

Legislative Fact Sheet: HF 4422

Support for a Fair Insurance Appraisal Process

Executive Summary

HF 4422 seeks to provide Minnesotans with a structured, non-litigious path to resolve insurance valuation disputes. By expanding the existing appraisal model used for fire and hail damage to all covered losses, the bill ensures that claims are settled through neutral expertise rather than costly legal battles.

Key Objectives

- **Restore Fairness:** Ensures insurance companies fulfill the promise to make policyholders "whole" after a loss.
- **Reduce Litigation:** Provides an alternative to the court system, which is expensive and time-consuming.
- **Increase Efficiency:** Replaces court delays with clear timelines and binding, itemized resolutions.
- **Support Community Recovery:** Faster claim resolution prevents rebuilding efforts from stalling, which is critical for local economic recovery.

Efficiency vs. Cost

- **Predictability:** Appraisal is faster and more predictable than years of litigation.
- **Premium Impact:** Premiums are driven by catastrophic risk and market forces, not by the method used to resolve disputes.
- **Cost-Effective:** Litigation is significantly more expensive for all parties involved; appraisal offers a more efficient expert-led process.

The Bottom Line

HF 4422 provides a neutral, enforceable mechanism to resolve claim disputes fairly and get Minnesotans quickly back on their feet after suffering a devastating loss.

Insurance Appraisal

Frequently Asked Questions

The Insurance Appraisal Process: What It Means for 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**.

Testimony in Support of HF 4422

Chair and members of the committee, thank you for the opportunity to testify in support of HF4422.

My name is John Carlson. I'm a former Minnesota State Senator, a retired insurance agent, and I currently serve as a Beltrami County Commissioner.

I've seen this issue from every angle—writing policy, selling insurance, and now dealing with the real-world consequences when the system falls short.

HF 4422 is about keeping a simple promise: when someone suffers a loss, insurance should make them whole.

Today, when there's a dispute over the value of a claim, Minnesotan's often have to rely on litigation for a fair settlement. For families trying to rebuild after a loss, that's costly and time-consuming.

This bill fixes that.

It creates a clear, structured appraisal process for all covered losses—expanding a model that already works well in cases like fire and hail damage. It puts valuation disputes in the hands of neutral experts instead of attorneys, and it produces a binding, itemized result.

It replaces delay with timelines, conflict with process, and uncertainty with resolution.

You will likely hear that this bill will increase premiums.

I would urge you to question that.

Premiums are driven by risk, catastrophic losses, and market forces—not by whether disputes are resolved through appraisal or years of litigation.

In fact, litigation is far more expensive. Appraisal is faster, more predictable, and far more efficient.

What this bill increases is accountability.

And from where I sit as a County Commissioner, that matters—not just for homeowners, but for entire communities.

When claims stall, rebuilding stalls. When rebuilding stalls, recovery slows.

We're seeing that right now in Beltrami County after last summer's windstorm.

People aren't asking for more than they're owed. They're asking for a fair process to determine what they are owed—and to move forward.

HF 4422 delivers that.

It doesn't favor one side over the other. It simply ensures that when there is a disagreement, there is a fair and enforceable way to resolve it.

I respectfully ask for your support.

Thank you.

HF 4422 FACTS and Q&A

To: House Commerce Finance and Policy Committee

From: John Carlson, Beltrami County Commissioner & Former State Senator

RE: Support for HF 4422 – Standardizing Property Claim Appraisals

1. WHY NOW? THE MINNESOTA INSURANCE CRISIS

- **34% Increase:** Minnesota homeowners saw the largest premium hike in the U.S. in 2025.
- **The Driver:** These hikes are caused by catastrophic weather and the high cost of litigation.
- **The Solution:** HF 4422 provides a "safety valve" to resolve disputes without a lawsuit.

2. APPRAISAL SAVES MONEY

- **Litigation is Expensive:** A court battle can take 2–4 years and cost both parties tens of thousands in legal fees.
- **Appraisal is Efficient:** Under HF 4422, appraisers are selected within **20 days**. The process is typically resolved in just a few months.
- **Standardization:** This bill expands the appraisal process to all **standard property perils**, ensuring the rules are clear for every homeowner.

3. REASONABLE TIMELINES FOR REAL RECOVERY

- **The 2-Year Standard:** HF 4422 extends the suit window to two years.
- **Construction Realities:** With current labor shortages, major repairs often take 14–18 months. A 1-year window forces families to sue before they even know the final cost of their repairs.

4. THE "PRINCIPLE OF INDEMNITY"

- Insurance exists to "restore the insured to the condition they were in prior to the loss."
- When a claim is stuck in a stalemate, the homeowner isn't restored—they are in limbo. HF 4422 provides the mechanism to break that stalemate fairly and quickly.

VOTE YES ON HF 4422: Keep Minnesotans out of court and in their homes!

