INSURANCE FEDERATION of MN

The Voice of Insurance Since 1914

2026 STATE OF PROPERTY & CASUALTY INSURANCE REPORT

ABOUT

This report provides a data-driven overview of Minnesota's property and casualty (P&C) insurance industry, examining its economic footprint, the changing risk environment and the forces influencing auto and homeowners insurance costs. It brings together industry, government and public-opinion data to show how claims trends, severe weather, repair complexity, legal costs and regulation are shaping the market.

The findings are intended to provide policymakers, industry leaders and consumers a clear foundation for understanding the relationship between risk, claims costs, premiums, affordability and coverage awareness. Statewide figures describe broad conditions rather than any individual policy or insurer, and should be considered alongside local, household and property-specific factors that affect coverage and price.

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About Insurance Federation of Minnesota

The Insurance Federation of Minnesota is a nonprofit state insurance trade association representing insurance companies doing business in Minnesota. IFM was founded in 1914. IFM represents companies with many different lines of insurance including auto, business, commercial, homeowners, renters, and workers compensation.

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Foreword

Dr. Lars Powell, University of Alabama

Property and casualty insurance is easy to take for granted when markets are functioning well. Consumers purchase coverage, insurers price and assume risk, and claims are paid when losses occur.

But insurance markets are not static. They respond to changes to the frequency and severity of losses, the cost of repairing homes and automobiles, legal and regulatory conditions, and the broader economic environment. When those underlying costs change substantially, insurance markets must adjust as well. As such, several of the trends documented in this report deserve close attention.

Homeowners insurance premiums have grown considerably faster than household income, and automobile insurance costs have also increased. At the same time, Minnesota is experiencing increasing loss severity. The report also documents rising automobile crash severity, substantially higher vehicle repair costs, and increasing property damage associated with severe weather.

These are not abstract insurance industry concerns. Ultimately, the cost of insured losses must be reflected somewhere in the system. The information presented here therefore provides reason for caution about the future of Minnesota's insurance market.

A sustainable insurance market requires insurers to collect premiums sufficient to pay claims, maintain adequate capital, and continue assuming risk. When the underlying economics become unfavorable for an extended period, the consequences can eventually appear not only in higher prices, but also through higher deductibles, changes in coverage, tighter underwriting, or reduced insurer willingness to write business.

