

Insurance Carriers Exclude Color Matching Requirements From Policies

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The summer of 2017 saw a number of severe storms in the Midwest, with resulting insurance claims. As policyholders have made those claims, some have been surprised to see new provisions in their insurance contracts. Things are not always black and white in insurance policies, especially when it comes to the impact of a Minnesota court decision that required insurers providing replacement cost coverage to reasonably match replacement siding. Since the [Minnesota Supreme Court issued its opinion](#) in *Cedar Bluff Townhome Condominium Association, Inc. v. American Family Mutual Insurance Company*, insurers have begun inserting language in their policies that expressly precludes the coverage requirement of matching based upon color, a change in product specifications, or other factors, in an attempt to circumvent this clear precedent. Policyholders should be aware that many states, either through common law or statute, prevent insurers from substantively reducing coverage to policyholders on renewal unless the policyholder is directly notified, in a clear manner, of the reduction. In *Campbell v. Insurance Service Agency*, the Minnesota Supreme Court addressed these issues and stated that it is incumbent upon an insurer to “bring to the insured’s attention all provisions and conditions that create exceptions or limitations on the coverage.” In *Canadian Universal Ins. Co. v. Fire Watch, Inc.*, the court adopted the rule that: when an insurer reduces the prior insurance coverage provided the insured, the insurer has an affirmative duty to notify the insured in writing of the change in coverage. Failure to do so shall render the purported reduction in coverage void. Any question of the individual’s insurance coverage shall then be determined in accordance with the terms of the original policy prior to the renewal or endorsement. Minnesota Statute 65A.29 also has specific requirements of notice to policyholders who hold homeowner’s insurance policies. Policyholders should consider closely reviewing their policies (and all renewals) to make sure they have the coverage they are expecting and to which they are entitled.

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