STATE OF MINNESOTA

IN SUPREME COURT

A20-0491

Court of Appeals McKeig, J.

Bentley S. Poitra, et al.,

Appellants,

vs.

Filed: November 24, 2021
Office of Appellate Courts

Emily Short, et al.,

Respondents,

North Star Mutual Insurance

Respondent.

Matthew J. Barber, James S. Ballentine, Robert L. Lazear, Schwebel Goetz & Sieben, P.A., Minneapolis, Minnesota, for appellants.

Joseph M. Bromeland, Bromeland Law, LLC, Mankato, Minnesota; and

Kevin F. Gray, Matthew W. Moehrle, Rajkowski Hansmeier, Ltd., St. Cloud, Minnesota, for respondent North Star Mutual Insurance.

Beth A. Jenson-Prouty, Arthur Chapman Kettering Smetak & Pikala, P.A., Minneapolis, Minnesota, for amici curiae American Property Casualty Insurance Association and The National Association of Mutual Insurance Companies.

Dale O. Thornsjo, Lance D. Meyer, O'Meara, Leer, Wagner & Kohl, P.A., Minneapolis, Minnesota, for amicus curiae The Insurance Federation of Minnesota.

S Y L L A B U S

A resident-relative exclusion in a homeowner's insurance policy is enforceable because it does not violate public policy.

Affirmed.

O P I N I O N

McKEIG, Justice.

This case involves the enforceability of a resident-relative exclusion in a homeowner's insurance policy. Appellants Justen and Debra Poitra, on behalf of Bentley Poitra ("the Poitras"), filed a declaratory judgment action against respondent North Star Mutual Insurance ("North Star") after North Star denied their claim for homeowner's insurance benefits arising from serious injuries inflicted on Bentley by a pet dog at his grandparents' residence. The Poitras claimed that resident-relative exclusions, like that cited by North Star as the basis for denying coverage for Bentley, frustrate the purpose of our abolition of intrafamilial tort immunities and are inconsistent with the promise of redress in the Minnesota Constitution. The district court rejected the Poitras' argument and granted North Star's motion to dismiss for failure to state a claim. The court of appeals affirmed. On appeal, the Poitras reassert that the resident-relative exclusion in the North Star homeowner's insurance policy is not enforceable for reasons of public policy. Because precluding liability is different than excluding coverage, resident-relative exclusions do not frustrate the purpose behind our abolition of intrafamilial tort immunities. Accordingly, we affirm the court of appeals.

FACTS

Two-year-old Bentley Poitra resided with his grandparents, Jamie and Emily Short ("the Shorts"), in March 2014. On March 18, 2014, Bentley was violently attacked by the Shorts' Alaskan Malamute dog. This attack caused Bentley significant injuries, including bites to his face, head, and right eye. As a result of the dog's bites, the Poitras allege that Bentley suffered several permanent injuries, including ruptured globe penetration, skull fractures, scalp and facial lacerations, and blindness in his right eye.

The Shorts had a homeowner's insurance policy in effect, through North Star, on the date of the attack. The North Star policy contained a resident-relative exclusion, which provided that coverage for personal liability does not apply to

> "bodily injury" to "you," and if residents of "your" household, "your" relatives and person(s) under the age of 21 in "your" care or in the care of "your" resident relatives.

An "insured" is defined as "you" and residents of "your" household who are "(a) 'your' spouse; (b) 'your' relatives; or (c) persons, other than 'your' relatives, under the age of 21 years and in 'your' care or in the care of 'your' resident relatives."

Bentley's father, Justen Poitra, and his paternal grandmother, Debra Poitra, filed a claim on Bentley's behalf under the North Star policy. North Star denied the claim for Bentley's injuries because he was a resident-relative of the Short household.

The Poitras subsequently commenced a declaratory judgment action in Crow Wing County District Court, seeking a declaration voiding the resident-relative exclusion in the Shorts' policy. The Poitras did not dispute that the exclusion, as written, applies to bar coverage for Bentley's injuries, but argued that the exclusion is void because it violates

public policy. North Star moved to dismiss for failure to state a claim upon which relief can be granted under Minn. R. Civ. P. 12.02(e). North Star argued that the resident-relative exclusion is enforceable and prevents Bentley's recovery under the policy. The district court agreed and granted North Star's motion to dismiss.