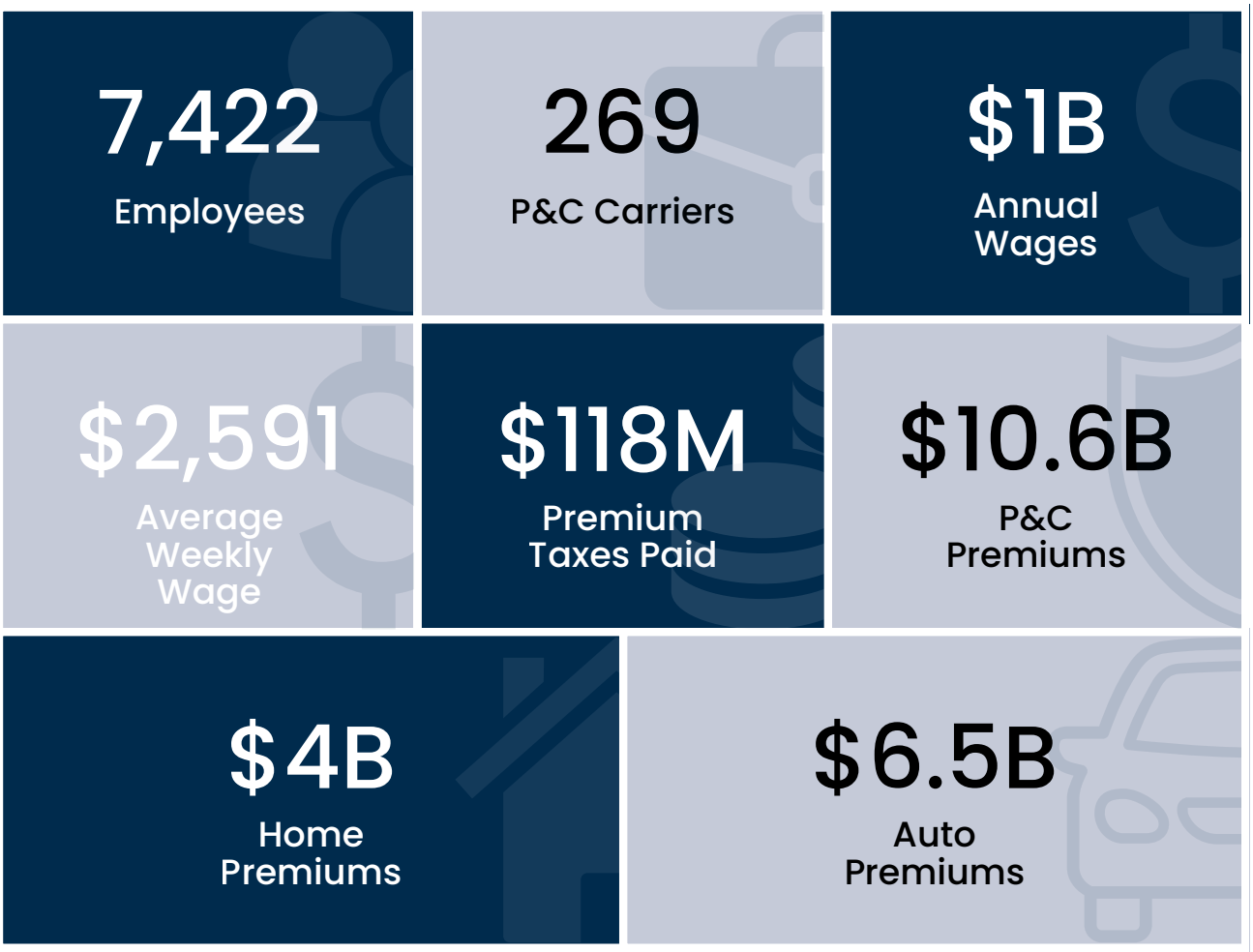
Policymakers should be concerned about affordability, but affordability cannot be considered separately from the losses that insurance is intended to finance. The report's finding that homeowners premiums increased 55 percent between 2015 and 2023 while average income increased about 31 percent clearly illustrates the pressure households are experiencing.

Just as importantly, the report provides information about what is occurring on the other side of the insurance transaction, including greater storm losses, more costly automobile claims, and rapidly increasing repair expenses.

There are no simple solutions to these challenges. A healthy insurance market must balance several objectives at once: coverage must remain available, premiums must appropriately reflect risk, insurers must remain financially capable of paying claims, and consumers must receive meaningful protection at a price they can reasonably afford. Achieving that balance becomes increasingly difficult as the cost of risk rises.

Sound public policy begins with an accurate understanding of the market, the risks insurers are being asked to assume, and the financial consequences ultimately borne by Minnesota households and businesses. The information in this report provides a useful foundation for that discussion.

INSURANCE AS AN ECONOMIC PILLAR



Sources: Minnesota Department of Employment and Economic Development (DEED)
National Association of Insurance Commissioners (NAIC)

Minnesota's property and casualty insurance (P&C) industry plays a vital role in the state's economy, providing thousands of well-paying jobs, generating significant tax revenue and helping families and businesses protect their financial security.