The claim that Minnesota homeowners insurance premiums rose by **34% in 2025**—the highest increase in the nation—comes from the **2026 Insuring the American Homeowner Report** published by **Insurify**, a national insurance comparison and data platform.

According to the report, which was released in March 2026, several factors contributed to this specific figure:

- **National Ranking:** Minnesota's 34% jump was the largest single-year increase of any state in 2025.
- **Cost Impact:** This percentage translated to an average increase of nearly **\$900**, bringing the state's average annual premium to **\$3,530** by the end of the year.
- **Two-Year Trend:** The report highlights a cumulative **64% increase** in Minnesota premiums since 2023. This rapid rise moved the state from the 21st most expensive for home insurance to the **9th most expensive** in just two years.
- **Primary Drivers:** Insurify attributed these spikes primarily to "severe convective storms"—specifically high-frequency wind and hailstorms. The report noted that billion-dollar weather events in 2022 and 2023 forced insurers to significantly adjust rates to account for these losses.

APPRAISAL LEGISLATIVE TESTIMONY

On June 21, over 120 mph hurricane-force winds devastated almost 400 square miles of southern Beltrami County. Nearly a year later, hundreds of homeowners remain stuck in disputes with their insurance providers, unable to rebuild.

Many are blocked from using the Insurance Appraisal Process – a proven, efficient, alternative dispute resolution process – because some insurers are exploiting a Legislative loophole that limits the insurance appraisal process to only fire and hail claims. This legislation clarifies that the appraisal process shall be available for all perils.

Contrary to the rhetoric, the appraisal process does not increase insurer liability. **Minnesota statute 65A.01 is clear:** an insurance company “will not in any case be liable for more than the sum insured.” Appraisal does not expand coverage. It does not increase liability. It simply ensures that what is already owed under the contract is fairly determined and paid.

This bill restores balance by closing a legislative loop-hole and:

- Guaranteeing appraisal rights in all property insurance policies
- Offering a faster, more affordable path to resolve insurance disputes; and
- Reducing unnecessary strain on our courts

Minnesota Statutes already require appraisal for fire and hail damage. It’s time to extend that same fairness to all homeowners, regardless of how their loss occurs.

Please vote YES to clarify this commonsense protection.

Q&A Rebuttals: Defeating the "Premium" Argument

1. The "15% Context" (The Red Herring)

- **Concern:** "Rates are already going up; we can't afford more mandates."
- **Response:** Property insurance rates in Minnesota are already projected to spike by roughly **15% in 2026** due to climate risks, labor shortages, and material costs. To blame a 15% market-wide increase on a bill that simply standardizes a fair appraisal process is, frankly, a distraction. We should be focused on making sure that when Minnesotans pay those higher premiums, they actually get the 'indemnity' they were promised.

2. Litigation vs. Appraisal

- **Concern:** "Expanding the suit window to two years increases our financial risk."
- **Response:** Actually, the two-year window already exists in MN Statute and it matches the reality of modern construction. In 2026, with current labor and supply chain delays, a homeowner might not even have their roof completed within a year of a major loss. Forcing a homeowner to sue within 12 months just to 'preserve their rights' actually **increases** litigation and litigation-related costs. This bill allows them to resolve the loss fairly without being rushed into a courtroom.

3. The "Standardization" Benefit

- **Concern:** "This mandate interferes with private contracts."
- **Your Response:** This bill isn't 'new'—it's an expansion of a principle we've already applied to fire and hail insurance for 100 years. We are simply taking a proven, fair model (Section 65A.26) and applying it to all allied lines so that the rules are the same for everyone. Consistency in the law reduces administrative costs for the companies, which is good for the bottom line.

Summary:

- **Timeline:** The bill gives parties **20 days** to select an appraiser (up from 10 days in the old hail law), which provides a more realistic timeframe for finding "competent and disinterested" experts in today's market.
- **Effectiveness:** The new law would take effect **January 1, 2027**, giving the industry plenty of time to adjust their filings without an immediate 'shock' to the system.

STATE OF MINNESOTA)

COUNTY OF BELTRAMI)

Debra Heineman, being first duly sworn on oath, deposes and says as follows:

1. That I am a resident of Bemidji, Beltrami County, Minnesota and live in the Chippewa Heights area, just one block east of Lake Bemidji.
2. On June 21st, 2025, we were struck by a severe storm which included straight-line winds of 120 mph and 2, possibly 3, tornadoes within the wind swath.
3. Our property consists of one and a half acres with our house, attached garage and separate second garage. We renovated our home 10 years ago and chose to stay in our particular neighborhood because of the beautiful trees which surrounded us.
4. Our particular property had over 90 fully mature Norway Pines which towered over our house and garage and multiple other hardwood and deciduous trees. We estimate approximately 130+ trees in all.
5. When the storm hit, we woke up to utter devastation, not only in our yard, but the entire neighborhood. All of the Norways were down and most of the other trees. We have only scrub trees remaining.
6. Our home was damaged and we had a branch sticking through our wall for over 2 months. We had water damage from water seeping through the areas where 3 large trees struck our house and we had damage from a large tree striking our 2nd garage. Our pickup truck was crushed by two trees.
7. Our neighborhood is amazing. By early morning, we had determined that even though everyone had sustained structural damage – and some had to leave their homes because of gas leaks – no one was killed. In fact, no one was even injured.
8. But our pain was just beginning.

