STATE OF MINNESOTA
IN COURT OF APPEALS
A25-1452

Marjorie Schroeder,
Appellant,

vs.

North Star Mutual Insurance Company,
Respondent.

Filed May 18, 2026
Affirmed
Connolly, Judge

Lyon County District Court
File No. 42-CV-24-1367

Matthew J. Barber, Schwebel, Goetz & Sieben, P.A., Minneapolis, Minnesota (for appellant)

Matthew W. Moehrle, Troy A. Poetz, RGP Law, Ltd., St. Cloud, Minnesota (for respondent)

Considered and decided by Wheelock, Presiding Judge; Connolly, Judge; and Smith, Tracy M., Judge.

NONPRECEDENTIAL OPINION

CONNOLLY, Judge

Appellant challenges the dismissal of her claims under Minnesota Rule of Civil Procedure 12.02(e), arguing that the district court erred in dismissing her (A) breach-of-contract claim and (B) constitutional challenge to Minnesota's anti-stacking statute. We affirm.

FACTS

The facts of this case are undisputed and, unless otherwise noted, are taken from the complaint. In October 2023, Dean Edwin Schroeder (the decedent) was driving his tractor truck when he was killed in an automobile accident caused by the negligence of another driver. At the time of the accident, the decedent's truck was insured under a policy issued by respondent North Star Mutual Insurance Company, which provided underinsured motorist (UIM) coverage in the amount of $1,000,000. The decedent also had UIM coverage through respondent for five other vehicles with a limit of $1,000,000 for each vehicle.

The decedent's wife, appellant Marjorie Schroeder, was appointed trustee for the heirs and next of kin of the decedent. After appellant settled with the negligent driver's automobile-insurance carrier for the policy limits of $100,000, respondent settled with appellant for the UIM policy limits of $1,000,000 related to the truck. But respondent asserted that the following language from respondent's insurance policy precludes different vehicles from being added or "stacked" together to determine the applicable coverage limits:

> A. With respect to the Uninsured Motorists Coverage/Underinsured Motorists Coverage indicated as applicable in the Schedule or in the Declarations for damages caused by an accident with an "uninsured motor vehicle" or "underinsured motor vehicle" respectively:
>
> 1. The limit of Bodily Injury Liability shown in the Schedule or in the Declarations for each person is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out

> of "bodily injury" sustained by any one person in any one accident.
>
> 2. Subject to this limit for each person, the limit of Bodily Injury Liability shown in the Schedule or the Declarations for each accident is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.
>
> The limits of liability applicable to Uninsured Motorists Coverage or Underinsured Motorists Coverage are the most we will pay regardless of the number of:
>
> 1. "Insureds";
> 2. Claims made;
> 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
> 4. Vehicles involved in the accident.

Citing this language, respondent denied appellant's claim of UIM benefits related to the five remaining vehicles. The policy language relied upon by respondent in denying appellant's claim for additional UIM benefits is akin to Minnesota's anti-stacking statute. *See* Minn. Stat. § 65B.49, subd. 3a(6) (2024).

In December 2024, appellant commenced this action against respondent alleging that respondent's "practice of charging separate premiums for different coverages on separate vehicles insured under the same policy violates [appellant's] reasonable expectations, creates fraudulent and illusory coverage, and contradicts the 'made whole' doctrine." Appellant also alleged that, "[t]o the extent" that respondent relied upon Minn. Stat. § 65B.49, subd. 3a(6), in denying her claim, that "statute is unconstitutional" because

it "violates the Minnesota Constitution, including Article I, § 2 (rights and privileges), Article I, § 7 (substantive due process), and Article III, § 1 (separation of powers)."

Respondent moved to dismiss appellant's complaint for failure to state a claim upon which relief can be granted under Minnesota Rule of Civil Procedure 12.02(e). The district court granted the motion, concluding that appellant's complaint "fails to state a claim for breach of contract. The [c]omplaint similarly fails to state a claim for a violation of the reasonable expectation[s] doctrine, that the contract is fraudulent and illusory, and or that the contract violates the full recovery doctrine." With respect to appellant's constitutional challenge, the district court determined that appellant "does not allege any facts that rise to the level of a violation of her constitutional rights. Instead, [appellant] merely cites to the Minnesota Constitution and makes a legal conclusion in the [c]omplaint that Minn. Stat. § 65B.48, subd. 3a(6) is unconstitutional and such legal conclusions are not binding." The district court concluded that appellant's "legal conclusions are insufficient to provide [respondent] (or, indeed the Court) with [her] theory upon which her claim for relief is based." This appeal follows.

