

# THE APPRAISAL PROCESS

## An Overview

### Homeowners Appraisal Provision

If you and we fail to agree on the amount of actual cash value or amount of loss, either one can demand a determination by Appraisal. If either makes a written demand for Appraisal, each shall select a competent, independent Appraiser<sup>1</sup> and notify the other of the Appraiser's identity within 20 days of receipt of the written demand. The two Appraisers shall then select a competent, impartial Umpire. If the two Appraisers are unable to agree upon an Umpire within 15 days, you or we can ask a judge of a court of record in the state where the resident premises is located to select an Umpire<sup>2</sup>. The Appraisers shall then set the amount of the actual cash value and loss to each item. If the Appraisers submit a written report of an agreement to us, the amount agreed upon shall be the amount of the actual cash value and loss. If the Appraisers fail to agree within a reasonable time, they shall submit their differences to the Umpire. Written agreement signed by any two of these three shall set the amount of the actual cash value and loss. Each Appraiser shall be paid by the party selecting that Appraiser. Other expenses of the Appraisal and the compensation of the Umpire shall be paid equally by you and us.

### Vehicle Appraisal Provision

If we and the owner of the property don't agree on the amount of loss within 60 days after "Proof of Loss" has been filed, the loss amount will be determined by Appraisal. We and the owner of the property each choose a competent Appraiser<sup>1</sup>. These Appraisers choose a competent and impartial Umpire<sup>2</sup>. The Appraisers separately determine the property's actual cash value and the amount of loss. If they disagree, they'll submit their differences to the Umpire. An Award in writing by two of the three determines the loss amount. The owner of the property pays his or her Appraiser, and we pay ours. The Umpire cost and all other Appraisal expenses are shared equally between the owner and us.

Definitions from Blacks Law Dictionary 8th Edition:

<sup>1</sup> Appraiser: "An impartial person who estimates the value of something, such as real estate, jewelry, or rare books also termed valuer."

<sup>2</sup> Umpire: "An impartial person appointed to make an Award or a final decision usually when a matter has been submitted to Arbitrators who have failed to agree. An arbitral submission may provide for the appointment of the Umpire."

These provisions are included in most insurance policies, although some of the specific wording may vary depending upon the insurance company and/or policy of insurance

### Appraisal Deadlines

Respond to an Appraisal demand with name & contact information of your Appraiser – **20 days**

Name Umpire or Court appoints Umpire – **15 working days**

Pay Appraisal Award amount – **30 days**

### Honor draft given in settlement of claim

Within **3 working days** WA ADC 284-30-330(15)

### Furnish appropriate release or settlement document to an insured or first-party or third-party claimant

Within **20 working days** after a settlement has been reached WA ADC 284-30-330(16)

### Acknowledge receipt of notification of a claim.

Within **10 working days** WA ADC 284-30-360(1)

### Furnish office of the insurance commissioner with an adequate response to any inquiry

Within **15 working days** of receipt of the inquiry WA ADC 284-30-360(2)

### Reply to all pertinent communications

Within **10 working days** WA ADC 284-30-360(3)

### Provide necessary claim forms, instructions, and reasonable assistance to first-party claimants

Promptly upon receiving notification of claim WA ADC 284-30-360(4)

### Complete investigation of a claim

Within **30 days** after notification of a claim WA ADC 284-30-370

### Advise first-party claimant of acceptance or denial of claim. Denial must be in writing

Within **15 working days** after receipt of properly executed proofs of loss WA ADC 284-30-380(1)

### If more time is needed to determine whether a first-party claim should be accepted or denied, notify first-party claimant

Within **15 working days** after receipt of the proofs of loss WA ADC 284-30-380(3)

### If investigation remains incomplete, send first-party claimant a letter setting forth the reasons additional time is needed for investigation

Within **45 days** from the date of the initial notification and no later than every 30 days thereafter WA ADC 284-30-380(3)

### Give first-party claimant written notice that claimant's rights may be affected by a statute of limitations or apolicy or contract time limit

**30 days** before the date on which such time limit may expire WA ADC 284-30-380(5)

### Appraisal Formats

#### Informal

- Both appraisers agree to an award amount without needing an umpire's ruling.
- The appraisers are unable to reach an agreement, so they submit their differences to the umpire.
- The umpire is involved in the entire appraisal process from start to finish.

