

*This opinion is nonprecedential except as provided by  
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA  
IN COURT OF APPEALS  
A24-1915**

CVC Investments LLP, et al.,  
Appellants,

vs.

State Farm Fire and Casualty Company,  
Respondent.

**Filed June 2, 2025  
Affirmed in part, reversed in part, and remanded  
Frisch, Chief Judge**

Rice County District Court  
File No. 66-CV-24-943

Edward E. Beckmann, Beckmann Law Firm, LLC, Bloomington, Minnesota (for appellants)

Ariel K. Lierz, Luke J. Wolf, Samuel J. Logterman, Spencer Fane LLP, Minneapolis, Minnesota (for respondent)

Considered and decided by Smith, Tracy M., Presiding Judge; Frisch, Chief Judge; and Ede, Judge.

**NONPRECEDENTIAL OPINION**

**FRISCH**, Chief Judge

Appellants assert that the district court erred in dismissing their complaint for failure to assert a justiciable controversy with respect to their insurance policy with respondent. We conclude that the complaint does not state a justiciable breach-of-contract claim. But

because we conclude, at this procedural posture, that the complaint sets forth sufficient facts to notify respondent of a justiciable declaratory-judgment claim, we reverse and remand for further proceedings on that claim.

## FACTS

Appellants CVC Investments LLP and MJC Investments LLC (collectively CVC) own several apartment buildings (the property) that sustained hail damage “on or about April 12, 2022, and May 19, 2022.”<sup>1</sup> At the time of the damage, the property was insured by respondent State Farm Fire and Casualty Company (State Farm). Relevant to appraisal of a claimed loss, the insurance policy between the parties provides:

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser’s identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

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<sup>1</sup> Consistent with the procedural posture of this case, the following facts reflect the assertions set forth in CVC’s complaint, which we accept as true. *See Walsh v. U.S. Bank, N.A.*, 851 N.W.2d 598, 606 (Minn. 2014) (“We accept the facts alleged in the complaint as true and construe all reasonable inferences in favor of the nonmoving party.”).

If there is an appraisal, we will still retain our right to deny the claim.

The policy also includes a two-year time limit for legal actions to be brought against State Farm related to a claimed loss that begins the date the loss occurred.

On April 8, 2024, CVC submitted a claim with State Farm related to the hail damage to the property. This claim included an estimate of the damages and a “demand to toll the period of limitations stated in State Farm’s policy.” State Farm then assigned a claims specialist to the claim. Two days later on April 10, CVC demanded appraisal.

On April 12, four days after CVC filed the claim, CVC served a summons and complaint on State Farm, asserting claims for declaratory judgment and breach of contract. On April 30, State Farm moved to dismiss the complaint pursuant to Minn. R. Civ. P. 12.02(a), (e), and (f), asserting that CVC had not pleaded a justiciable controversy. On June 11, CVC moved to compel appraisal and stay discovery. On October 7, following a motion hearing, the district court granted State Farm’s motion to dismiss, dismissed the complaint without prejudice, and denied CVC’s motion to compel appraisal and stay discovery.

On November 15, CVC requested “an amendment to the Court’s Order for Dismissal Without Prejudice so that it expressly states [CVC has] the right to re-file.” The letter reflects that, as of October 10, State Farm had affirmed that CVC’s claim was ongoing but that, as of October 31, “State Farm’s evaluation [had] ended with a total denial.” The district court, construing CVC’s letter as a request to move for reconsideration pursuant to Minn. R. Gen. Prac. 115.11, denied the requested relief.

CVC appeals.

## DECISION

CVC asserts that the district court erred in dismissing its complaint. The district court concluded that the breach-of-contract claim failed to state a claim and dismissed that claim pursuant to Minn. R. Civ. P. 12.02(e). The district court also determined that it lacked subject-matter jurisdiction over the declaratory-judgment claim and dismissed that claim pursuant to Minn. R. Civ. P. 12.02(a). Both dismissals were based on the district court's conclusion that CVC failed to assert a justiciable controversy in its complaint. "Justiciability is an issue of law that we review de novo." *McCaughtry v. City of Red Wing*, 808 N.W.2d 331, 337 (Minn. 2011).

A justiciable controversy exists if a claim "(1) involves definite and concrete assertions of right that emanate from a legal source, (2) involves a genuine conflict in tangible interests between parties with adverse interests, and (3) is capable of specific resolution by judgment rather than presenting hypothetical facts that would form an advisory opinion." *Id.* at 336-37 (quotation omitted). But courts are not to "issue advisory opinions," nor "decide cases merely to establish precedent." *Id.* at 337 (quotation omitted).

CVC argues that its complaint adequately asserts justiciable claims for both breach of contract and declaratory judgment. We address each claim in turn.

The district court concluded, and State Farm now argues, that CVC failed to state a claim upon which relief can be granted for breach of contract. State Farm contends that, at the time CVC initiated this action, there was no live controversy between the parties because State Farm did not deny or take any action with respect to CVC's claim. Indeed,

State Farm argues that, given that only four days elapsed between the notice of claim and the commencement of this action, it did not have time to respond to CVC's claim. State Farm emphasizes that the timing of CVC's claim, demand for appraisal, and initiation of a lawsuit ignores that the policy affords State Farm 20 days before it is required to take action on CVC's demand for appraisal. State Farm therefore argues that it cannot have breached the policy before the 20 days had elapsed.

