the property and casualty  
8.6 insurance policy that is the subject of the assignment.

8.7 Subd. 3. **Other requirements.** A residential contractor receiving the assignment described  
8.8 in subdivision 2 must:

8.9 (1) deliver a copy of the assignment to the insurer of the residential real estate within  
8.10 five business days of the date the assignment is executed;

8.11 (2) cooperate with the insurer of the residential real estate in an investigation into the  
8.12 claim by providing documents and records requested by the insurer and complying with the  
8.13 post-loss duties under the insurance policy; and

8.14 (3) comply with section 325E.66.

8.15 Subd. 4. **Certain assignments void.** A post-loss assignment of benefits entered into  
8.16 with a residential contractor that violates any provision of the federal Insured Homeowner's  
8.17 Protection Act of 1998, Public Law 105-216, as amended, is void."

8.18 Renumber the sections in sequence