

Bond Case Briefs

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EMIENENT DOMAIN - MINNESOTA

American Family Insurance v. City of Minneapolis

United States Court of Appeals, Eighth Circuit - September 6, 2016 - F.3d - 2016 WL 4608142

Property insurers for condominium association and basement unit owners brought state-court subrogation action against city to recover for violation of Equal Protection Clause and unlawful takings arising out of water-main break.

Case was removed. The United States District Court for the District of Minnesota entered summary judgment in favor of city. Insurers appealed.

The Court of Appeals held that:

- City's payments to uninsured owners, but not insurers, did not violate Equal Protection Clause, and
- Insurers were required to bring inverse condemnation claim through mandamus action in Minnesota state court before pursuing federal takings claim.

City's decision to pay claims of uninsured property owners flooded by water main break, but not property insurers as subrogees, was rationally related to legitimate government interests in protecting welfare of citizens by minimizing time they were without housing and suffering uncompensated damages and in minimizing city's own costs and litigation risks from sympathetic jurors and, therefore, did not violate Equal Protection Clause.

Property insurers that had paid claims for damage from city water main break were required to bring their inverse condemnation claim through mandamus action in Minnesota state court before pursuing federal takings claim, and, thus, it was not ripe for review by federal court. State court hearing had ability not only to determine whether a taking occurred under the state constitution, but also to determine the monetary value of harm, and that remedy would not be futile.