Based on our review of the complaint, we agree that CVC did not state a claim for breach of the insurance policy. The complaint alleges that "any future" failure by State Farm to participate in or be bound by the appraisal process *would be* a breach of the policy. This asserted claim, therefore, had not ripened into a "genuine conflict in the tangible interests" between the parties, and was instead based on "hypothetical facts" that did not give rise to a justiciable controversy. *See id.* at 336-37 (quotation omitted). Thus, at the commencement of the action, CVC's complaint did not state a claim for breach of contract upon which relief can be granted.

On the other hand, we conclude that the pleading related to CVC's declaratory-judgment claim sets forth a justiciable controversy. The Minnesota Declaratory Judgments Act authorizes district courts to "declare rights, status, and other legal relations whether or not further relief is or could be claimed." Minn. Stat. § 555.01 (2024). This act "is remedial, intended to settle and to afford relief from uncertainty with respect to rights, status, and other legal relations." *Holiday Acres No. 3 v. Midwest Fed. Sav. & Loan Ass'n*, 271 N.W.2d 445, 447 n.2 (Minn. 1978).

But “like every other action, a declaratory judgment action must present an actual, justiciable controversy.” *McCaughtry*, 808 N.W.2d at 337. To do so, a plaintiff must “possess a bona fide legal interest which has been, or with respect to the ripening seeds of a controversy is about to be, affected in a prejudicial manner” as a “minimum requirement.” *State ex rel. Smith v. Haveland*, 25 N.W.2d 474, 477 (Minn. 1946). This standard may be “fulfilled prior to the final conclusion of a contractual relationship where it would be unwarranted and unrealistic in today’s marketplace to expect parties to finally conclude their contract without judicial resolution of some issue and better to permit the parties to avoid unacceptable risks.” *Rice Lake Contracting Corp. v. Rust Env’t & Infrastructure, Inc.*, 549 N.W.2d 96, 99 (Minn. App. 1996) (quotation omitted), *rev. denied* (Minn. Aug. 20, 1996); *see also Holiday Acres*, 271 N.W.2d at 448-49 (holding that a property owner could obtain a declaration as to the validity of a “due-on-sale” clause before a proposed sale after already losing one potential buyer).

CVC’s complaint contains allegations that it made “a demand [to State Farm] to toll the period of limitations stated” in the policy. And before initiating the action, CVC alleged that it had demanded appraisal from State Farm, an act that occurs when the parties “disagree on the value of the property or the amount of loss.” CVC also alleges that, as of the date the action was commenced, State Farm had not “agreed to tolling the period of limitations or agreed to appraise the matter.” While State Farm is not obligated to enter into a tolling agreement, it is reasonable to infer from these allegations that State Farm’s alleged refusal to do so implicates the insureds’ legal interest in the determination of the scope of the loss. And, CVC alleges, under the declaratory judgment act, “an adjudicable

controversy exists between State Farm and [CVC] with respect to the scope of” CVC’s claimed losses. Taking these allegations together, along with all reasonable inferences from these allegations, we conclude that the pleading is sufficient to notify State Farm that CVC possessed a “bona fide legal interest”—here, in its requests for tolling and appraisal and in the scope of the losses—“which has been, or with respect to the ripening seeds of a controversy is about to be, affected in a prejudicial manner.” *Haveland*, 25 N.W.2d at 477. And these asserted controversies involve “definite and concrete assertions” emanating from the policy—a legal source. *McCaughtry*, 808 N.W.2d at 336 (quotation omitted). And, under the policy, CVC’s allegations regarding its rights under the policy are “capable of specific resolution by judgment.” *Id.* (quotation omitted).

CVC asserts a broad theory of justiciability, stating that the elements of a controversy “always apply to an insurance policy because the policy is the legal source . . . , the insured and insurer have tangible interest[s] in that policy but with adverse interests, and there is the capability of a specific resolution of the parties’ rights under the policy.” But we decline to consider CVC’s argument about the outer bounds of justiciable controversies between an insured and an insurer because we conclude that its complaint, at this procedural posture, states a justiciable controversy.

Our conclusion is supported by Minnesota’s notice-pleading standard under Minn. R. Civ. P. 12, which “does not require absolute specificity in pleading, but rather requires only information sufficient to fairly notify the opposing party of the claim against it.” *DeRosa v. McKenzie*, 936 N.W.2d 342, 346 (Minn. 2019) (quotations omitted). Under this standard, a plaintiff may make sufficient allegations in their complaint to survive a motion

to dismiss through “broad general statements that may be conclusory.” *Id.* (quotation omitted). And our conclusion is bolstered by the declaratory-judgment act’s “remedial” purpose “to settle and to afford relief from uncertainty with respect to rights, status, and other legal relations.” *Holiday Acres*, 271 N.W.2d at 447 n.2; *see also* Minn. Stat. § 555.12 (2024) (noting that the act “is to be liberally construed and administered”).

In sum, because we conclude that CVC’s complaint sufficiently pleads a justiciable controversy regarding its declaratory-judgment claim, we reverse the district court’s dismissal of this claim and remand for further proceedings. In so doing, we express no opinion about the merits of the underlying claim. We affirm the district court’s dismissal of CVC’s breach-of-contract claim.

**Affirmed in part, reversed in part, and remanded.**