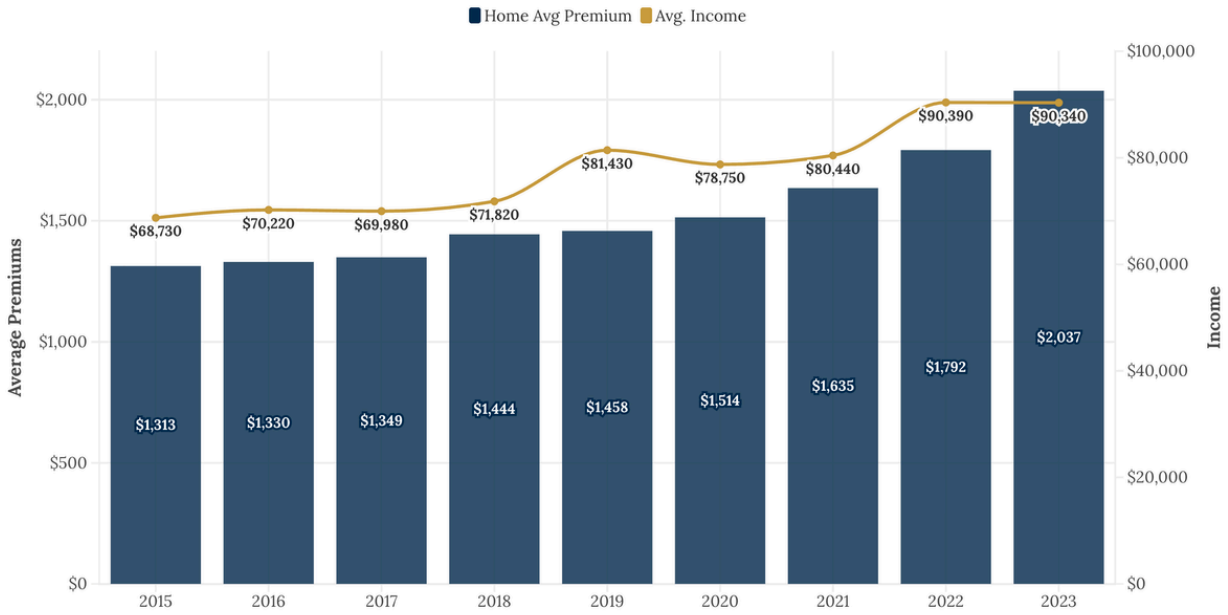
In addition to approximately **$1 billion in annual wages** flowing into Minnesota households and communities, insurers pay approximately **$118 million in premium taxes** to the state.

Insurers also provide the coverage Minnesotans rely on to protect their homes and vehicles, collecting roughly **$4 billion in homeowners premiums** and **$6.5 billion in auto premiums** to help meet their financial obligations to policyholders.

Property and casualty insurance is not only a financial safety net for Minnesota families and businesses; it is also an important employer, taxpayer and contributor to the state's economic strength.

HOMEOWNERS INSURANCE

Homeowners insurance affordability is a front-burner issue for the industry, policymakers, and certainly for homeowners. From 2015 to 2023, the average home premium rose from $1,313 to $2,037—a **55.1% increase**—while average income rose 31.4%.



Source: National Association of Insurance Commissioners (NAIC)
Federal Reserve Bank of S.t Louis

As a result, homeowners insurance consumed a larger share of income, increasing from 1.91% to 2.25% over the period.

The 2023 data showed premiums up 13.7% from 2022 to 2023 while income was essentially flat.

That one-year change pushed the premium-to-income ratio from 1.98% to 2.25%, underscoring how quickly weather losses, repair costs and reconstruction inflation can translate into household affordability concerns.

↑96%

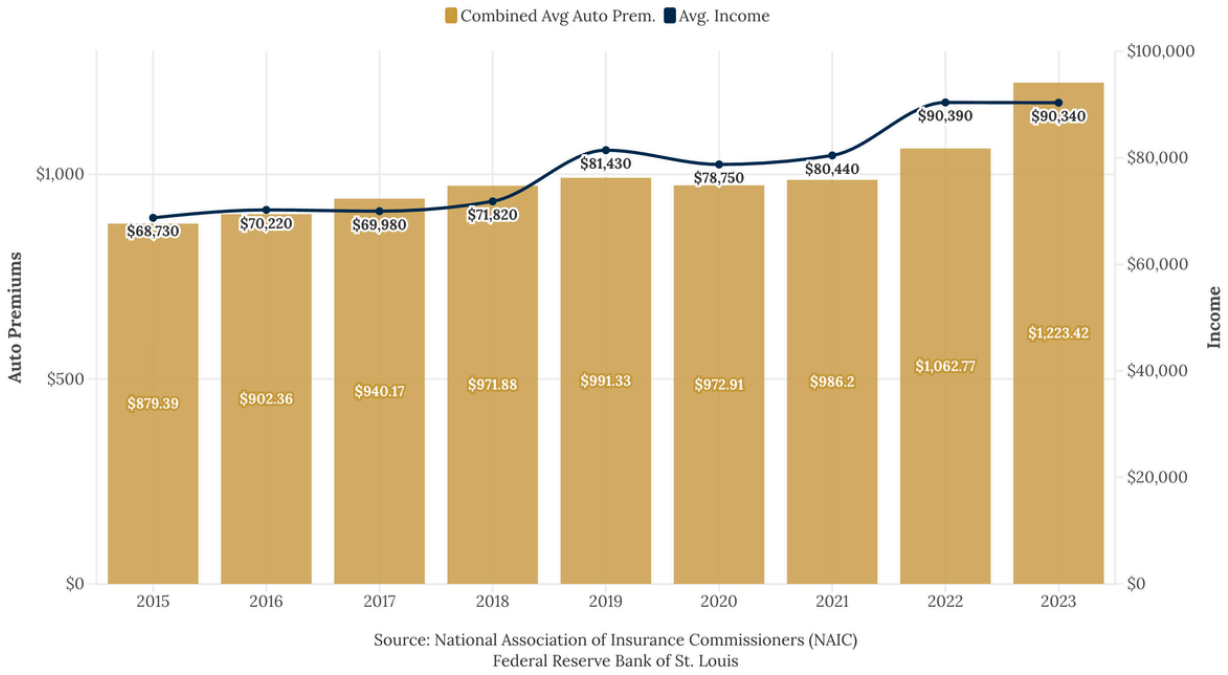
Increase in Total Written Home Premiums since **2016**