DECISION

Appellant challenges the district court's dismissal of her claims under rule 12.02(e), arguing that the district court erred in dismissing her (A) breach-of-contract-related claims and (B) constitutional challenge to the anti-stacking statute. A district court may grant a motion to dismiss under rule 12.02(e) if the complaint "fail[s] to state a claim upon which relief can be granted." Minn. R. Civ. P. 12.02(e). To state a claim for relief, a complaint need only "contain a short and plain statement of the claim showing that the pleader is

entitled to relief." Minn. R. Civ. P. 8.01. "A claim is sufficient against a motion to dismiss for failure to state a claim if it is possible on any evidence which might be produced, consistent with the pleader's theory, to grant the relief demanded." *Walsh v. U.S. Bank, N.A.*, 851 N.W.2d 598, 603 (Minn. 2014). In considering a motion to dismiss pursuant to rule 12.02(e), a district court must "consider only the facts alleged in the complaint, accepting those facts as true and must construe all reasonable inferences in favor of the nonmoving party." *Finn v. Alliance Bank*, 860 N.W.2d 638, 653 (Minn. 2015) (quotation omitted). "[A] court may consider documents referenced in a complaint without converting the motion to dismiss to one for summary judgment." *N. States Power Co. v. Minn. Metro. Council*, 684 N.W.2d 485, 490 (Minn. 2004) (emphasis omitted).

In reviewing a district court's grant of a motion to dismiss under rule 12.02(e), this court "construe[s] the complaint to allow the claim to go forward unless there is no way to construe the alleged facts—and the inferences drawn from those facts—in support of the claim." *Demskie v. U.S. Bank Nat'l Ass'n*, 7 N.W.3d 382, 386 (Minn. 2024) (quotation omitted). We review a district court's grant of a motion to dismiss pursuant to rule 12.02(e) de novo. *DeRosa v. McKenzie*, 936 N.W.2d 342, 346 (Minn. 2019).

A. Breach-of-contract claim

Appellant argues that the district court erred in dismissing her breach-of-contract-related claims because (1) they "were not addressed by [respondent] in its memorandum supporting its motion to dismiss nor its reply"; and (2) the "complaint provide[d] sufficient notice to [respondent] of the crash giving rise the [UIM] claim and all her claims against [respondent]." We address these arguments in turn.

1. Appellant has not shown that respondent's failure to address appellant's breach-of-contract-related claims in its memorandum in support of the motion to dismiss is fatal to the district court's granting of respondent's motion.

We begin our analysis by noting that, on appeal, the appellant has the burden to show error and prejudice. *Bloom v. Hydrotherm, Inc.*, 499 N.W.2d 842, 845 (Minn. App. 1993), *rev. denied* (Minn. June 28, 1993). With this principle in mind, we turn to appellant's claim of error. She contends that the district court erred in dismissing her breach-of-contract-related claims because, according to appellant, respondent never addressed these claims in its memorandum of law supporting its motion to dismiss.

To support her position, appellant relies on *Shoat v. Pham*, No. A23-1690, 2024 WL 3250456, at *3 (Minn. App. July 1, 2024), in which this court determined that the district court erred in dismissing the plaintiff's complaint because the defendant never filed a motion to dismiss. But *Shoat* is not dispositive for three reasons: First, *Shoat* is a nonprecedential case with only persuasive value at best. *See Skyline Vill. Park Ass'n v. Skyline Vill. L.P.*, 786 N.W.2d 304, 309-10 (Minn. App. 2010) (recognizing that nonprecedential opinions from this court "are of persuasive value at best and not precedential" (quotation omitted)). Second, the reasoning in *Shoat* on which appellant relies is dicta because the court first determined that the plaintiff's claim was sufficiently pleaded. *See Shoat*, 2024 WL 3250456, at *3; *see also Sheehy Lee v. Kalis*, 19 N.W.3d 186, 193 n.9 (Minn. 2025) (explaining that "obiter dicta" is generally "considered to be expressions in a court's opinion which go beyond the facts before the court and therefore are the individual views of the author of the opinion and not binding in subsequent cases"

