STATE OF MINNESOTA
IN COURT OF APPEALS
A19-0662

Pleasure Creek Townhomes Homeowners' Association,
Appellant,

vs.

American Family Insurance Company,
Respondent.

Filed November 25, 2019
Affirmed
Smith, Tracy M., Judge

Anoka County District Court
File No. 02-CV-17-6025

Timothy D. Johnson, Alexander M. Jadin, Amanda K. Linden, Smith Jadin Johnson, PLLC, Bloomington, Minnesota (for appellant)

Dan Millea, Dennis C. Anderson, Zelle LLP, Minneapolis, Minnesota (for respondent)

Considered and decided by Florey, Presiding Judge; Reyes, Judge; and Smith, Tracy M., Judge.

U N P U B L I S H E D O P I N I O N

SMITH, TRACY M., Judge

In this insurance-coverage dispute, appellant Pleasure Creek Townhomes Homeowner's Association (the Association) appeals the district court's grant of summary judgment to respondent American Family Insurance Company. The Association, the insured, argues that the district court erred by deciding that its all-risk businessowners

policy does not cover the cost to replace undamaged, faded siding to match siding replaced due to hail damage. The Association argues that (1) the policy's matching exclusion is void as a matter of law because it violates the minimum coverage required by the Minnesota Standard Fire Insurance Policy, Minn. Stat. § 65A.01 (2018); (2) the matching exclusion does not apply to the facts of this case; (3) in the alternative, the matching exclusion is ambiguous and unenforceable; and (4) American Family's construction of its policy violates the reasonable expectations of the policyholder. We affirm.

FACTS

The Association purchased an insurance policy (the Policy) from American Family in October 2016. The Policy was an all-risk "Businessowners Policy" and covered the Association's 14 townhome buildings. In June 2017, a hail storm damaged siding on all 14 of the covered buildings. The Association filed a claim for the loss under the Policy.

The parties disagreed about aspects of the price and scope of the repairs, which led to an appraisal. The appraisal panel issued findings in June 2018. Its relevant finding for this appeal was that the material available to replace the damaged siding did not "reasonably match" the existing, undamaged siding on the townhome buildings, as the existing vinyl siding had faded in a way that made it difficult to match. The panel included the cost to replace the undamaged, faded siding in its appraisal award. American Family refused to pay this component—which was appraised at about $211,382—of the award, but complied in all other respects.[1] American Family withheld this payment based on its

[1] In remitting payment, American Family also noted a mathematical error by the appraisal panel and moved the district court, in the same motion in which it requested the summary

view that the Policy explicitly excludes coverage for the replacement of undamaged, mismatched siding under what the parties refer to as the Policy's "matching exclusion."

The Policy covers "physical loss of or damage to Covered Property . . . caused by or resulting from any Covered Cause of Loss." The "Covered Causes of Loss" include all "[r]isks of direct physical loss," except those that the Policy excludes. The matching exclusion is included as an endorsement that modifies the Policy. The relevant portion appears as follows:

> **THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**
> **UNMATCHED PROPERTY DAMAGE EXCLUSION ENDORSEMENT AND APPRAISAL CHANGES**
>
> This endorsement modifies insurance provided under the following:
>
> BUSINESSOWNERS COVERAGE FORM
>
> A. The Following is Added to E. Property Loss Conditions:
>
> **9. Undamaged material**
>
> We will not pay to repair or replace undamaged material due to mismatch between undamaged material and new material used to repair or replace damaged material.
>
> We do not cover the loss in value to any property due to mismatch between undamaged material and new material used to repair or replace damaged material.

After declining to pay for the undamaged, mismatched siding, American Family moved the district court for summary judgment on the Association's request for a

judgment on appeal here, to correct it. The district court made the correction, and the Association does not appeal that decision.

declaration of coverage for that part of the appraisal award.[2] The district court granted summary judgment for American Family, concluding that the Policy excludes this coverage.

This appeal follows.