Over the full eight-year period, the premium burden rose 0.34 percentage points, with the 0.27-point increase in 2023 alone representing nearly four-fifths of that net change.

Put differently, homeowners' insurance costs increased about 75% faster than income from 2015 to 2023, while the premium-to-income burden grew nearly 18% on a relative basis.

AUTO INSURANCE

From 2015 to 2023, **auto premiums rose 39.12%**, moderately faster than income. The burden moved from 1.28% to 1.35%. However, 2023 marks a sharp affordability reversal: income was essentially flat, while auto premiums increased 15.1% and home premiums 13.7% from 2022.



Source: National Association of Insurance Commissioners (NAIC)
Federal Reserve Bank of St. Louis

From 2015 to 2023, the combined average auto premium increased from $879.39 to $1,223.42, a 39.1% increase, compared with 31.4% income growth.

The premium-to-income ratio moved from 1.28% to 1.35%, indicating a modest but measurable decrease in affordability.

The auto affordability trend was relatively stable for several years, with premiums easing in 2022 before reversing sharply in 2023. That recent jump suggests households may feel auto insurance pressure more acutely even if the long-term affordability index is smaller than homeowners coverage.

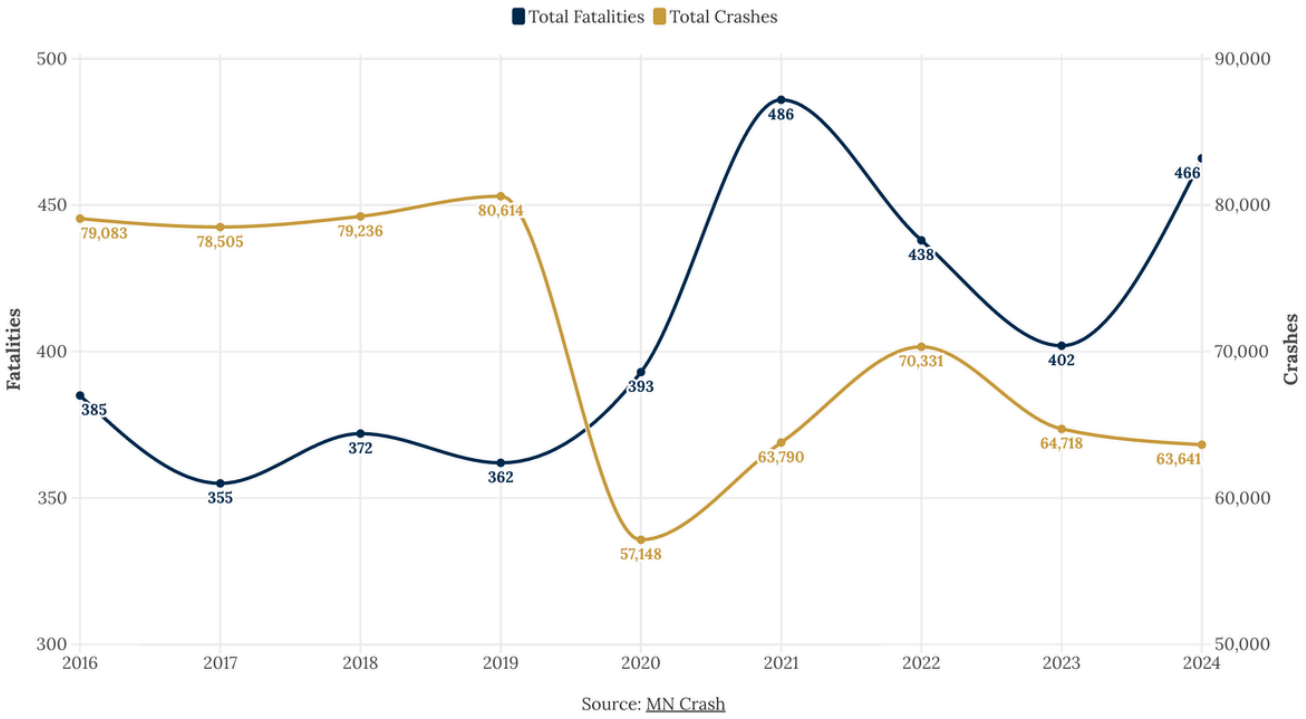
↑66%

