

More homeowners report insurance claims being denied, MN Department of Commerce says

5KTPS News

The state is reporting a spike in complaints from homeowners whose insurance claims were denied following recent storms, according to the Minnesota Department of Commerce.

The department is issuing an alert, asking Minnesotans to review their insurance policies, particularly in the areas of hail and wind damage.

"I just thought it would be covered, so I was really taken aback that it wasn't and it made me angry," said Sue Evans, who owns a townhome in Belle Plaine.

Evans said her roof was hit by hail during a storm in May 2021.

"It was probably pretty close to golf ball size," Evans said.

Ashton McGee Restoration Group snapped photos of the damage to Evans' roof, which showed dents, dings and dimpling in the shingles.

"I called my insurance company and made a claim. They sent out an adjuster and said, 'Nope, you're not covered,'" Evans said. "I'm like, what is going on? Why isn't this covered? It's because of this clause they have in the policy that states that this type of damage is considered cosmetic."

Evans said she did not realize the clause was a part of her policy.

"And neither did my insurance agent for that matter," Evans said.

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Source: <https://uphelp.org/more-homeowners-report-insurance-claims-being-denied-mn-department-of-commerce-says/> Date:

May 30, 2026

Evans said many of her neighbors, who use different insurance companies, had their roofs repaired or replaced following the storm.

“It’s kind of become a joke: Oh, you know, mine’s the unit with the bad roof. And everybody knows right where I’m at,” Evans said.

The Minnesota Department of Commerce told 5 EYEWITNESS News it has seen an 18% increase in homeowners insurance complaints since 2020.

They said many of those complaints are from homeowners concerned about coverage denials or unexpectedly high out-of-pocket costs after damage from wind or hailstorms.

“One of the things we’re seeing, there are more frequent and severe storms happening here in Minnesota,” said Minnesota’s Deputy Commissioner of Insurance Julia Dreier. “Those things do raise costs and insurance companies as a result are amending their policies.”

Dreier said some insurance carriers are now using policy language that eliminates coverage for wind and hail damage except when siding or shingles are punctured or torn and no longer serve as an effective water barrier.

Some policies also now include a separate, higher deductible for hail and wind damage.

“This is a general trend we are seeing across different types of policies and different companies,” Dreier said. “We are seeing more changes in terms of what is covered and how that coverage is structured. In the past, homeowners’ insurance may have covered all of a policyholder’s costs to replace a roof or siding for even modest hail or wind damage, but that may have changed.”

In Evans’ case, estimates for replacing the roof came in at \$17,000, a cost says she cannot afford to pay out of pocket.

“I’m going to be retiring within the next five years and I can’t afford that. That’s going to come from my retirement,” Evans said. “I feel like it should’ve been covered by my insurance company to begin with. I don’t think it’s really acceptable. If that clause is out there, I think people should be aware of that.”

The Minnesota Department of Commerce also encourages homeowners to select a reputable, licensed contractor to do repair work on their home.

The department provided these resources for issues surrounding homeowners insurance:

- Department of Commerce guidance on settling a homeowners insurance claim.
- Library of helpful articles from United Policyholders, a nonprofit organization providing information to insurance consumers in all 50 states.
- Guidance from the Insurance Institute for Business and Home Safety for what to do after a damaging storm.
- Homeowners who have insurance concerns or complaints can contact the Department of Commerce Consumer Services Center at consumer.protection@state.mn.us or by phone at 651-539-1600 or 800-657-3602

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