(quotations omitted)). Third, *Shoat* is readily distinguishable from this case because, unlike in *Shoat*, where the district court dismissed the action despite the defendant never moving to dismiss, respondent here filed a motion to dismiss. And *Shoat* contains no discussion of the relevant issue here: whether the district court erred in dismissing appellant's claims when there was no argument in the moving party's memorandum of law pertaining to those claims.

Appellant also contends that Minnesota Rule of General Practice 115.03(a) supports her position that the district court erred in dismissing her breach-of-contract-related claims where respondent did not address these claims in the memorandum supporting the motion to dismiss. We disagree. Rule 115.03(a) provides:

> No motion shall be heard until the moving party pays any required motion filing fee, serves the following documents on all opposing counsel and self-represented litigants, and files the documents with the court administrator at least 28 days before the hearing:
>
> (1) Notice of motion and motion;
> (2) Proposed order;
> (3) Any affidavits and exhibits to be submitted in conjunction with the motion; and
> (4) Memorandum of law.

Minn. R. Gen. Prac. 115.03(a). Although the rule requires a "memorandum of law" to be filed in conjunction with a motion to dismiss, the rule provides no requirements as to the contents of such a memorandum. *See id.* Respondent here filed a memorandum of law in support of its motion to dismiss, and respondent's motion sought dismissal of the entire complaint. Because respondent filed the required memorandum of law, appellant has not shown that the district court erred in granting respondent's motion to dismiss appellant's

breach-of-contract-related claims despite respondent's failure to brief all liability claims in its memorandum of law supporting the motion to dismiss based on rule 115.03(a).

2. Appellant's complaint with respect to her breach-of-contract-related claims do not state a claim upon which relief can be granted.

"Minnesota is a notice-pleading state." *Halva v. Minn. State Colls. & Univs.*, 953 N.W.2d 496, 500 (Minn. 2021) (quotation omitted). It allows plaintiffs to plead their case "by way of a broad general statement which may express conclusions rather than . . . a statement of facts sufficient to constitute a cause of action." *N. States Power Co. v. Franklin*, 122 N.W.2d 26, 29 (Minn. 1963). A claim survives a rule 12.02(e) motion "if it is *possible, on any evidence that might be produced*, to grant the relief demanded." *Halva*, 953 N.W.2d at 501 (quotation omitted). But the claim must give "fair notice to the adverse party of the incident giving rise to the suit with sufficient clarity to disclose the pleader's theory upon which his claim for relief is based." *Id.* at 503 (quotation omitted).

Appellant argues that the district court erred in determining that her complaint failed to state a claim based on (i) the reasonable expectations doctrine, (ii) fraudulent coverage, (iii) illusory coverage, and (iv) the made-whole doctrine. Although respondent argues that the district court properly dismissed appellant's breach-of-contract-related claims on the "merits," respondent argues that, "in the alternative, . . . Minn. Stat. § 65B.49, subd. 3a(5) [(2024)] defeats [a]ppellant's claim for damages regardless of whether she would ultimately prevail in the district court on any or all of [her breach-of-contract-related] claims seeking to invalidate policy provisions."

i. Reasonable expectations doctrine

"The doctrine of 'reasonable expectations' protects the 'objectively reasonable expectations' of insureds 'even though painstaking study of the policy provisions would have negated those expectations.'" *Jostens, Inc. v. Northfield Ins. Co.*, 527 N.W.2d 116, 118 (Minn. App. 1995) (quoting *Atwater Creamery v. W. Nat'l Mut. Ins.*, 366 N.W.2d 271, 277 (Minn. 1985)), *rev. denied* (Minn. Apr. 27, 1995). The supreme court adopted this doctrine in *Atwater*, but has since limited its scope. *Atwater*, 366 N.W.2d at 277; *see Carlson v. Allstate Ins. Co.*, 749 N.W.2d 41, 48-49 (Minn. 2008). In *Carlson*, the supreme court held 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." 749 N.W.2d at 49. In so holding, the supreme court reaffirmed that the reasonable expectations doctrine "does not excuse an insured from reading the policy. . . . [T]he insurer must communicate coverage and exclusions accurately and clearly, and the insured's expectations must be reasonable under the circumstances." *Id.* at 48.