9. My husband is a veteran, having served in the National Guard for over 26 years, retiring as a medivac helicopter pilot. We have been members of USAA since we were first married almost 50 years ago. We immediately contacted USAA after the storm and an appraiser came to our house within a week.
10. Our contact with the appraiser was fairly good, but I questioned how he could determine total damage when we were a week out from the storm.
11. Our biggest problem was contact with our insurance company. After the appraiser came, they assigned a phone number and e-mail for our desk adjuster. I contacted him immediately with preliminary estimates of loss and pictures of damaged personal property.
12. We were never able to get a response from him. I sent multiple e-mails and called many times with no response. 2 months after the storm, we still had a branch sticking through our wall and had been paid only a nominal amount by the company.
13. Luckily, we have the finances to hire people to temporarily block the leaks in the roof and clear the driveways, but many of our neighbors did not.
14. As our frustration – and the bills – grew, I happened to receive an e-mail from the president of USAA asking me how happy I was with their assistance. I have to say my response to him was not favorable. At the time I received his e-mail, we had expended tens of thousands of dollars with little or no help from the insurance company. I outlined all of our frustration in my response to him.
15. With a few weeks, we were inundated with calls from the adjuster and we had money in the bank from the company.
16. All in all, though, the reimbursement didn't come close to our actual loss. We have expended about \$100,000.00 to fix our house and land to-date and will expend another

\$36,000 to replace our deck this summer. (The deck was partially destroyed when a Norway crashed through the middle of it. We made only temporary repairs last year.)

17. The insurance company reimbursed us \$70,800.00.
18. One of the things I mentioned to the president of USAA when I responded to his e-mail was the idea that if customers who have paid homeowner's premiums for almost 50 years are treated like we were – how do they treat new customers?
19. I believe if there was a process to get second appraisals several months out from the storm, we may have been able to recoup more of our loss.
20. Further than this your affiant sayeth not.

Dated: 4-7-2026


DEBRA HEINEMAN

Subscribed and sworn to before me
this 7 day of April, 2026.


Notary Public



Written Testimony Supporting HF4422 & SF4798

My story is simple. I had 118 trees on structure as defined by State Farm. The first adjuster never returned email or calls and the day he finally did, he was replaced by a new adjuster. I did have to engage my local agent to get a call back. They evidently could do nothing with the claims process. The new adjuster did come on site (an hour and 1/2 late) which given the storm and the amount of damage was still acceptable - he was very busy, probably too busy to do an accurate assessment of anything.

I conveyed the estimates I had been given, he agreed with the amounts that I had been told. He did a very superfluous examination of the property and seemed to have no interest in trees on structure, or trees on vehicles, such as my boat and 5th wheel camper as those were "auto claims" - according to auto, the tree removal is Homeowners.

He called me a day later with a settlement offer of about 10% of my total damage. I explained to him for the second time what State Farm had told me was covered by my policy and what they would pay on and we reached a tentative agreement pending his written offer for my review, which he suddenly had to take to a "superior". the offer came back at about 20% and they sent a check and closed my claim.

I notified my agent that I am not accepting that amount as a final payment and the claim is still open or I would seek further action against them ... The claim was reopened a few hours later but I received no further contact from them.

Being I was 3 months from losing my wife of nearly 45 years and now 41 years of landscaping and property development, I was not emotionally capable (I felt) of dealing with this any further and turned the whole case over to a private adjuster. Mitch Miles with Shoreline Public Adjusters, LLC was fantastic. He reviewed my policy, reviewed my claim and determined that I had a valid dispute - all at no cost before taking any action. His cost was 20% of the settlement but it was well worth it.

What is so aggravating is that we only seeked to be paid what the policy said I was owed. Why should that cost me 6 months and 20 % . ?

I hope this legislation is successful and helps protect consumer rights going forward.

Thank you for the opportunity not only to speak, but the opportunity to be heard.

