Does Minnesota Have a Match Law?

https://mncls.com/articles-news/blog/2014/12/minnesota-match-law-affirmed-by-sup…

We are constantly asked by our homeowner's insurance paid renovation contractors whether Minnesota has a "match law" that requires an insurer to pay for a complete re-roof or re-siding of a customer's improvement when a replacement match cannot be found. The short answer to the question is there is no match law; however, there are situations where a match may be required by the relevant insurance policy. The match law issue in Minnesota arose out of a 1999 district court case brought by then Attorney General Mike Hatch against American Family Mutual Insurance Company. That case directly addressed American Family Insurance's failure to provide match replacement for homeowners' roofing and siding storm loss claims. The Attorney General argued that the insurance policy provided for match coverage based on the replacement cost policy coverage language. The district court judge in that case agreed and found match coverage applied for the policy addressed in the case.; The case was not appealed. Because it was a district court finding and not one by an appellate court, the judge's finding only applied to the policy at issue in the case and had no precedential value. A decade later, legal precedent was set in QBE Insurance Corp. v. Twin Homes of French Ridge Homeowners Association. That case directly addressed QBE Insurance's failure to provide /match replacement for a multifamily homeowners association's roofing storm loss claim. The homeowners association argued before an appraisal panel and later at district court that the insurance policy provided for match coverage based on the replacement cost policy coverage language. Both the appraisal panel and the district court judge in that case agreed and found match coverage applied for the policy addressed in the case. This case was appealed to the Minnesota Court of Appeals by QBE Insurance. The insurer argued that the appraisal panel exceeded their authority by interpreting policy language, an act reserved for the district court. The insurer argued that the appraisal panel must limit its review to repair valuation only. On appeal, a three judge panel of the Court of Appeals held that the appraisal panel was within its authority in determining valuation included shingle match replacement. Finally, in a non-match case before the Minnesota Supreme Court, the Court gave guidance as to what matters were germane for the appraisal panel to determine and which ones were reserved for the district court. In Quade v. Secura Insurance, the insured and the insurer disagreed whether the policy covered loss to various farm related buildings that suffered storm damage.

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The insured failed to seek valuation, as required by the policy, before bringing their action to district court. The insured argued that the buildings were covered and that coverage was a policy interpretation reserved for the district court. The insurer argued that the buildings were not covered; however, the insured was required to go through the appraisal process because the underlying storm loss was a valuation issue for the appraisal panel. The Court held that the appraisal process was required but not done and remanded the case back to the district court to order that the appraisal requirement be followed. In conclusion, Minnesota does not have a general match coverage law; however, match coverage depends on the replacement cost coverage language in the specific insurance policy in question. To determine whether coverage exists and to what extent, that language must be reviewed by someone competent in interpreting policy language, such as an attorney. For a storm loss, most insurance policies, by state law, require appraisal before any coverage determination is made by a district court. The appraisal step must not be skipped or there will be a significant risk to the insured of loss of coverage. The appraisal panel holds authority to determine the scope of the storm loss, the needed repairs to make and the cost for those repairs. The appraisal panel has no authority to determine whether the policy in question covers the cost of those repair; Coverage questions are reserved for the district court in a post-appraisal lawsuit. “[W]e will pay the full cost to repair or replace the damaged building without deducting for depreciation, but not exceeding the smallest of…ii. the cost to replace the damaged building with like construction for similar use on the same premises; or iii. the amount actually and necessarily spent for repair or replacement of the damaged building. Appraisal is a required clause in the state mandated fire insurance policies. See, Minn. Stat. § 65A.01, subd. 3 (2012). Relevant policy language: “[We will] pay for direct physical loss of or damage to “covered property” caused by or resulting from any COVERED CAUSE OF LOSS . . . . Coverage is also provided for “covered property” which is not damaged but which must be removed and replaced in order to repair “covered property” which is damaged by a COVERED CAUSE OF LOSS[.]”

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