The Poitras appealed, arguing that the district court erred in finding the resident-relative exclusion valid and enforceable. The court of appeals affirmed. *Poitra v. Short*, No. A20-0491, 2020 WL 7689593, at *2 (Minn. App. Dec. 28, 2020). The court of appeals determined that no statute invalidates the exclusion and that, contrary to the Poitras' assertion, Minnesota case law definitively establishes the validity of resident-relative exclusions. *Id.* at *1–2.

The Poitras sought further review. We granted review on the issue of whether resident-relative exclusions in homeowner's insurance policies are enforceable.

ANALYSIS

We review de novo dismissals under Minn. R. Civ. P. 12.02(e) for failure to state a claim upon which relief can be granted. *Bodah v. Lakeville Motor Express, Inc.*, 663 N.W.2d 550, 553 (Minn. 2003). The claim in this case centers on the validity and enforceability of the resident-relative exclusion in North Star's policy. This is a question of law we likewise review de novo. *Lobeck v. State Farm Mut. Auto. Ins. Co.*, 582 N.W.2d 246, 249 (Minn. 1998).

Both parties claim that we have already spoken on the validity of resident-relative exclusions, yet they arrive at opposite conclusions. The Poitras argue that we invalidated resident-relative exclusions in *Hime v. State Farm Fire & Casualty Co.*, citing language in

our opinion that "the courts and legislature of this state have condemned household immunity clauses" and that the social gain of providing financial protection to injured family members "transcends the arguable social loss of impairing insurance contract provisions that provide for familial exclusions." 284 N.W.2d 829, 833–34 (Minn. 1979).

Conversely, North Star points to *American Family Mutual Insurance Co. v. Ryan*, where we upheld a resident-relative exclusion while stating the "well-settled" rule of insurance contracts that "parties are free to contract as they desire, and so long as coverage required by law is not omitted and policy provisions do not contravene applicable statutes, the extent of the insurer's liability is governed by the contract entered into." 330 N.W.2d 113, 115 (Minn. 1983). North Star argues that we reaffirmed our decision to uphold resident-relative exclusions in *Reinsurance Association of Minnesota v. Hanks*, where we rejected the argument that an exclusionary clause was "void as violative of public policy," stating that "[i]n previous holdings involving comparable facts, we have given effect to such clauses." 539 N.W.2d 793, 797 (Minn. 1995).

No case offered by either party is directly on point. *Hime* involved an automobile insurance policy, thereby implicating public policy as prescribed by the Legislature through statute. *See Hime*, 284 N.W.2d at 831–32.[1] Conversely, although we upheld a

[1] In *Hime*, we noted that a no-fault automobile insurance statute prohibited household or family exclusions in automobile insurance coverage. *Hime*, 284 N.W.2d at 833 (citing Minn. Stat. § 65B.23 (1971), *repealed*, Act of Apr. 11, 1974, ch. 408, § 33, 1974 Minn. Laws 762, 786). Though we decided the case in 1979, the accident at issue took place in 1972, prior to the statute's repeal. Because the Legislature had clearly spoken on the issue in the language of the statute, the question we resolved in *Hime* was whether to apply Florida or Minnesota law, not whether resident-relative exclusions are generally

(Footnote continued on next page.)

resident-relative exclusion in a homeowner's insurance policy in *Ryan*, we emphasized that, because our ruling in *Anderson v. Stream*, 295 N.W.2d 595 (Minn. 1980), abolishing parent-child immunity was decided after Ryan's injury, the parties could not avail themselves of the holding in that case. *Ryan*, 330 N.W.2d at 115. Thus, we did not explain in *Ryan* what impact the abolition of tort immunities would have, if any, on resident-relative exclusions. *Ryan*, 330 N.W.2d at 115. Finally, in *Hanks*, though we used broad language in upholding a resident-relative exclusion, that exclusion was not directly at issue. *Hanks*, 539 N.W.2d at 797 (finding coverage for a non-resident family member excluded based on a minor-in-the-care-of-the-insured provision). Therefore, we have not directly addressed the enforceability of resident-relative exclusions following the abolition of intrafamilial tort immunities.

Having determined that we have not previously addressed the issue, we now turn to the Poitras' argument that we should invalidate resident-relative exclusions as a matter of public policy. The thrust of the Poitras' argument is that the abolition of intrafamilial tort immunities was meant to permit injured parties to recover through insurance funds, and that resident-relative exclusions should be invalidated as an attempt to circumvent the abolition of those immunities.