Appellant argues that the district court erred in dismissing her claim under the doctrine of reasonable expectations because her "complaint sufficiently notified [respondent] of the crash giving rise to the [UIM] benefits claim, that [she and the decedent] paid premiums for $6,000,000 in [UIM] benefits, [she] substantiated a claim justifying payment of those benefits, [respondent] failed to pay those benefits," and the reasonable

expectations doctrine requires respondent "to pay those benefits." But although appellant's complaint appears to give fair notice to respondent of the incident giving rise to her suit, the complaint lacks sufficient clarity to disclose her theory upon which her claim for relief is based. *See Halva*, 953 N.W.2d at 503 (stating that a claim must give "fair notice to the adverse party of the incident giving rise to the suit with sufficient clarity to disclose the pleader's theory upon which his claim for relief is based" (quotation omitted)). As the district court concluded, appellant's complaint "does not contain any allegations about [her] understanding of the policy, does not identify or assert ambiguity, does not contain any reference to what the insured or [appellant] was told about the contract, and does not contain any assertion about the general public knowledge of the provision." And appellant's complaint contains no assertion that respondent's policy misled her or the decedent. This lack of allegations or assertions fails to provide clarity concerning appellant's theory upon which her claim for relief is based.

Even if appellant's theory was stated with sufficient clarity in her complaint, there is no evidence that could be introduced that would support appellant's theory. Appellant's complaint does not assert, nor does she argue on appeal, that the policy is ambiguous. And even if she did argue that the policy is ambiguous, the plain language of the policy indicates otherwise. Respondent's insurance policy clearly states that the $1,000,000 per person and per accident UIM limits listed under each vehicle are the coverage limits regardless of how many vehicles are listed in the schedule.

Moreover, there is no evidence that could be produced to support a theory that the coverage paid for is significantly different than that which was paid for by appellant and

the decedent. The challenged policy language is listed in the "Limit Of Liability" section of the policy, demonstrating that the language is not obscure or hidden. Because the relevant language is listed in the "Limit Of Liability" section of respondent's policy, appellant could reasonably expect the relevant clause to limit liability to $1,000,000. Indeed, an insured is deemed responsible for reading the policy. *See Carlson*, 749 N.W.2d at 48. Therefore, the district court did not err by dismissing this claim under rule 12.02(e) based on this theory of liability.

ii. Fraudulent coverage

Appellant also contends that the district court erred in dismissing her claim based upon fraudulent insurance coverage. We disagree. "In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity." Minn. R. Civ. P. 9.02. And the supreme court has recognized that the "heightened pleading standard" under rule 9.02 requires a party to "plead[] facts underlying each element of the fraud claim." *Hardin Cnty. Sav. Bank v. Hous. & Redevelopment Auth.*, 821 N.W.2d 184, 191 (Minn. 2012).

Here, appellant's complaint does not contain any circumstances supporting a claim of fraud. Rather, appellant's complaint simply asserts that respondent's "practice of charging separate premiums for different coverages on separate vehicles insured under the same policy . . . creates fraudulent . . . coverage." Because appellant's complaint fails to identify how respondent's coverage is fraudulent and does not plead each element of a fraud claim, the district court did not err by concluding that appellant's complaint fails to state a claim upon which relief can be granted with respect to this theory of liability.

iii. Illusory coverage

In dismissing appellant's claim based upon illusory insurance coverage, the district court determined that "Minnesota does not recognize a cause of action for breach of an illusory contract." Appellant challenges this decision, arguing that she "did not allege the contract between [her and the decedent] and [respondent] was an illusory contract," but instead claimed that "the contract exists, but the coverages for which [appellant and the decedent] paid premiums is illusory under the anti-stacking statute and [respondent's] policy language authorized by that statute." Thus, appellant argues that the district court erred in dismissing this claim "[a]t this very early stage of the action."