Gods Peace

Karl Swanson

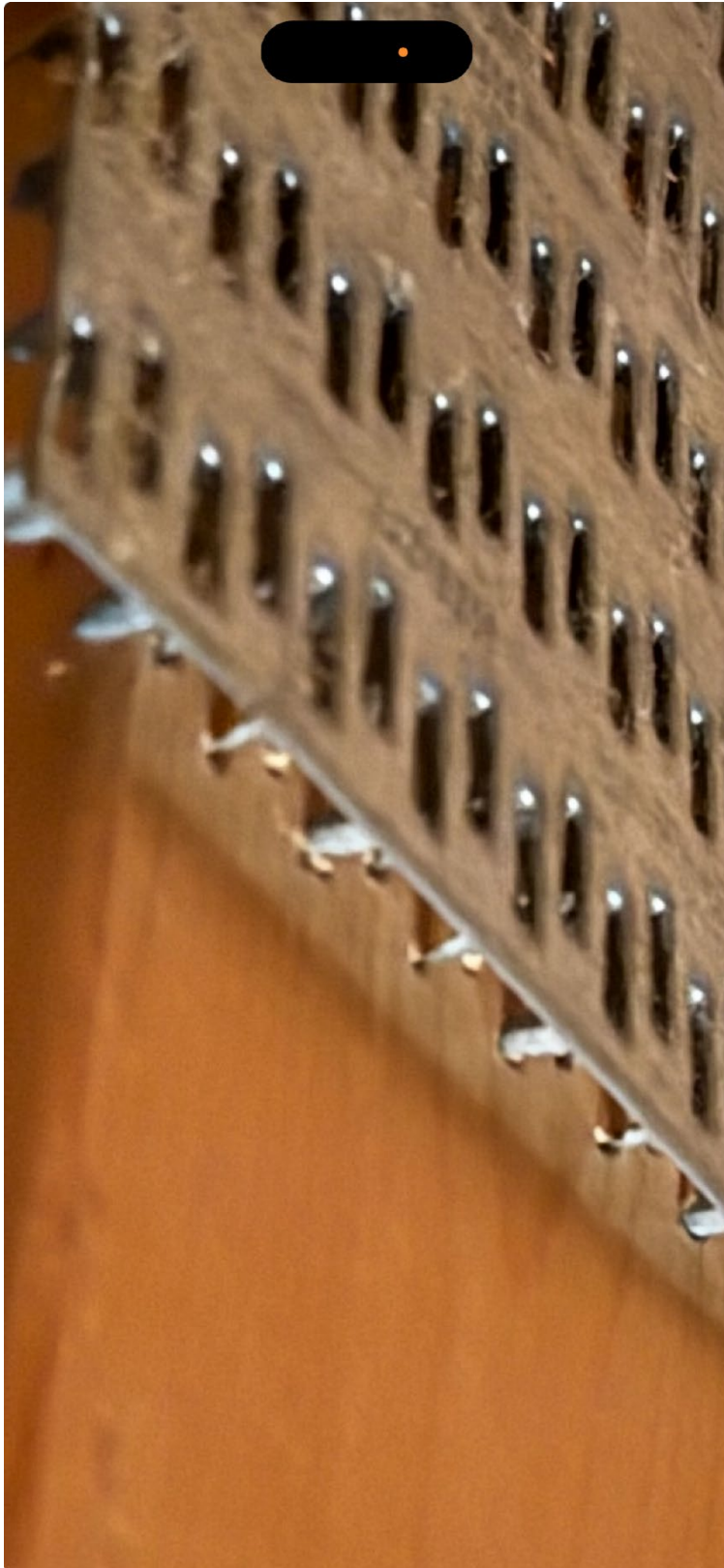
P.S. – Please see attached timeline for more detail