Increase in Total Written Auto Premiums since **2016**

Nearly half of the total premium increase recorded since 2015 occurred in 2023 alone, shifting from a more gradual long-term trend. Because auto coverage is required by law and a necessity for working households, even a relatively small increase in its share of income can have an outsized effect, particularly for households with multiple vehicles or limited flexibility in other expenses.

AUTO CRASH SEVERITY INCREASING

Since 2016, the total number of crashes in Minnesota has decreased by roughly 20%. However, the total number of fatalities has increased by 21% in the same time frame. Between 2018 and 2023, crashes with serious injuries also increased by 28% or by 379.



Source: MN Crash

Personal Injury Protection

Year	*Incurred Losses*	*Incurred Claims*
2020	$294,520,787	26,580
2021	$328,905,541	29,581
2022	$336,452,775	30,633
DIF	***14.24%***	***15.25%***

Source: National Association of Insurance Commissioners (NAIC)

Personal Injury Protection (PIP) insurance is mandated by Minnesota State Law. PIP insurance covers medical expenses in the case of a crash.

Due to increasing crash severity, PIP insurance claims have increased by 15% between 2020 and 2022.

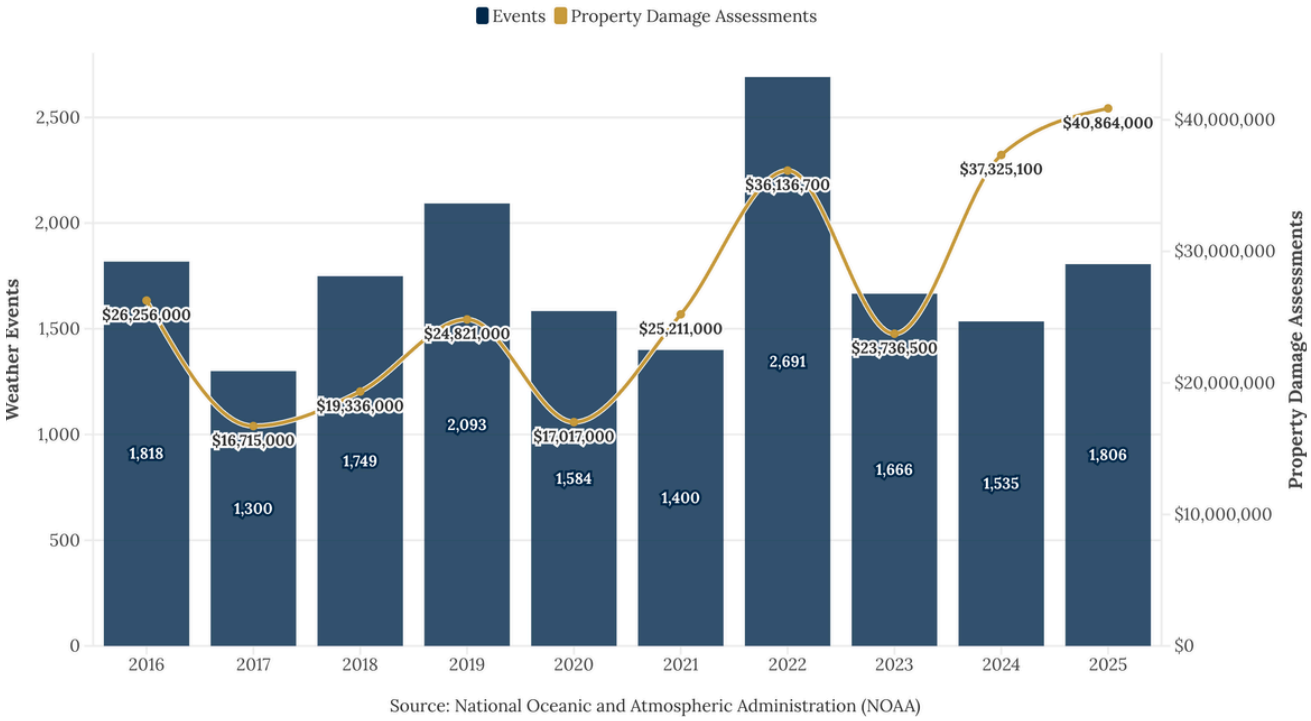
Insurance companies paid out nearly $1 billion in PIP benefits over three years.