We are not persuaded. Although the district court appeared to misconstrue appellant's claim as an action for breach of an illusory contract, there is no evidence that could be introduced that would support appellant's illusory-coverage theory. The illusory coverage doctrine is "an independent means to avoid an unreasonable result when a literal reading of a policy unfairly denies coverage." *Jostens*, 527 N.W.2d at 118. The doctrine applies "where part of the premium is specifically allocated to a particular type or period of coverage and that coverage turns out to be functionally nonexistent." *Id.* at 119. But absent "extra-contractual evidence" that the insured reasonably thought a "specific part of its premium was allocated" toward the particular coverage, the court bases its decision "on a reading of the policy language under the usual rule of insurance contract interpretation—an insurer's liability is governed by the parties' contract and the court's function is to enforce that agreement." *Id.* In other words, "[t]he illusory coverage doctrine, like reasonable expectations, operates to qualify the general rule that courts will enforce an

insurance contract as written" because an insured "cannot avoid the literal language of the policy." *Id.* at 118.

Here, the coverage is not illusory because there can be no claim that the premiums paid for UIM coverage on appellant and the decedent's other five vehicles were for nothing. As respondent points out, "[c]laims for UIM benefits could have arisen later in the same policy period for accidents involving any of those other vehicles." Under the plain and literal language of the policy, respondent still carried the risk of such a loss in exchange for payment on the policy premiums. As such, the district court did not err in rejecting this theory because UIM coverage for appellant's five other vehicles was not functionally nonexistent.

iv. Made-whole doctrine

Appellant argues that the district court erred in "dismissing [her] claim based upon the made-whole doctrine because the complaint alleges" that the decedent's "survivors substantiated a claim for [UIM] benefits for their loss of [the decedent] that is at least as great as the total [UIM] benefits for which [appellant and the decedent] paid premiums, meaning they have not been made whole for their losses by earlier settlements." But appellant cites no legal authority to support her claim for relief, nor have we found any Minnesota legal authority recognizing the existence of a "made-whole doctrine." Without any legal authority substantiating a claim under a "made-whole doctrine," appellant has not shown that she has established a claim upon which relief can be granted. *See Buscher v. Montag Dev., Inc.*, 770 N.W.2d 199, 210 (Minn. App. 2009) (stating that claims based on "mere assertion of error" that are unsupported by argument or legal authority are

waived), *rev. denied* (Minn. Oct. 28, 2009). Therefore, the district court did not err in dismissing this claim.[1]

B. Constitutionality of Minnesota's anti-stacking statute

Appellant also contends that the district court erred in dismissing her challenges to the constitutionality of Minnesota's anti-stacking statute. But it is well settled 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." *Thommes v. Milwaukee Ins. Co.*, 641 N.W.2d 877, 882 (Minn. 2002) (quoting *Am. Fam. Mut. Ins. Co. v. Ryan*, 330 N.W.2d 113, 115 (Minn. 1983)). Here, respondent's insurance policy, which was agreed upon by the parties and has the same operative effect of the anti-stacking statute, does not allow appellant to claim that her UIM benefits limits for the accident at issue are higher than the $1,000,000 she already recovered under the policy. As a result, it is respondent's insurance policy, not the anti-stacking statute, that controls the outcome of appellant's action. Indeed, the following language from appellant's complaint indicates an acknowledgment that the insurance policy controls: "*To the extent* that [respondent] relies upon Minnesota Statute § 65B.49, Subdivision 3a(6), Minnesota's anti-stacking law, to justify" denial of appellant's claims, appellant "contends that this statute is unconstitutional." (Emphasis added.) Because the district court did not rely on the anti-stacking statute in denying

[1] Because the district court did not err in dismissing appellant's breach-of-contract-related claims for failure to state a claim, we need not address respondent's alternative argument for dismissal of appellant's claims under Minn. Stat. § 65B.49, subd. 3a(5).

appellant's claims and instead denied appellant's claims based on the plain language of the insurance policy, the constitutionality of that statute is not relevant to appellant's claims, and we decline to address it. Therefore, appellant has not shown that the district court erred in granting respondent's motion to dismiss.

Affirmed.