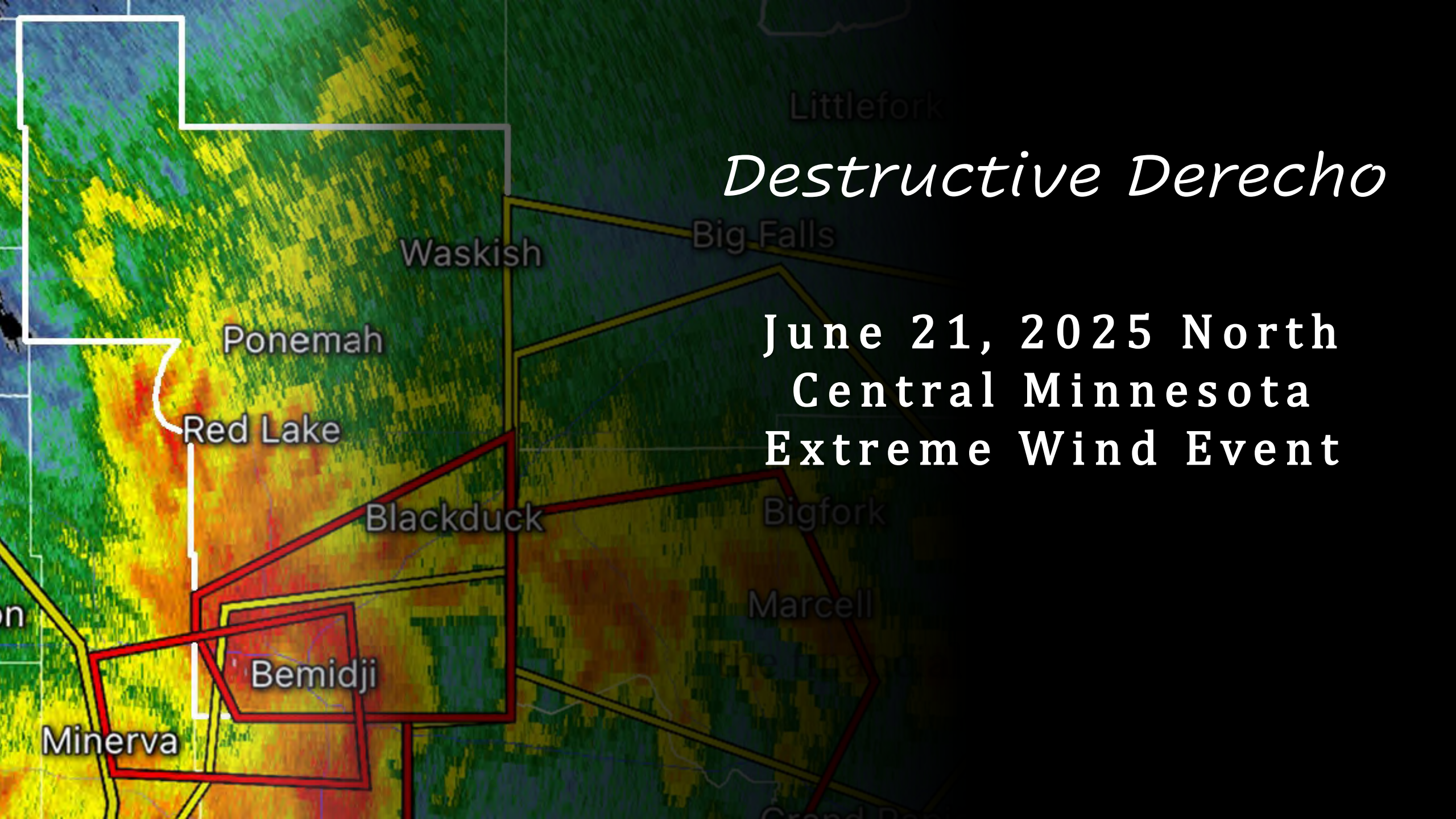
June 21, 2025 Storm Damage Claim Process - Karl Swanson 218-209-1317	
June 23rd	Contacted local office for copy of homeowners policy - not available as a pdf - will mail 10 days or so
June 23rd	Filed claim 23-86Q2-60B
June 23rd	Acknowledged claim
June 23rd	June 23rd -several emails with Stephaine Miller trying to get the policy detail - she could only send me the declarations pages / email to agent Sarah Labratten explaining what I was asking for - issue resolved
June 23rd	June 25th filed claim on 5th Wheel Camper - claim resolved satisfactorily - I had to remove trees no answer from homeowners
June 23rd	filed claim on 1950 Spectrum Boat - dropped claim - minor damage only less than deductible - was under 12 trees with only hitch sticking out
July 5th	email with a form notice about property claim from Osakpamwan Zabayer - first adjuster
July 9th	Visited the local State Farm Office to try to find out why no adjuster had contacted me yet - I had been told they were in the area. (Wed)
July 10th	received a phone call setting up an appointment for Friday 9AM
July 10th	received a phone call setting up an appointment for Friday 1PM by Mark Fritz - new adjuster assigned to my claim
July 11th	Friday 11th - Met with Mark Fritz - shared that 3 companies had said \$60+ for cleanup and one had said closer to \$100K for trees on structure. Only one gave me a written bid
	Mark Fritz called with a very low offer and basically said they weren't covering trees. I explained to him what State Farm had told me was structure also what both the auto coverage people had said about trees on vehicles
	That they are paid by the homeowners coverage.
July 13th	Mark Fritz called me back and we discussed the offer and I said I would review what he was proposing once he wrote it up
Aug 8th	Decision letter shows up in my email - not what we discussed / payment of about \$23k net sent - closed claim
Aug 8th	email to state farm disagreeing with settlement - informed them the claim is not closed as far as I was concerned and I was reviewing my next steps
Aug 12th	Contacted Mitch Miles a public adjuster / review and opinion at no cost
Aug 14th	Signed agreement with Mitch / Shoreline Public Adjusters
	Hourly Log for clean up time spent and on what
	Detailed Map (created in June) of Trees on Structure 117
Aug 20th	Finalizing details, quotes and information to Shoreline Adjusters
1-Sep	More info exchange
2-Sep	More info exchange - time sheets, quotes, bills etc.
Sept / Octo	Multiple emails with Shoreline
10-Oct	received bulk of settlement \$77,500
Nov	Still pursuing \$38k still owed - filed a complaint with the state of MN
Dec	Received additional \$12.8 leaving about 18K denied
Jan	notice SF won't pay any more
	20% of settlement paid to shoreline adjusters

Doug Fuller Testimony: Supporting Pictures (1/2)



Doug Fuller Testimony: Supporting Pictures (2/2)