As the risk to auto property and drivers increases, so does the need for auto insurance coverage to keep pace. Along with significantly higher repair costs, it's why auto insurance premiums have increased by 66% between 2016 and 2024.

In Minnesota, every insurance rate increase is reviewed and approved by the Minnesota Department of Commerce.

RISING COST OF STORMS

Since 2016, the total number of weather events in Minnesota, recorded by the National Oceanic and Atmospheric Administration (NOAA), decreased by less than 1% while NOAA's property damage assessments showed costs increased by 55%.



Source: National Oceanic and Atmospheric Administration (NOAA)

Year	Property Damage Assessments	Weather Events	Damage Per Event
2016	$26,256,000	1818	$14,442.24
2025	$40,864,000	1806	$22,626.80
DIF	***55.64%***	***-0.66%***	***56.67%***

Source: National Oceanic and Atmospheric Administration (NOAA)

It is not news that our weather has become more extreme and severe in recent years. However, over eight years, the average NOAA damage assessment per weather event increased by 56%.

As the risk to home property increases, so does the need for home insurance coverage to keep pace. It's a primary reason total written home insurance premiums have increased by 96% between 2016 and 2024, ensuring insurance companies are able to meet their obligations to policyholders.

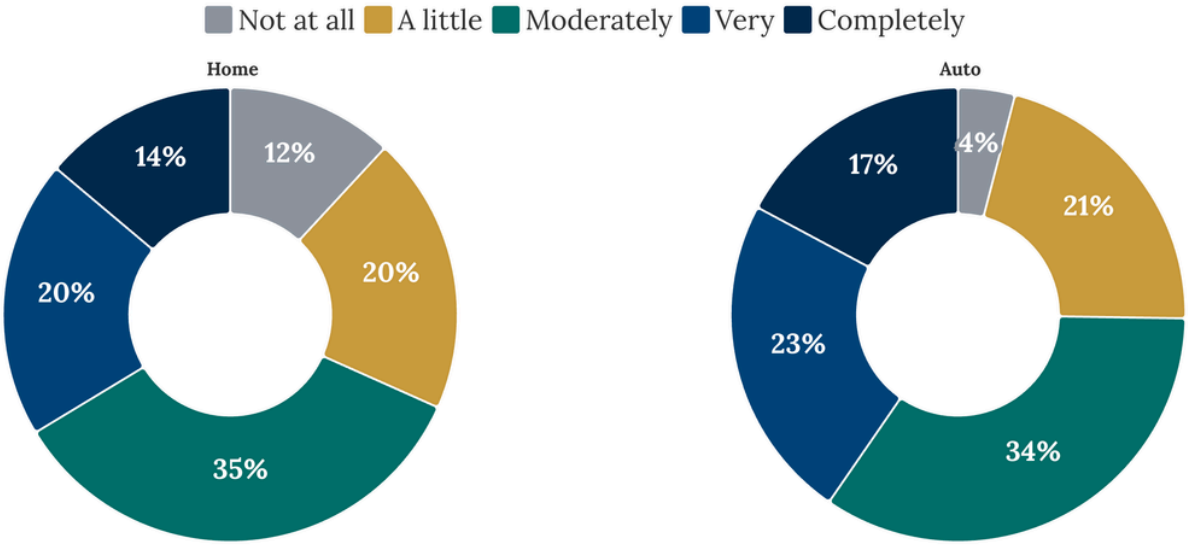
In Minnesota, every insurance rate increase is reviewed and approved by the Minnesota Department of Commerce.