#### Formal

- A formal appraisal hearing is held to hear testimony and receive evidence.
- Each side submits a hearing brief prior to the formal appraisal hearing.
- Formal rules of evidence apply and a court report may (if both parties agree) memorialize the Appraisal Hearing proceedings.

#### Advocated Appraisal

- Attorneys for policyholder(s) and insurance company present their case to the appraisal panel.
- Attorneys for each side presents a hearing brief prior to the appraisal hearing.
- The appraisal panel may allow for one round of rebuttals to the initial hearing brief.

#### CDR Fast Track Appraisal™

If both parties are in agreement (or it is mandated by court ruling) CDR is appointed as the sole neutral to rule upon loss, damage, & valuation.

#### Appraisal – On-site Inspections

- The appraisal panel may require an inspection (or even hold the Appraisal Hearing) at the loss site depending on the availability of visible damage and/or evidence.
- On-site inspections may be required in informal, formal, advocated, and/or Fast Track™ appraisals.

APPRAISAL AWARD	
_____ vs. _____ Insurance Company	
Date of Loss _____	Class of _____
Loss Location _____	Policy # _____
In accordance with the terms and provisions of the insurance policy, the Appraisal provision has been invoked by one or both parties. Each party has selected impartial and disinterested persons with knowledge and skills to serve as Appraisers.	
_____ has been appointed Appraiser by _____	
_____ has been appointed Appraiser by _____ Insurance Co.	
_____ has been agreed upon as Umpire by the Appraisers.	
The Appraisers have reached agreement of the property value. The Appraisal does not address policy coverage, and all terms and conditions of the insurance policy remain in force.	
We, the undersigned, pursuant to our appointment, do hereby certify that we have read and conscientiously performed the duties assigned to us, and have appraised and determined and do hereby award the value as shown below for the property on the date of loss of the _____ of _____ of _____.	
_____ REPLACEMENT COST	ACTUAL CASH VALUE
_____	_____
Witness our hands this _____ day of _____, 20____.	
_____ Insured's Appraiser	_____ Umpire
_____ Insured's Appraiser	_____ Insured's Appraiser