D E C I S I O N

The issues on appeal require statutory interpretation, contract interpretation, and application of the insurance policy to the undisputed facts of the case. We review questions of statutory interpretation de novo. *See Pepper v. State Farm Mut. Auto. Ins. Co.*, 813 N.W.2d 921, 925 (Minn. 2012). Likewise, "[i]nterpretation of an insurance policy, and whether a policy provides coverage in a particular situation, are questions of law that we review de novo." *Depositors Ins. Co. v. Dollansky*, 919 N.W.2d 684, 687 (Minn. 2018) (quoting *Eng'g & Constr. Innovations, Inc. v. L.H. Bolduc Co.*, 825 N.W.2d 695, 704 (Minn. 2013)). We apply this standard of review and analyze each of the issues in turn.

I. The Minnesota Standard Fire Insurance Policy, Minn. Stat. § 65A.01, does not apply to this dispute.

The Association argues that coverage is required by Minn. Stat. § 65A.01—the statute establishing and applying the Minnesota Standard Fire Insurance Policy. The Association contends that the Standard Fire Insurance Policy bars the matching exclusion here. We begin our analysis with whether the Standard Fire Insurance Policy applies.

[2] The Association had filed its original complaint in December 2017. The first count requested that the district court appoint a neutral umpire for the appraisal pursuant to Minn. Stat. § 65A.01, subd. 3, and the second count included a request for a declaration of coverage "should American Family deny coverage in this matter notwithstanding its agreement to participate in the appraisal process."

The Standard Fire Insurance Policy contains minimum coverage provisions for loss caused by fire. Minn. Stat. § 65A.01. The statute was enacted "to protect insureds from unexpected limitations on coverage provided by fire insurance policies." *Krueger v. State Farm Fire & Cas. Co.*, 510 N.W.2d 204, 208 (Minn. App. 1993). The statute must be broadly construed in light of its remedial purpose. *Watson v. United Servs. Auto. Ass'n*, 566 N.W.2d 683, 690 (Minn. 1997). In operation, the statute reforms an insurance policy when necessary to provide the minimum mandated coverage. *Id.* The Standard Fire Insurance Policy states in its "[d]esignation and scope" provision:

> No policy or contract of fire insurance shall be made, issued or delivered by any insurer . . . unless it shall provide the specified coverage . . . . Any policy or contract . . . which includes either on an unspecified basis as to coverage or for a single premium, coverage against the peril of fire and coverage against other perils may be issued without incorporating the exact language of the Minnesota standard fire insurance policy, provided: such policy or contract shall, with respect to the peril of fire, afford the insured all the rights and benefits of the Minnesota standard fire insurance policy and such additional benefits as the policy provides.

Minn. Stat. § 65A.01, subd. 1.

The Association argues that the statute applies here, even though the damage was caused by hail, because it applies to any policy that provides "coverage against the peril of fire." The Policy covers multiple forms of loss, including fire. Thus, the Association argues, the Policy must afford the rights mandated under the Standard Fire Insurance Policy, which should not be applied "retroactively based on the type of loss that occurred," but rather "proactively," making the matching exclusion void. Under this construction, if American Family wanted to avoid application of the Standard Fire Insurance Policy, it had

to separate its coverage provisions by peril. American Family counters that the Association's argument is directly contradicted by the plain language of the statute and has been rejected by the Minnesota Supreme Court.

The statute states that, when a policy like this one includes, "on an unspecified basis," coverage against fire, the policy "shall, with respect to the peril of fire," afford the insured the rights they have under the Standard Fire Insurance Policy. Minn. Stat. § 65A.01, subd. 1. The meaning of the statute is plain—by including the phrase "with respect to the peril of fire," the statute limits the application of the Standard Fire Insurance Policy provisions to fire losses.

This was the conclusion of the Minnesota Supreme Court in *Henning Nelson Constr. Co. v. Fireman's Fund Am. Life Ins. Co.*, 383 N.W.2d 645, 651 n.8 (Minn. 1986). In *Henning*, the Minnesota Supreme Court addressed, in a footnote, whether the Standard Fire Insurance Policy's requirements apply to losses other than fire losses under an all-risk insurance policy. *Id.* There, the insurer argued that the court should apply the two-year statute of limitations from the Standard Fire Insurance Policy to a "Builder's risk" policy in a dispute arising from the collapse of a foundational wall. *Id.* The supreme court rejected the argument, stating:

> While an all-risk policy such as this one falls within the purview of the Standard Policy, the Standard Policy applies only to losses due to fire and not to casualty losses.
>
> . . . .
>
> [The statutory] language indicates the Standard Policy provisions were meant to apply only to fire losses, even though the policy in question may afford broader coverage. We hold,

> therefore, that the provisions of the Standard Fire Insurance Policy apply only to fire losses, and not nonfire losses, under an all-risk insurance policy.