LACK OF UNDERSTANDING

In research conducted by the Insurance Federation of Minnesota, only 33% of Minnesotans reported understanding their home insurance coverage limits very well or completely. This is slightly less than the 40% for auto insurance.

Despite weather and crashes increasing in severity, one of the largest risks to property & casualty insurance is consumers' lack of understanding of their own coverage limits.

When it comes to ____ insurance, how well do you understand coverage limits?



Source: Morning Consult Polling •
700 Registered MN Voters
4% MOE
2026-03-06 2026-03-12

3%

of surveyed Minnesotans reported having flood insurance

In 2026, the National Flood Insurance Program (NFIP), part of the Federal Emergency Management Agency (FEMA), indicated Minnesota only had 1,848 households with flood insurance policies with $438 million of coverage in force.

While 3% of Minnesotans reported having flood insurance, **less than 2% of Minnesota homes are covered if impacted by a flood.**

Since 1968, Minnesota has seen 12,492 NFIP claims and $157.1 million in net payments. In just the last 10 years, there have been 473 flood weather events which have been responsible for $48 million in property damage.

30% of all damage payouts have occurred in the past 10 years alone.

RISING REPAIR COSTS

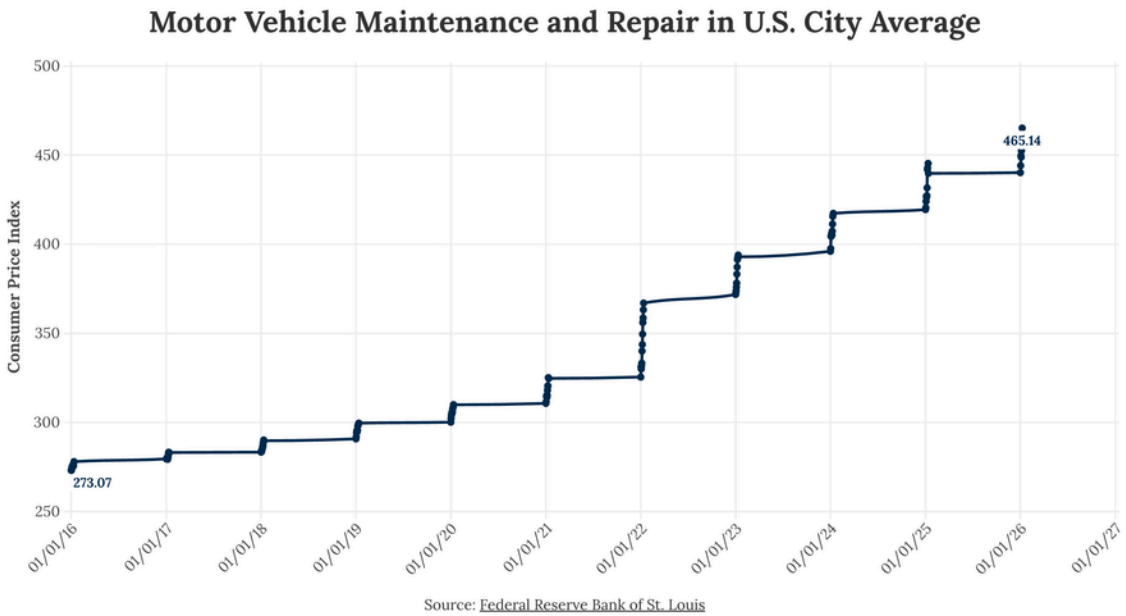
Year	*Incurred Losses*	*Incurred Claims*	*Avg Claim*
2020	$535,192,907	123,401	*$4,337.02*
2021	$704,639,034	132,548	*$5,316.10*
2022	$919,740,666	145,179	*$6,335.22*
DIF	***71.85%***	***17.65%***	***46.07%***

Source: National Association of Insurance Commissioners (NAIC)

Between 2020 and 2022, Minnesota saw an increase of 13,000 crashes on our roads — a 17% increase.

