Senator Klein from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 4406: A bill for an act relating to insurance; prohibiting certain exclusions in homeowner's insurance policies when damage is done by a peace officer; amending Minnesota Statutes 2024, section 65A.27, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 65A.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 65A.27, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 65A.27 to ~~65A.302~~ 65A.304, the following terms have the meanings given.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to homeowner's insurance policies offered, issued, or renewed on or after that date.

Sec. 2. **[65A.304] DAMAGE BY PEACE OFFICERS; MITIGATION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Industrial hygienist" means an individual who has:

(1) a certified industrial hygienist credential from the Board for Global EHS Credentialing; or

(2) an equivalent certification from a nationally or internationally recognized accrediting body demonstrating competency in the anticipation, recognition, evaluation, and control of occupational and environmental health hazards.

(c) "Just compensation" has the meaning given in section 626.74, subdivision 1, clause (1).

(d) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

Subd. 2. **Exclusion prohibited.** (a) A policy of homeowner's insurance must not exclude coverage for property damage if the homeowner is an innocent third party entitled to just compensation under section 626.74 and the damage results from a peace officer's use of chemical irritants, smoke screens, or diversionary devices.

(b) Nothing in this section affects a local government's duty to pay just compensation under section 626.74.

(c) Nothing in paragraph (a) prohibits a civil authority exclusion or other policy provision as long as the coverage for just compensation is not excluded.

Subd. 3. **Mitigation.** (a) Under a policy of homeowner's insurance, an insurer must allow a homeowner to choose a mitigation contractor and, if necessary, an industrial hygienist to assess and remediate damage due to a peace officer's use of chemical irritants, smoke screens, or diversionary devices, when the homeowner is owed just compensation under section 626.74.

(b) The work performed by a mitigation contractor or industrial hygienist under this subdivision must follow recognized industry standards.

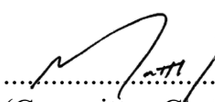
Subd. 4. **Insurer subrogation and reimbursement.** (a) If an insurer pays benefits to or on behalf of a homeowner for damage described in this section, the insurer is subrogated as a matter of law to the homeowner's right to recover just compensation from the responsible local government unit.

(b) Payment made by an insurer under a policy of homeowner's insurance for damages described in this section, if made in good faith and after reasonable investigation, is presumed reasonable and necessary and must be reimbursed by the responsible local government unit. Reimbursement may be denied only upon proof that the payment was obtained by fraud or that the insurer acted in bad faith. If reimbursement is not made as required by this subdivision, the insurer may bring an action to recover the amount paid and is entitled to reasonable attorney fees, costs, and disbursements, including interest under section 60A.0811, subdivision 2, paragraph (a).

(c) If an insurer is reimbursed by a local government unit pursuant to this section, the insurer must remit to the homeowner an amount equal to any deductible the homeowner has paid toward the damage.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to homeowner's insurance policies offered, issued, or renewed on or after that date."

And when so amended the bill do pass. Amendments adopted. Report adopted.



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(Committee Chair)

March 27, 2026.....
(Date of Committee recommendation)