Id. (citations omitted).

And, while not precedential, in *Noonan v. Am. Family Mut. Ins. Co.*, the Eighth Circuit applied *Henning* to reject the same argument that the Association makes here. 924 F.3d 1026, 1029-30 (8th Cir. 1986). Analogously in *Noonan*, the homeowners' roof was damaged by a storm, no reasonably matching shingles were available, and American Family insured the home under an all-risk policy with a matching exclusion nearly identical to that here. *Id.* at 1027-28. The policyholders similarly argued that their policy ought to provide the statutory minimum coverage of the Standard Fire Insurance Policy because their policy insured against various perils, including fire. *Id.* at 1029. The Eighth Circuit held that "the Noonans' policy is not subject to reformation because their home was damaged by a thunderstorm, not fire," reasoning that "[t]he Minnesota Supreme Court has read [the statute] to mean that the minimum requirements of the standard fire insurance policy 'apply only to fire losses, and not nonfire losses, under an all-risk insurance policy' like the Noonans'." *Id.* at 1030 (quoting *Henning*, 383 N.W.2d at 651 n.8).

The Association argues that these decisions misinterpret the Standard Fire Insurance Policy and that, in another case, *Nathe Bros., Inc. v. Am. Nat'l Fire Ins. Co.*, 615 N.W.2d 341 (Minn. 2000), the supreme court *did* apply the Standard Fire Insurance Policy's provisions to a nonfire loss. *Nathe Bros.* involved a dispute over coverage for rain and ice damage to the insured's banquet hall. *Id.* at 343. To decide the dispute, the supreme court interpreted a provision of the Standard Fire Insurance Policy, but it did so because the

insurance policy at issue contained the identical provision. *See id.* at 344; *see also Leamington Co. v. Nonprofits' Ins. Ass'n*, 615 N.W.2d 349, 353 n.3 (Minn. 2000) (distinguishing *Nathe Bros.* insofar as, "[i]n *Nathe*, it was uncontested that the proof of loss and maintenance of suit requirements of the insurer's policy and the Standard Fire Insurance Policy were essentially the same"). In short, *Nathe Bros.* is distinguishable because there, a Standard Fire Insurance Policy term *was* included in the parties' policy, whereas here, the Association is arguing that a Standard Fire Insurance Policy term *should be* included. *Nathe Bros.* does not support the proposition that all-risk policies that include fire coverage must meet the requirements of the Standard Fire Insurance Policy as to every covered peril.

In sum, under the plain language of the statute and governing Minnesota case law, the Standard Fire Insurance Policy does not apply to the Association's loss. We therefore need not decide whether, if it applied, the Standard Fire Insurance Policy would preclude a matching exclusion. The district court did not err by concluding that the Standard Fire Insurance Policy does not void the Policy's matching exclusion.

II. The matching exclusion applies to the facts of this case.

The Association next argues that the matching exclusion does not apply to the facts of this case because it only excludes coverage for "undamaged material." Again, the matching exclusion reads:

> **Undamaged material**
> We will not pay to repair or replace undamaged material due to mismatch between undamaged material and new material used to repair or replace damaged material.

The Association argues that the "damaged material" here is all of the siding, not just the siding struck by hail. By this reading, the matching exclusion only excludes coverage for matching between one *type* of damaged material with another *type* of undamaged material. The Association demonstrates this interpretation with an example: if it had requested payment to match undamaged soffits and fascia with the siding, that coverage would be excluded. But, because its claim involves only *siding* and all of the siding is damaged under the Association's theory, the exclusion does not apply.

Words in an insurance policy "are to be given their natural and ordinary meaning and any ambiguity regarding coverage is construed in favor of the insured." *Am. Family Ins. Co. v. Walser*, 628 N.W.2d 605, 609 (Minn. 2001). The district court held that the exclusion's language was unambiguous: American Family "will not pay for undamaged material—siding in this case—due to a mismatch between the undamaged siding and the new siding used to repair or replace the damaged siding." This interpretation of the exclusion for "undamaged material" is the natural interpretation of the exclusion. The Association's interpretation reads in a "type" requirement that is absent from the plain language, which speaks only of "material" generally.