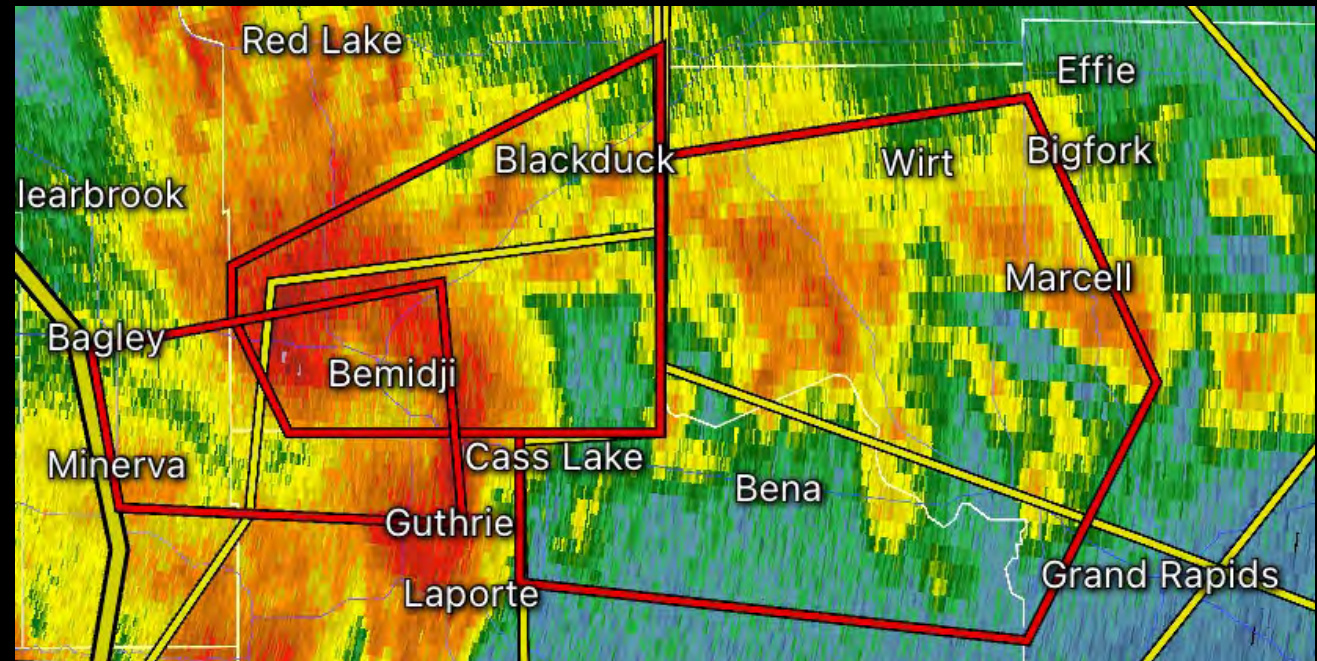




Destructive Derecho

**June 21, 2025 North
Central Minnesota
Extreme Wind Event**

Just after midnight, catastrophic winds blew into Beltrami County. Tornado warnings were issued based on radar. While the derecho produced severe winds across Montana, North Dakota and Minnesota, the winds were exceptionally strong in Beltrami County.






Beltrami County Emergency Management  Published by BeltramiCounty SheriffsOffice  · June 21 · 

There is extensive damage around the Bemidji area and much of southern Beltrami County. Please do not travel unless it is an emergency. Many roads are blocked and there are a ton of power lines down. Unfortunately there is significant structure damage as well. We are responding to many gas leaks. Please hold non-emergency calls to dispatch as they are overwhelmed.

[See insights and ads](#) [Boost post](#)

