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In your field of expertise, what are the most significant challenges you see associated with a changing climate? What information suggests this challenge is real and significant?

# Challenge #1:

How do we get people to believe there's a trend?

# Insurers are Climate Experts???

- Insurers are NOT scientists
- But we are numbers people. In fact, as you can expect we are very, very good at numbers
- Whole industry based on numbers and risk prediction

# History of Stability

- During the mid 1900's, Minnesota's property insurance system was relatively stable
- Then one year it.....changed.

# 1998 WX in Minnesota

- March 29, 1998 – F2, F3 and F4 tornadoes struck LeCenter, St. Peter and Comfrey
- May 15, 1998 – 5 F1 Tornadoes including Albany, Roseville
- May 30, 1998 – Southern Great Lakes Derecho

# 1998 WX in Minnesota

- Total insured losses in MN in 1998:

**\$1.5-Billion!**

- More than the previous 40 years COMBINED!

# Alarming WX Trends

- In the last 15 years, Minnesota has seen:
  - More storms
  - Stronger Storms
  - More Severe Storms
  - Larger Outbreaks
  - Stats show cause is Pacific Decadal Oscillation



# Recent Cat History

- 2007 – MN was 2<sup>nd</sup> highest Cat state in US  
\$750-mil. (CA-\$1.4B – wildfires)
- 2008 – MN was 3<sup>rd</sup> highest Cat state in US  
\$1.5-Billion. (TX-LA Hurricanes)
- 2010-Worst Year Ever
  - Average 44 tornadoes per year (10<sup>th</sup> in US)
  - MN led nation in touchdowns -144
  - One Building - \$60-million!

# Recent Cat History

- 2011 – Only 30 tornadoes but one big one: North Minneapolis (\$250-million)
  - July 1<sup>st</sup> storm in SW Minnesota. One of worst ever. 90 MPH sustained winds for 45 minutes. (same as Category 2 Hurricane!)
- 2012 – Record Flooding in Duluth
  - \$450 Million in reconstruction costs

# Recent Cat History

- 2013
  - Record low tornadoes but 3 other strong storms
  - Big Winter Ice storm in SW Minnesota
  - Late June Storm with Record Power Outtage
  - August Storm with Very Large Hail claims
    - Almost \$900-million in losses. #1 Cat state through 3 Quarters. #4 Overall in 2014 with \$950-million. IL and OK storms in 4Q altered numbers.

# Recent Cat History

- 2014 – Mostly quiet except for a few early season flooding events caused by heavy rainfall
- 2015 – Another relative quiet year with one major storm
  - Brainerd Lakes Area Hailstorm (June 2015):  
Estimated \$250-million in property losses

# Impact on HO Rates

- In 1998, \$368 average MN premium was 35<sup>th</sup> highest in US
- In 2012, \$1140 average MN premium was 12<sup>th</sup> highest in US
- Increase of 310% in last 14 years!

What opportunities are there to address these challenges to improve local quality of life?

# Opportunity-Need #1

- We must address higher premiums
  - Changes in policies
  - Higher Deductibles
  - Allow homeowners to take on more risk