But the Association argues that its interpretation—that all of the siding is "damaged material" by virtue of the mismatch so there is no "undamaged material" to trigger the matching exclusion—is compelled by the Minnesota Supreme Court's decision in *Cedar Bluff Townhome Condo. Ass'n v. Am. Family Mut. Ins. Co.*, 857 N.W.2d 290 (Minn. 2014). In *Cedar Bluff*, a condominium association insured 20 of its buildings through American Family under a businessowners policy that covered "direct physical loss of or damage to

Covered Property at the premises . . . caused by or resulting from any Covered Cause of Loss." *Id.* at 291 (emphasis omitted). After a hail storm damaged siding on all 20 buildings, a coverage dispute arose regarding mismatched siding. *Id.* The supreme court first determined that the insurance policy's language providing for replacement of damaged property with property of "comparable material and quality" required a "reasonable color match" between damaged and undamaged siding. *Id.* The supreme court next determined that the mismatch between the old siding and new siding available constituted a covered loss to the "covered property," thus obligating American Family to pay to replace all of the siding. *Id.* at 295. The Association relies on this second determination to argue that *Cedar Bluff* requires replacement of all the siding here.

The Association's argument, however, does not account for the fact that the insurance policy in *Cedar Bluff* had no matching exclusion. As explained above, the natural interpretation of the matching exclusion here is to exclude the obligation to replace undamaged, mismatched material—an obligation that, under *Cedar Bluff*, would otherwise follow from the general policy provision regarding "comparable material and quality." The Association does not offer any binding authority suggesting that *Cedar Bluff* limited the parties' ability to include the matching exclusion in the Policy, nor does it persuasively explain why "undamaged" is ambiguous *in the context of the matching exclusion*. The language of the matching exclusion is unambiguous. Under its ordinary meaning, the exclusion applies to the facts of this case.

III. The matching exclusion is unambiguous and enforceable.

The courts' objective in interpreting the terms of an insurance policy is "to give effect to the intent of the parties." *Thommes v. Milwaukee Ins. Co.*, 641 N.W.2d 877, 879 (Minn. 2002). "Where the language of an insurance policy is clear and unambiguous," courts "effectuate the intent of the parties by interpret[ing] the policy according to plain, ordinary sense." *Eng'g & Constr. Innovations, Inc. v. L.H. Bolduc Co.*, 825 N.W.2d 695, 704 (Minn. 2013) (quotations omitted). Courts construe the language in accordance with how "a reasonable person in the position of the insured" would understand it, rather than asking what the insurer intended the language to mean. *Canadian Universal Ins. Co. v. Fire Watch, Inc.*, 258 N.W.2d 570, 572 (Minn. 1977). An insurance policy is ambiguous "if it is susceptible to two or more reasonable interpretations." *Eng'g & Constr. Innovations*, 825 N.W.2d at 705 (quotation omitted). Though courts resolve ambiguous terms in favor of the insured, they "will not read an ambiguity into the plain language of a policy in order to provide coverage." *Id.* (quotation omitted). Additionally, insurance policies should not be construed in way that leads to an absurd result. *Id.*

The Association argues that the matching exclusion is ambiguous and unenforceable because (1) it conflicts with the Policy's insuring clause and the *Cedar Bluff* decision and (2) the Policy's endorsements and exclusions are irreconcilable.

A. The matching exclusion does not conflict with the Policy's insuring clause and the *Cedar Bluff* decision.

The Association argues that, because the Policy's insuring clause guarantees payment for "direct physical loss or damage to Covered Property . . . resulting from any

covered Cause of Loss," and because the covered property is defined as the "Buildings" at the premises, the matching exclusion conflicts with the insuring clause by distinguishing between *parts* of the buildings. If the Policy only insured "discrete parts" of the buildings, the Association argues, the insuring clause would say something like: "We will pay for direct physical loss or damage to **that part** of Covered Property . . . resulting from any Covered Cause of Loss." Because this language is absent, the argument goes, the buildings must be treated as indivisible units. The alleged conflict then arises because, under the matching exclusion, American Family will only pay to replace the hail-damaged panels. This still leaves the *indivisible building unit* damaged, because having mismatched siding is a "damage" pursuant to *Cedar Bluff*.[3]

