



Date: November 1, 2023

To: All Property Casualty Insurers Licensed to Market Private Passenger Automobile, Homeowner's, Inland Marine, and Watercraft Insurance in Minnesota

Re: The Family Protection Act, Minnesota Statute 60A.0812

Summary

New legislation prohibiting certain exclusions or limitations on liability for damages for bodily injury was enacted in the 2023 legislative session. This new statute, Minnesota Statutes, section 60A.0812, is known as the Family Protection Act.

Minnesota Statutes, section 60A.0812 provides that the following insurance coverage issued in Minnesota must not contain a prohibited exclusion, unless expressly provided otherwise under section 60A.0812:

- (1) a plan of reparation security, as defined under section 65B.43;
- (2) a boat insurance policy;
- (3) a personal excess liability policy; and
- (4) a personal umbrella policy.

Section 60A.0812 defines a prohibited exclusion as an exclusion of or limitation on liability for damages for bodily injury because the injured person is:

- (1) an insured other than a named insured;
- (2) a resident or member of the insured's household; or
- (3) related to the insured by blood or marriage.

This legislation is effective January 1, 2024, for plans of reparation security, as defined in Minn. Stat. 65B.43 (no-fault automobile insurance), personal excess liability policies, and personal umbrella policies offered, issued, or renewed on or after that date. It becomes effective for boat insurance policies providing liability coverage for bodily injury resulting from the ownership, maintenance, or use of a boat on May 1, 2024.

Impact on Automobile Insurance

Effective January 1, 2024, automobile policies may not include a prohibited exclusion, including drop down or household exclusions. Additional insureds, residents, and members of the insured's household, and those related to the insured by blood or marriage must be covered for the same limits as the named insured, unless

the named insured is covered at lower limits than the other individuals covered under the policy. Automobile policies that currently include prohibited exclusions will need to be revised upon renewal.

Insurers will need to submit revised form, rate, and rule filings to the Department prior to January 1, 2024. For members of rate service organizations (RSO), it will not be acceptable for them to simply non-adopt the RSO filing. Their filing to the Department to non-adopt the RSO filing will need to be accompanied by a compliant independent filing.

Impact on Personal Excess Liability and Personal Umbrella Policies

Effective January 1, 2024, personal excess liability policies and personal umbrella policies may not include a prohibited inclusion.

An excess or umbrella policy may contain a requirement that coverage for family or household members under an excess or umbrella policy is available only to the extent coverage is first available from an underlying policy that provides coverage for damages for bodily injury per Minn. Stat. § 60A.0812, subd. 5.

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Impact on Watercraft Coverages

Minnesota Statutes, section 60A.0812 defines boat insurance as “an insurance policy that provides liability coverage for bodily injury resulting from the ownership, maintenance, or use of a boat, although the policy may also provide for property insurance coverage for the boat for noncommercial use.” For purposes of the Family Protection Act, boat insurance includes, but is not limited to, homeowners’ policies, inland marine policies, and stand-alone watercraft policies that provide such liability coverage.

Effective May 1, 2024, boat insurance policies may not include a prohibited exclusion.

Insurers issuing boat insurance policies must notify applicants at the time of sale of their right to decline bodily injury coverage for injuries to family and household members and be provided with an updated quote reflecting the appropriate premium for the coverage provided. Named insureds must affirmatively make an election to decline this coverage after being informed that an updated quote will be provided.

The declination of coverage document must be filed with and approved by the Department. It must be in 14-point bold type, in a conspicuous location of the notice document, and contain at least the following:

“ELECTION TO DECLINE COVERAGE: YOU HAVE THE RIGHT TO DECLINE BODILY INJURY COVERAGE FOR INJURIES TO YOUR FAMILY AND HOUSEHOLD MEMBERS FOR WHICH YOU WOULD OTHERWISE BE ENTITLED TO UNDER MINNESOTA LAW. IF YOU ELECT TO DECLINE THIS COVERAGE, YOU WILL RECEIVE AN UPDATED PREMIUM QUOTE BASED ON THE COVERAGE YOU ARE ELECTING TO PURCHASE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FAMILY AND HOUSEHOLD MEMBERS WOULD NOT BE COVERED FOR INJURY IF YOU ELECT TO DECLINE COVERAGE.”

The declination of coverage document must be signed and dated and is binding on all persons insured under the policy and to any renewal of the policy.

Insurers will need to submit revised form, rate, and rule filings to the Department prior to May 1, 2024. For members of rate service organizations (RSO), it will not be acceptable for them to simply non-adopt the RSO filing. Their filing to the Department to non-adopt the RSO filing will need to be accompanied by a compliant independent filing.

Questions about these instructions may be addressed to Brett Barger at brett.barger@state.mn.us