  1.4K 240 comments 937 shares

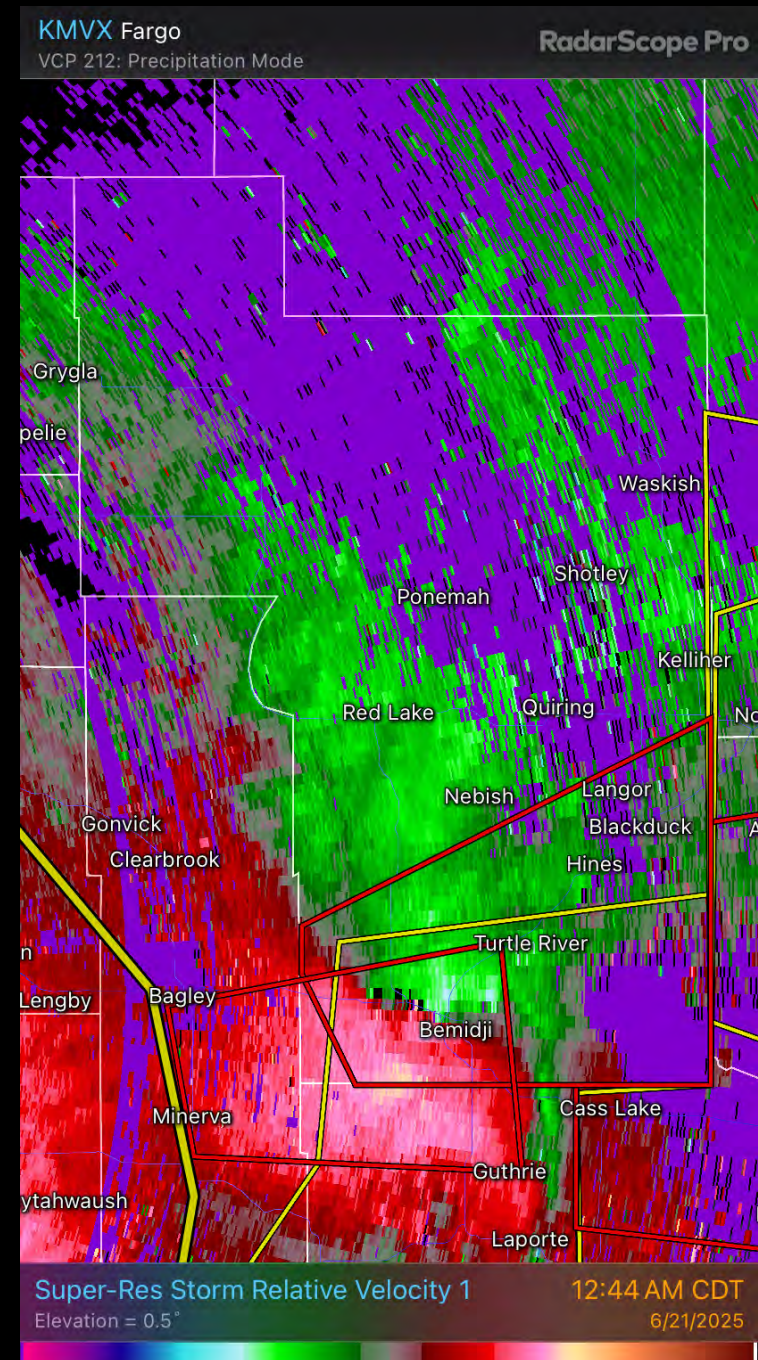
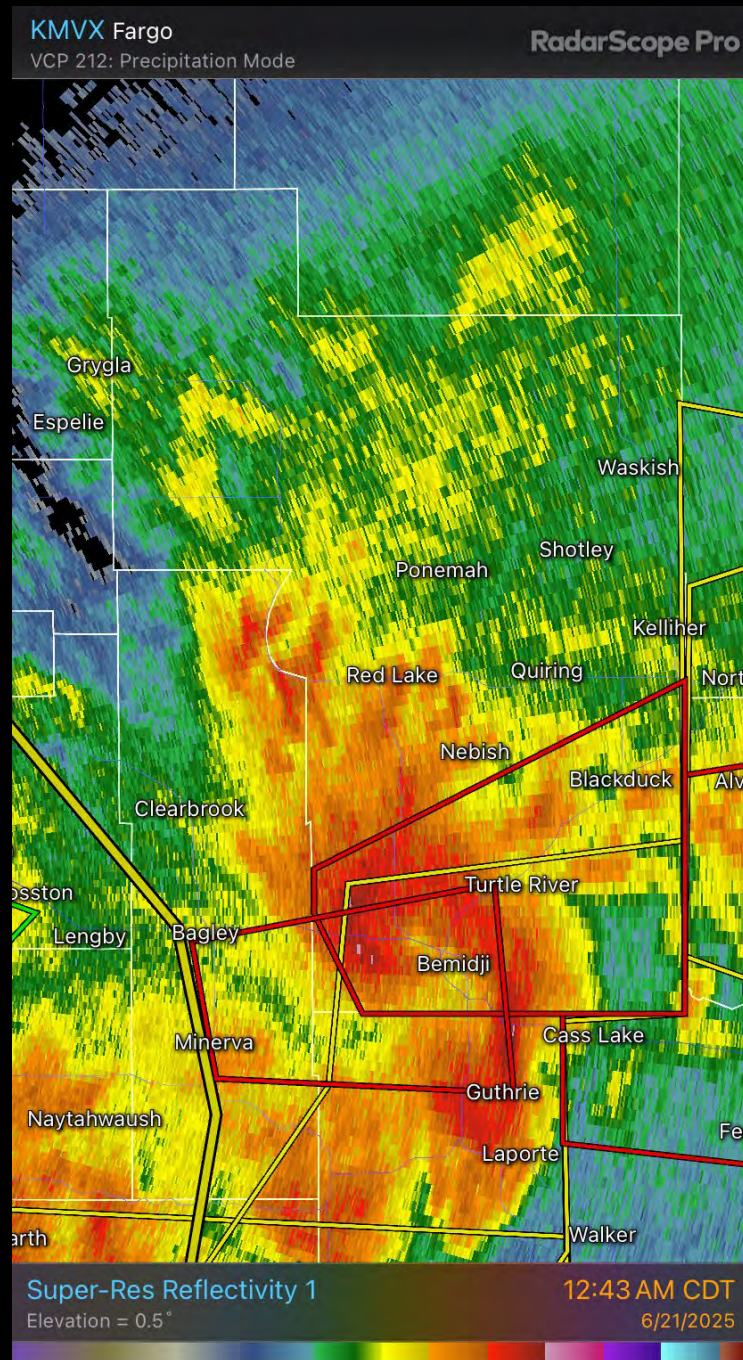
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Beltrami County Emergency Management  Published by BeltramiCounty SheriffsOffice  · June 21 · 