We are not persuaded that the absence of "that part" language in the insuring clause creates a conflict in the Policy. The natural reading of payment for "damage to buildings" is payment for the actual damage, which typically occurs only to parts of a building. The Association essentially argues for an interpretation that voids the matching exclusion, and courts "will not adopt a 'construction of an insurance policy which entirely neutralizes one provision . . . if the contract is susceptible of another construction which gives effect to all its provisions and is consistent with the general intent.'" *Eng'g & Constr. Innovations*, 825 N.W.2d at 705 (quoting *Wyatt v. Wyatt*, 58 N.W.2d 873, 875 (Minn. 1953)). We thus

[3] Insofar as the Association's argument here relies on *Cedar Bluff*, Section II above addresses why this case does not control. Mismatched siding was, under a policy without a matching exclusion, covered "damage" there, but the Policy here explicitly attempts to exclude that coverage.

decline to adopt the Association's construction when a reasonable construction that does not neutralize the matching exclusion exists.

B. The Policy's endorsements and exclusions are not irreconcilable.

The Association raises several alleged ambiguities and contradictions in the Policy. They are addressed in turn.

Exclusion vs. Property-Loss Condition

The Association first contends that the matching exclusion, labeled an "Exclusion Endorsement," confusingly purports to modify the "Property Loss Conditions" section of the base Policy rather than the "Exclusions" section. The Association argues that something cannot be both an exclusion and a property-loss condition. But the Association does not explain why these terms are mutually exclusive, and the distinction seems immaterial here. As American Family suggests, a reasonable reader of the Policy would understand the effect of the matching exclusion, as the document's title reads, in capital letters:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
UNMATCHED PROPERTY DAMAGE EXCLUSION ENDORSEMENT AND APPRAISAL CHANGES

The matching exclusion is included as an endorsement to the "Property Loss Conditions" section of the Policy, which includes the "comparable material and quality" language. The matching exclusion may indeed, as the Association suggests, fit more neatly in the "Exclusions" section, but that fact does not create an ambiguity about its meaning. The effect of the endorsement on the coverage provided remains clear.

Two Provisions Numbered "9"

The Association also points out that both the "Unmatched Property Damage Exclusion" endorsement and the "Minnesota Changes—Townhouses" endorsement purport to add a new provision "9" to "Paragraph E. Property Loss Conditions." Because the townhouses endorsement follows the matching-exclusion endorsement, the Association contends, it should be read to replace the matching-exclusion endorsement. American Family acknowledges that the two endorsements both add a provision "9" to the Policy but argues that this is a mere mistake in numbering that does not necessitate voiding the matching exclusion. The two provision 9s are unrelated in content,[4] and the policy can simply be read as having two provisions numbered "9" without changing the content.

Courts attempt to construe insurance policies in a way that gives effect to all provisions and is consistent with the general intent. *Eng'g & Constr. Innovations*, 825 N.W.2d at 705. In light of this principle, we decline to void the matching exclusion but rather read the contract as mistakenly numbering two, valid provisions "9."

Order of Endorsements

Finally, the Association argues that there is "irreconcilable ambiguity" as to the order in which the matching-exclusion endorsement and the "Condominium Enhancement" endorsement (condo endorsement) apply. It believes that the condo

[4] The "Minnesota Changes—Townhouses" endorsement reads:

> 5. The following is added to Paragraph **E. Property Loss Conditions:**
>
> **9. Unit-Owner's Insurance**
>
> A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

endorsement should be read to "restore" the matching coverage that the matching-exclusion endorsement attempts to remove.

An insurance policy may be deemed ambiguous where there is an irreconcilable conflict between its provisions. *Morris v. Weiss*, 414 N.W.2d 485, 487 (Minn. App. 1987) (citing *Rusthoven v. Commercial Standard Ins. Co.*, 387 N.W.2d 642, 644 (Minn. 1986)). To determine whether an ambiguity truly exists, courts "read the policy as a whole, and will fastidiously guard against the invitation to create ambiguities where none exist." *Eng'g & Constr. Innovations*, 825 N.W.2d at 706 (citations and quotation omitted).

