



BELTRAMI COUNTY
BOARD OF COMMISSIONERS
701 Minnesota Ave NW Suite 200, Bemidji, MN 56601
Scott Winger, Board Chair
Telephone: 218-333-8478

January 20, 2026

SENT VIA E-MAIL

TO: Rep. Steve Elkins, Chair
Members of the Task Force on Homeowners and Commercial Property Insurance

RE: Beltrami County Proposes An Expansion of Insurance Appraisal in MN

Dear Rep. Elkins and Members of the Task Force,

Thank you for you serving as members of the Insurance Task Force. The important work you do is critical to advancing improvements in insurance affordability and accessibility across our State. Beltrami County has been experiencing first-hand the struggles of these topics as a result of an unprecedented windstorm that hit our community last June.

Since that time, I wanted to briefly share what Beltrami County has been dealing with since the 120-mile-per-hour windstorm damaged over 20,000 properties. The storm was terrible, but the bigger problem has been what happened afterward. Many residents are still stuck in claims disputes, lawsuits, or living in unsafe homes because insurance companies won't honor their policies.

Our County Commissioners and City Council Members tried to work collaboratively to improve the situation last fall. Local and state leaders invited the Minnesota Insurance Federation to hear directly from our community. Unfortunately, there was little empathy and a lot of resistance by their leadership – residents were essentially told to “read their policies.” We then turned to the MN Department of Commerce. They were very concerned and more empathetic, but also clear that without changes in state law, their hands were tied.

That’s what led us to the Task Force on Homeowner’s Insurance – and frankly, we were surprised to learn there isn’t a single homeowner represented. And that raises serious concerns for us: when the table is filled with industry voices, it’s hard to see how homeowner and business owner concerns can truly be addressed.

We respectfully ask the Task Force to consider the concerns of a broad and growing constituency of homeowners and commercial policyholders, grounded in recent, first-hand experiences across Northern Minnesota. Our request is straightforward: in light of ongoing delays and

persistent disputes between policyholders and insurers, we urge the Task Force to recommend extending the existing appraisal protections under Minnesota Statute 65A to cover all perils.

Appraisal is a proven, efficient, and low-cost mechanism for resolving valuation disputes. It avoids prolonged litigation, accelerates recovery, and does not expose insurers to liability beyond policy limits. The Department of Commerce supports this approach and has indicated it will advance this recommendation at the next Task Force meeting.

Additionally, we would like to see the State enhance both its consumer protection laws and the authority of the Department of Commerce to ensure fair and accountable insurance practices. Strengthening bad faith statutes with clearer standards, stronger enforcement, and meaningful deterrents will promote insurer accountability and protect policyholders from unjustified denials or delays – which makes insurance unaffordable. At the same time, providing the Department of Commerce with expanded authority, resources, and dispute resolution tools will enable proactive oversight, more effective enforcement, and a fairer insurance marketplace for all Minnesotans.

Given the current structure of the Task Force, policyholders lack a dedicated advocate, and that absence is why we are seeking your leadership. Every Minnesotan is an insurance policyholder, and any community is but one disaster away from facing the same challenges currently confronting Beltrami County residents. So we urge the Task Force to act now to ensure these experiences are not repeated and to: **1) Expand Existing Appraisal Statutes To Include All Perils, 2) Strengthen State Consumer Protection Laws, and 3) Expand Department of Commerce Oversight.** These improvements will strengthen fairness, accountability, and improve confidence in Minnesota's insurance system for all.

Thank you very much for your time and for your continued work on this very important issue.

Sincerely,



Scott Winger, District 3
Beltrami County Board Chair

cc: • Peter Brickwedde, Commerce Senior Director of Insurance Sustainability & Climate
• Austin Turman, Research Analyst, Legislative Coordinating Commission
• Beltrami County Board of Commissioners
• Beltrami County Administrator

Attachments:

- A) Insurance Appraisal FAQ Sheet

Insurance Appraisal

Frequently Asked Questions

The Insurance Appraisal Process: What It Means for Insurance Companies and Policyholders

1. What is insurance appraisal?

The insurance appraisal dispute resolution process (simply called “**Appraisal**”) is a method of resolving disputes between an insurer and a policyholder regarding the value of an insurance claim (e.g., property damage, loss). It is a faster, less costly, and less formal alternative to a lawsuit and is typically binding on both the insurance company and the policyholder. Recognizing the value of Appraisal as an effective alternative to litigation, **the State of Minnesota has codified Appraisal into the statutes** specifically for fire and hail losses. However, this rule does not currently extend to other types of property damage, such as wind or storm-related claims. As a result, **insurance companies have begun unilaterally removing appraisal clauses** from policies, effectively eliminating policyholders' access to this dispute resolution mechanism. This leaves homeowners with limited options, often forcing them into lengthy and costly lawsuits to hold insurers accountable. Unfortunately, the steep costs, lengthy timeframes, and inherent uncertainty of litigation deter most homeowners from pursuing legal action, leaving them at a considerable disadvantage and their properties in a state of significant disrepair, especially in poorer communities.