TORNADO WARNING - Solway Wilton Bemidji

Initially a tornado signature on radar, based on velocity returns as the storm approached Bemidji and points east, the threat transitioned into a catastrophic wind event. Hurricane force winds battered the Bemidji area for nearly a half hour with torrential flooding rains.

While Beltrami County was warned well in advance, the intensity of the wind was significantly stronger than the warning received.



With 911 and emergency services completely overwhelmed, it was obvious the area had taken a substantial impact from devastating winds. Hundreds of gas leaks were reported, several roofs were blown off, vehicles were flipped, trees were downed and power was out everywhere. The real impacts of the storm would not be realized until sunrise.

911 Dispatcher: "It got to the point where we had to ask if anyone was hurt or if anything was on fire... if not, they had to call back later."





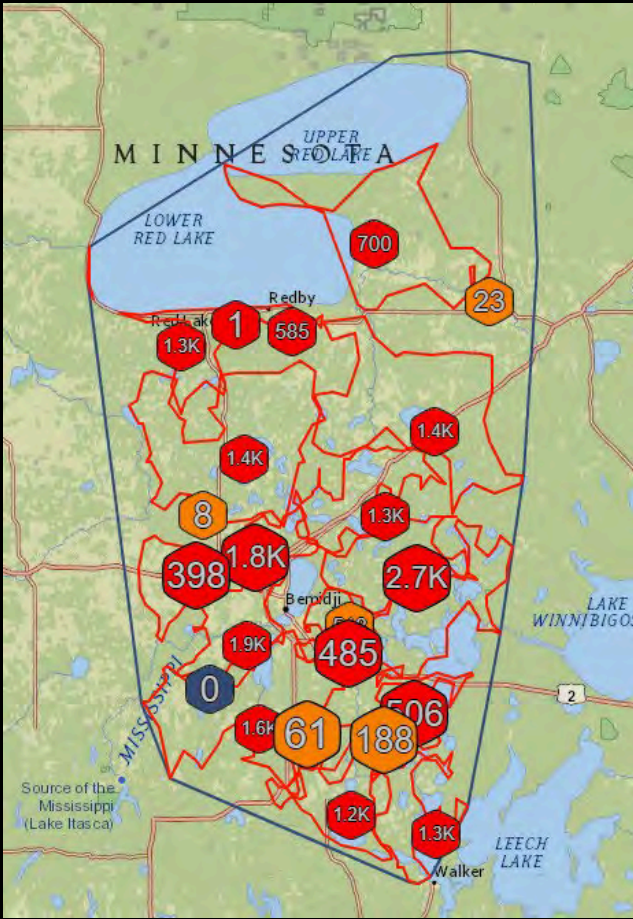
The damage and debris littering the ground when the sun cleared the horizon was indescribable. Millions of trees were downed and hundreds of structures had damage. Several homes and businesses were destroyed.



Trucks that are normally used for clearing snow were dispatched to move trees from the roadways. Eventually logging operations had to commence to clear debris. Residents drove and lived in trenches created by tree debris being piled along the roadway.



Over 90% of Beltrami Electric Cooperative customers were without power. Otter Tail Power Company also lost service for nearly the entire region. It would take a week for some customers to get the lights back on. This resulted in food loss and spoilage.





Over 100 individuals needed emergency shelter and food drops were coordinated through the multi-agency resource center. The City's event center was used as the shelter despite millions of dollars in roof damage.





Beltrami County's Emergency Operations Center works around the clock on coordination and recovery efforts.

"This is not what one community or one county can handle alone and I think its important to be up for the state... to make that commitment for us to see it, to hear from local leaders. There's going to be significant cost to the communities, to the counties."
-Governor Tim Walz





Before (above left) and after (above right) show how much the landscape changed. It will be generations before Beltrami County looks remotely the same. Images below show what residents and visitors saw for months following the storm as recovery continued.



Beltrami County continues recovery efforts from the derecho and will take years to complete. The composite below shows the tree canopy change from before the storm and after. The insert to the right identifies the areas of wildfire concern from downed trees.



The incredible response from volunteers and disaster relief organizations have assisted tremendously.