The condo endorsement provides additional coverage and modifies various parts of the base policy, including portions of the "Property Loss Conditions." Applicable here, the condo endorsement modifies the base policy by amending provision 5.d of section I, paragraph E, which deals with loss payment and, specifically, valuation of "Covered Property." By contrast, the matching-exclusion endorsement adds a provision 9 to the same paragraph E. The condo endorsement's modification to paragraph E.5.d removes a payment limit otherwise present in the base policy, leaving intact surrounding language in the provision regarding replacement-cost calculation. It does not change the explanation in paragraph E.5.d.(1)(a)(i) that replacement cost can be calculated with reference to "the cost to replace . . . the lost or damaged property with other property . . . of comparable material and quality." It is this language—language originally in the base policy—that the Association claims "restores" matching coverage. This language, though, appears to be in the condo endorsement merely because it continues to be present, unchanged, in the replacement paragraph E.5.d.(1)(a). Nothing indicates that the inclusion of unchanged

language in paragraph E.5.d.(1)(a) in the condo endorsement substantively changes the policy as suggested by the Association.

And, regardless of whether the condo endorsement can somehow be read to provide coverage, the matching exclusion still unambiguously revokes any such coverage. Provision 9 follows provision 5 in the "Loss Payment" section and specifies that replacing undamaged, mismatched siding is not covered by the Policy. The matching exclusion has more specific language, and, under the natural reading of each, the two endorsements do not conflict. Again, we attempt to construe insurance policies in a way that gives effect to all provisions and is consistent with the general intent. *Eng'g & Constr. Innovations*, 825 N.W.2d at 705. Thus, we find no "irreconcilable ambiguity" as to the order in which the matching-exclusion endorsement and the condo endorsement apply.

IV. American Family's construction of the Policy does not violate the reasonable expectations of the policyholder.

The Association's final argument is that the matching exclusion is unenforceable because it violates the reasonable expectations of the policyholder.

The doctrine of reasonable expectations can operate to protect the reasonable expectations of the policyholder even where "a painstaking study of the policy provisions would have negated those expectations." *Atwater Creamery Co. v. W. Nat. Mut. Ins. Co.*, 366 N.W.2d 271, 277 (Minn. 1985). The supreme court adopted this doctrine in *Atwater* but has since limited its scope. *Id.*; *see Carlson v. Allstate Ins. Co*, 749 N.W.2d 41, 48-49 (Minn. 2008) (reviewing cases that declined to expand *Atwater*). In *Atwater*, the policy in question included insurance against burglary that buried an "evidence of forcible entry"

requirement in its definition of burglary. *Atwater*, 366 N.W.2d at 274. When burglars entered the insured's building and left without leaving visible marks of their entry, the insurer refused to pay. *Id.* at 275-76. The supreme court held that, even though the policy technically excluded coverage, the policy should "not be interpreted so as to defeat the reasonable expectations of the purchaser of the policy." *Id.* at 278-79.

In *Carlson*, the supreme court surveyed the reasonable expectation doctrine's application since *Atwater* and determined that an earlier case "limits *Atwater*, if not to its specific facts, at least to circumstances where the exclusion from coverage was unreasonably hidden." *Carlson*, 749 N.W.2d at 49 (referencing *Bd. of Regents of the Univ. of Minn. v. Royal Ins. Co. of Am.*, 517 N.W.2d 888, 889 (Minn. 1994)). The court went on to hold that it was unwilling to expand the doctrine beyond "its current use," which is "for resolving ambiguity and for correcting extreme situations like that in *Atwater*, where a party's coverage is significantly different from what the party reasonably believes it has paid for and where the only notice the party has of that difference is in an obscure and unexpected provision." *Id.*

The Association does not explain how the matching exclusion here was "hidden," except to say that "the placement of this major exclusion in the 'Property Loss Conditions' section, rather than in 'Exclusions' where it belongs is obviously misleading." This argument was addressed above in Section III(B) and is unpersuasive here as well, as the matching exclusion is its own endorsement with capitalized, bolded letters at the top that read:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
UNMATCHED PROPERTY DAMAGE EXCLUSION ENDORSEMENT AND APPRAISAL CHANGES

The Association also asserts that "American Family did not inform the Association of its purported construction of this important condition." The reasonable expectations doctrine, though, does not absolve the policy holder of their duty to read the policy. *Carlson*, 749 N.W.2d at 48. The Association has not shown that this is one of the "extreme situations" that warrants correction of the policy. *See Carlson*, 749 N.W.2d at 49.

Affirmed.