2. What is the insurance appraisal process?

Appraisal is a method of quickly and cost-effectively resolving disputes between a policyholder and an insurance company over the **value of a claim**, such as property damage. If both parties cannot agree on the amount of the loss, each side selects an **appraiser** to assess the damage. If the appraisers disagree, an **umpire** makes the final decision. This process is binding and offers a faster, less expensive alternative to going to court.

3. Why is the appraisal process beneficial for policyholders?

Appraisal provides policyholders with a **quick and cost-effective** way to resolve disagreements about the value of an insurance claim. Unlike lawsuits, which can take months or even years mired in long legal battles, the appraisal process can resolve disputes in just **a few weeks to a few months**. Appraisal proceedings cost a **fraction of the amount of a lawsuit**, saving policyholders considerable money; money they can put back into their homes. Appraisal proceedings also ensure a **fair and unbiased decision** based on **independent, expert appraisers** giving the policyholder a **fair shot at getting a proper settlement**.

4. Does appraisal increase an insurance company's financial liability?

No. Insurance Appraisal is a low-cost alternative dispute resolution process. It takes less time, avoids costly attorney's fees and discovery costs (like depositions, expert witnesses, etc.), and mitigates court risks like adverse rulings for insurance companies (opposing party attorney's fees, punitive damages, etc.). And insurance companies are not financially liable for anything more than their policy limit.

5. How long does the appraisal process take?

The appraisal process typically takes between **30 to 90 days**, depending on the complexity of the claim. This is **10-20 times faster** than traditional litigation – a critical factor when time is of the essence in repairing damage to homes and properties.

6. How does the appraisal process work?

1. **Trigger:** If the insurer and policyholder disagree on the value of a claim, either party can invoke the appraisal clause in the policy.
2. **Appraisers:** Both the insurer and policyholder select their own independent appraiser.
3. **Disagreement:** If the appraisers cannot agree, they select an **umpire** to make a final decision.
4. **Resolution:** The appraisers (or umpire) determine the amount of the loss, and the decision is binding on both parties.

7. Does Minnesota Allow Appraisal?

Yes. Minnesota law currently mandates the incorporation of appraisal clauses for fire and hail insurance policies, but it does not extend this provision to other types of property losses. Expanding the use of appraisal clauses to cover all property losses would ensure greater fairness, equity, and consistency for Minnesota policyholders regardless of their loss.

8. Why should the insurance appraisal right be expanded to cover all losses?

Currently, Minnesota law only mandates appraisal for certain losses, like **hail and fire damage**, but does not require it for other property losses, such as **wind or storm damage**. Expanding this right would ensure that all policyholders have equal access to a fair, efficient, and binding dispute resolution process for every type of claim, helping to prevent delays and denials of all claims. It would also provide policyholders with more consistent outcomes and reduce the need for expensive and time-consuming lawsuits.

9. How could expanding the appraisal process help homeowners?

Expanding the use of appraisal clauses to cover all property losses would give homeowners a reliable, cost-effective way to settle disputes without the need for expensive litigation. By speeding up the resolution of claims, it would also help prevent prolonged damage to homes and property, ensuring that homeowners can get back to normal more quickly. Moreover, it would reduce the burden on overcrowded court systems, allowing courts to focus on more complex legal issues.

10. How can I support expanding the insurance appraisal right in Minnesota?

To ensure that the appraisal process is available to all policyholders, an amendment to Chapter 65A of the Minnesota Statutes is needed. This change would broaden the use of appraisal clauses, offering homeowners a fair and efficient dispute resolution process for all types of property losses. Supporting this expansion will help ensure greater accountability and equitable treatment for all Minnesota homeowners regardless of their loss.

11. Why Appraisal Provisions Matter

The insurance appraisal process offers a fair, fast, and cost-effective solution to property damage disputes, providing a much-needed alternative to costly and time-consuming lawsuits. Expanding this option in Minnesota will not only benefit policyholders by offering quicker resolutions, but it will also help free up court resources for other important cases. For the benefit of Minnesota homeowners, it's time to ensure access to appraisal for all property losses.