In the 1960s, we began abolishing intrafamilial tort immunities. *See, e.g.*, *Balts v. Balts*, 142 N.W.2d 66, 73–75 (Minn. 1966) (rejecting immunity for a child in a suit brought by a parent); *Beaudette v. Frana*, 173 N.W.2d 416, 420 (Minn. 1969) (abrogating

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unenforceable. *See id*. Here, no statute prohibited household or family exclusions in homeowner's insurance at the time of Bentley's injury.

interspousal immunity); *Anderson*, 295 N.W.2d at 601 (abolishing parental immunity); *Lickteig v. Kolar*, 782 N.W.2d 810, 818 (Minn. 2010) (rejecting sibling immunity). The availability of liability insurance is discussed in some of these decisions. In *Balts*, we reasoned that "where a child is protected by liability insurance there is more likelihood of friction, resentment, and discord by a parent's failure to assert a claim than by instituting suit." *Balts*, 142 N.W.2d at 73. We also noted that the presence of liability insurance would be "an important, if not decisive, factor in deciding whether an intrafamily action will be commenced." *Id*. The Poitras argue that these statements articulate public policy that justifies invalidating resident-relative insurance exclusions.

The Poitras extend our reasoning too far. As several other jurisdictions have already held, abolishing judicially created immunities is fundamentally different than requiring insurers to provide coverage for resident-relatives that their insureds injure. *See, e.g.*, *Howe v. Howe*, 625 S.E.2d 716, 724 (W. Va. 2005) (differentiating between intrafamilial immunities "precluding liability" and insurance contracts "excluding coverage"); *Faraj v. Allstate Ins. Co.*, 486 A.2d 582, 585 (R.I. 1984) (holding that abolishing intrafamilial immunities only determines the right of action between family members and not the validity of insurance exclusions); *see also RLI Ins. Co. v. Heling*, 520 N.W.2d 849, 851–52 (N.D. 1994); *Allstate Ins. Co. v. Elwell*, 513 A.2d 269, 273 (Me. 1986).[2] In the former, we are eliminating common-law hurdles of our own creation. In the latter, we would be

[2] We have been unable to find a decision by any state court that has judicially invalidated resident-relative exclusions in homeowner's insurance policies.

stepping into contracts between two parties and invalidating otherwise agreed-upon exclusions.

We have struck down contractual provisions that contravene public policy. *See Yang v. Voyagaire Houseboats, Inc.*, 701 N.W.2d 783, 792 (Minn. 2005) (holding an indemnification clause in a rental agreement void as violative of public policy as it shifted liability to the guests Voyagaire had a duty to protect). But this power should be exercised solely in cases where the contract is "injurious to the interests of the public or contravenes some established interest of society." *In re Peterson's Est.*, 42 N.W.2d 59, 63 (Minn. 1950).

Such a case does not exist here. While the Poitras present compelling arguments about the injustices of denying family members recovery solely because of their relationship to the person who injured them, North Star presents compelling counterarguments that invalidating resident-relative exclusions may increase insurance rates, price out people who need coverage, and encourage collusive claims. We are not the appropriate body to balance the competing policy arguments raised by the Poitras and North Star. "[L]egislative bodies are institutionally better positioned than courts to sort out conflicting interests and information surrounding complex public policy issues." *State v. Khalil*, 956 N.W.2d 627, 633 (Minn. 2021).[3]

[3] In fact, the Legislature has recently considered invalidating resident-relative exclusions. House File No. 476, a bill introduced in the Minnesota Legislature in 2019, would have voided all family exclusions in boat and personal liability umbrella policies had it passed. *See* H.F. 476, 91st Minn. Leg. 2019.

The Poitras are correct that injured parties are guaranteed redress under the Minnesota Constitution. *See* Minn. Const. art. I, § 8. We cited to this right as part of our rationale for abolishing tort immunities. *See Anderson*, 295 N.W.2d at 600 (finding that abolishing intrafamilial immunities promotes the "fundamental concept of our legal system and a right guaranteed by our state constitution, . . . that a remedy be afforded to those who have been injured due to the conduct of another"). But the right to redress of injuries or wrongs under the Minnesota Constitution does not guarantee access to a particular source of funds.

Based on our analysis, we hold that the resident-relative exclusion in the North Star homeowner's insurance policy is enforceable.

CONCLUSION

For the foregoing reasons, we affirm the decision of the court of appeals.

Affirmed.