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February 27, 2023

The Honorable Jamie Becker-Finn
Minnesota House of Representatives
Chairwoman, House Judiciary Finance and Civil Law Committee

The Honorable Cedric Frazer
Minnesota House of Representatives
Vice Chairman, House Judiciary Finance and Civil Law Committee

The Honorable Peggy Scott
Minnesota House of Representatives
Republican Lead, House Judiciary Finance and Civil Law Committee

Re: HF 1791 – State of Opposition

Dear Representative Becker-Finn, Representative Frazer and Representative Scott,

I am writing on behalf of the American Council of Life Insurers (“ACLI”) and our 280 member companies to express our opposition to House File 1791 which seeks to expand the scope of Minnesota’s bad faith insurance law to apply to long-term care (“LTC”) and disability income insurance (“DI”) products as well as other health-related insurance products including vision, Medicare, supplemental, blanket accident, income replacement and dental insurance written by any carrier other than Delta Dental.

House File 1791, while brief in words, would have a far-reaching, negative impact on Minnesota insurance consumers that would far outweigh any benefit the proponents of this bill claim to be addressing. The bill would allow for breach of contract lawsuits related to these health-related insurance products that would carry with them claims for up to \$100,000 in attorneys’ fees and up to \$250,000 in non-economic damages if the insurance carrier did not have a reasonable basis for denying the benefits of the policy. This would result in an additional \$350,000 in costs beyond the policy limits and would increase litigation and nuisance lawsuits that would lead to higher premiums for all consumers.

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI’s member companies are dedicated to protecting consumers’ financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI’s 280 member companies represent 94 percent of industry assets in the United States.

Unlike auto and home insurance, mandated coverages to which this law currently applies, the products swept in by this legislation are voluntary products that the state encourages individuals to purchase. These products help protect consumers from financial hardship resulting from unexpected expenses from health-related incidents. Adopting legislation that would add increased costs to these products would discourage consumers from purchasing them, thus exposing them to financial hardship and a higher dependence on state-funded services.

Insurance policies are not tangible goods. They are a promise to provide financial protection. Insurers take those promises very seriously, as it is their reputation that stands out most to their customers. When a consumer believes the insurer has not acted fairly, they can turn to the Department of Commerce (“DOC”) who can swiftly and effectively address the consumer’s concerns. The Department of Commerce has almost unlimited authority to impose a fine, pull an insurer’s authority to do business in the state and to require carriers to pay wrongly denied claims. For health-related products, unlike with auto and home insurance, carriers are required to pay interest on delayed claims. Seeking redress through the consumer complaint process at the Department of Commerce is the most effective and efficient way to address consumers’ concerns without imposing additional costs that will drive up the cost of these products for all consumers.

Finally, we would like to note that there isn’t a need to be addressed here. The proponents have been circulating a list of consumer complaints they compiled from information they received through a Freedom of Information Act request of the Department of Commerce. That list does not include the outcomes of those complaints and it fails to illustrate that the Department of Commerce took regulatory action against one company who was the subject of the majority of complaints. This illustrates that regulatory oversight currently in place is effective and efficient in addressing consumers’ concerns without resorting to litigation that can take years to reach a resolution.

We encourage you to vote “No” on House File 1791 and to keep these products that protect Minnesotans from financial hardship affordable and readily available for years to come.

Sincerely,



Cc: Members of the House Judiciary Finance and Civil Law Committee
Robyn Rowen, Executive Director Minnesota Insurance and Financial Services Council