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INSURANCE - MINNESOTA

American Family Ins. v. City of Minneapolis

United States District Court, D. Minnesota - September 8, 2015 - F.Supp.3d - 2015 WL 5228287

A water-main break occurred on October 20, 2013 in the City of Minneapolis, causing water to flow into a condominium building resulting in significant damage.

The City settled fourteen claims for losses that were not covered by insurance. The City paid these claims without requiring any evidence that the water main broke as a result of the City's negligence. The claims denied by the City were each submitted by insurance companies.

The insurance companies (Plaintiffs) sued the City, asserting claims for negligence, trespass, takings, and violation of the Equal Protection Clause.

Plaintiffs alleged that the City violated the Equal Protection Clause by agreeing to reimburse certain residents of the Sexton Condominiums for their uninsured losses while refusing to reimburse Plaintiffs. The City argued that it was entitled to summary judgment because there was no evidence in the record that the City treated Plaintiffs, as corporations, differently than it treated individuals. Rather, the City asserted, it made settlement decisions based on the nature of the loss—i.e., insured versus uninsured—rather than the type of person who made the claim.

The District Court found no Equal Protection violation by the City.