Habitat for Humanity® of Minnesota

Building homes, communitiy, and hope.

26 March 2025

Re: SF2205 Establishing a task force on homeowners and commercial property insurance

To: Chair Port and Members of the Housing & Homelessness Prevention Committee

Dear Chair Port and Members of the Committee,

Thank you for the opportunity to share Habitat for Humanity of Minnesota's support of SF2205 and share our concerns about the rising cost and decreasing availability of homeowners insurance, particularly as it impacts low-income homeowners and homebuyers across our state.

Habitat Minnesota is a statewide support organization for the 24 local Habitat affiliates, working in 59 counties across the state. We are hearing from our affiliates statewide that insurance premiums are increasing at unsustainable rates, with some reporting seeing premiums double in the last five years. This is particularly troubling for lower-income homebuyers who are forced to choose inadequate coverage options simply because those are the only ones they can afford. New homeowners are opting for policies that leave them underinsured, exposing them to significant financial risk in the event of disaster. Beyond rising costs, we also hear troubling reports of dropped coverage with little or no notice. When homeowners have a cancellation on record, securing replacement coverage is even more difficult and expensive, compounding the issue.

This is not just anecdotal. The Minneapolis Federal Reserve's report from August, Homeowners insurance costs are growing fast but coverage is shrinking, confirms that states like Minnesota, experiencing strong winds, hail, and wildfires, are among the Midwest states that have seen the sharpest increases in homeowners' insurance costs. The consequences are dire: families who have worked hard to achieve homeownership are being priced out of necessary protection, or worse, losing coverage entirely.

Helping Minnesotans retain their homes benefits family stability, children's education, community well-being, and our economy. We cannot afford to ignore this crisis. Addressing this will require collaboration between policymakers, insurers, housing providers, and other key stakeholders. Senate File 2205 accomplishes just that by establishing a task force that would bring together experts to evaluate issues and provide recommendations relating to insurance affordability.

Thank you, Chair Port, for championing this legislation and MCCD for their leadership. Please reach out to me or Jeru Gobeze (jeru.gobeze@habitatminnesota.org) with any questions.

Sincerely,

Cristen Incitti

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