At the same time, Minnesota P&C insurance carriers received 21,000+ more collision claims — also a 17% increase.

P&C insurers are seeing a 46% increase in the average claim payout in part due to inflationary pressures on motor vehicle repairs.



Source: Federal Reserve Bank of St. Louis

Between 2020 and 2022 alone, the Consumer Price Index (CPI) on vehicle repair increased by 8%. Between 2016 and 2026, it has increased by 61%.

Minnesotans understand this cost driver. In a survey conducted by the Insurance Federation of Minnesota, 75.4% of Minnesotans considered advanced technology and parts prices responsible for higher auto premiums.

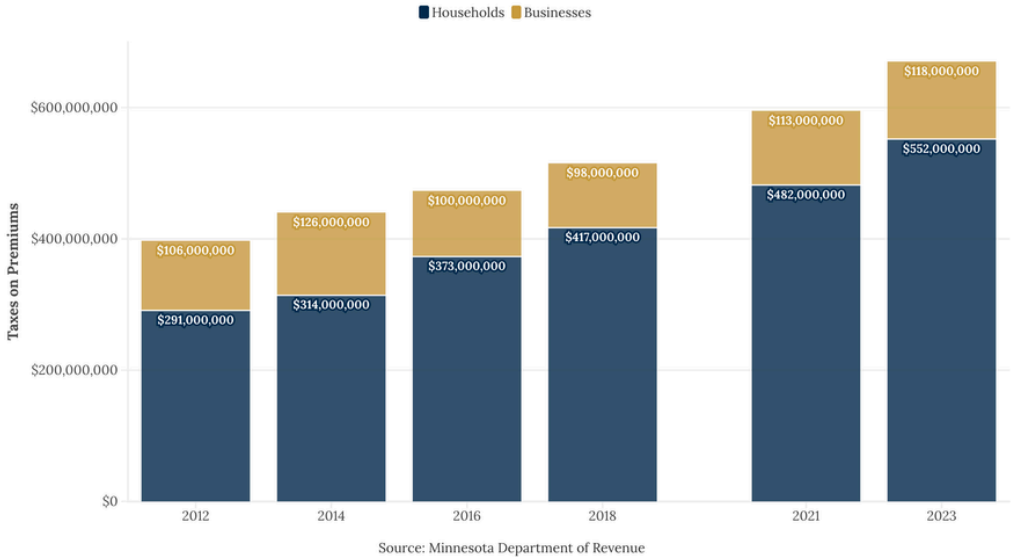
COST DRIVERS

Explore the data!

TAXES

In Minnesota, all insurance increases need to be reviewed and approved by the Minnesota Department of Commerce. As property & casualty insurance complexity increases, so does the necessity for quick regulatory review of P&C rates and policy regulation. Unfortunately, the Minnesota Department of Commerce's budget-per-premium ratio has declined by 28.6% from 2014 to 2024.

Meanwhile, premium-tax collections rose 68.8% from 2012 to 2023 (89% on households and 11% on businesses). Most of these taxes are being siphoned away from regulatory uses and harming consumers looking for full price transparency.



Source: Minnesota Department of Revenue

Minnesotans understand this cost driver. In a recent survey conducted by the Insurance Federation of Minnesota, 62.3% of Minnesotans considered regulatory hurdles and delays responsible for higher premiums.

TORT TAX

Legal system abuse is a significant driver of rising insurance premiums in Minnesota. Third-Party Lawsuit Funding (TPLF) involves outside investors—often hedge funds or private equity firms—that finance a lawsuit in exchange for a share of the proceeds if the case succeeds.

According to the U.S. Chamber of Commerce, Minnesotans have paid a total of $7.1 billion in tort costs. That means the average Minnesotan pays $3,128 for increased litigation.

68% of Minnesotans said TPLF was responsible for increased insurance costs.

$7.1B

$3K PER MINNESOTAN

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