# Unfair Claims Settlement Practices

For complete WAC definitions please visit: <http://apps.leg.wa.gov/wac/>

**WAC 284-30-300** Specific unfair claims settlement practices defined.

1. **Misrepresenting** pertinent facts or insurance policy provisions.
2. **Failing to acknowledge** and act reasonably promptly upon **communications** with respect to claims arising under insurance policies.
3. Failing to adopt and implement **reasonable standards for the prompt investigation of claims** arising under insurance policies.
4. **Refusing to pay claims** without conducting a **reasonable investigation**.
5. **Failing to affirm or deny coverage of claims** within a **reasonable time** after **proof of loss** statements have been completed.
6. Not attempting in good faith to effectuate **prompt, fair and equitable settlements of claims** in which **liability has become reasonably clear**. In particular, this includes an obligation to effectuate prompt payment of property damage claims to innocent third parties in clear liability situations. If two or more insurers are involved, they should arrange to make such a payment, leaving to themselves to burden of apportioning it.
7. **Compelling insureds** to institute or submit to **litigation, arbitration, or appraisal** to recover amounts due under an insurance policy by **offering substantially less** than the amounts ultimately recovered in such actions or proceedings.
8. **Attempting to settle a claim for less than the amount** to which a reasonable man would have believed he was entitled by reference to written or printed advertising material accompanying or made part of an application.
9. **Making claims payments** to insured or beneficiaries **not accompanied by statement setting forth the coverage** under which the payments are being made.
10. Asserting to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of **compelling them to accept settlements or compromises less than the amount awarded in arbitration**.
11. **Delaying the investigation or payment of claims** by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then subsequent submissions which contain substantially the same information.
12. **Failing to promptly settle claims**, where liability has become reasonably clear, under on portion of the insurance policy coverage in order to **influence settlements under other portions of the insurance policy coverage**.
13. Failing to promptly **provide a reasonable explanation** of the basis in the insurance policy in relation to the facts or applicable law **for denial of a claim** or for the offer of a compromise settlement.
14. **Unfairly discriminating** against claimants because they are represented by a **public adjuster**.
15. **Failure to expeditiously honor drafts** given in settlement of claims. A failure to honor a draft **within three working days** of notice of receipt by the payor bank will constitute a violation of this provision. Dishonor of any such draft for valid reasons related to the settlement of the claim will not constitute a violation of this provision.
16. **Failure to adopt and implement reasonable standards** for the processing and **payment of claims** once the obligation to pay has been established. Except as to those instances where the time for payment is governed by statute or rule or is set forth in an applicable contract, procedures which are not designed to deliver a check or draft to the payee in payment of a settled claim within fifteen business days after receipt by the insurer or its attorney of properly executed releases or other settlement documentation are not acceptable. Where the insurer is obligated to furnish an appropriate release or settlement document to an insured or claimant, it shall do so **within twenty working days after a settlement has been reached**.
17. **Delaying appraisals** or adding to their cost under insurance policy appraisal provisions through the **use of appraisers from outside of the loss area**. The use of appraisers from outside the loss area is appropriate only where the unique nature of the loss or a lack of competent local appraisers make the use of out-of-area appraisers necessary.
18. **Failing to make a good faith effort to settle a claim** before exercising a contract right to an **appraisal**.
19. **Negotiating or settling a claim directly with any claimant known to be represented by an attorney** without the attorney's knowledge and consent. This does not prohibit routine inquires to an insured claimant to identify the claimant or to obtain details concerning the claim.

## Insurance Fair Conduct Act (IFCA)

**(7) An insurer engaged in the business of insurance may not unreasonably deny a claim for coverage or payment of benefits to any first party claimant. "First party claimant" has the same meaning as in RCW 48.30.015.**

**RCW 48.30.015**

Unreasonable denial of a claim for coverage or payment of benefits.

(1) Any **first party claimant** to a policy of insurance who is **unreasonably denied a claim** for coverage or payment of benefits by an insurer may bring an action in the superior court of this state to **recover the actual damages sustained, together with the costs of the action, including reasonable attorneys' fees and litigation costs**, as set forth in subsection (3) of this section.

(2) The **superior court may**, after finding that an insurer has acted unreasonably in denying a claim for coverage or payment of benefits or has violated a rule in subsection (5) of this section, **increase the total award of damages to an amount not to exceed three times the actual damages**.

(3) The **superior court shall**, after a finding of unreasonable denial of a claim for coverage or payment of benefits, or after a finding of a violation of a rule in subsection (5) of this section, **award reasonable attorneys' fees and actual and statutory litigation costs, including expert witness fees**, to the first party claimant of an insurance contract who is the prevailing party in such an action.

(4) "First party claimant" means an individual, corporation, association, partnership,

or other legal entity asserting a right to payment as a covered person under an insurance policy or insurance contract arising out of the occurrence of the contingency or loss covered by such a policy or contract.

(5) A violation of any of the following is a violation for the purposes of subsections (2) and (3) of this section: [see "**unfair claims settlement practices above**"]

(8)(a) **Twenty days prior to filing an action** based on this section, a first party **claimant must provide written notice** of the basis for the cause of action **to the insurer and office of the insurance commissioner**. Notice may be provided by regular mail, registered mail, or certified mail with return receipt requested. Proof of notice by mail may be made in the same manner as prescribed by court rule or statute for proof of service by mail. The insurer and insurance commissioner are deemed to have received notice three business days after the notice is mailed.

(b) If the insurer fails to resolve the basis for the action within the twenty-day period after the written notice by the first party claimant, the first party claimant may bring the action without any further notice.

(c) The first party claimant may bring an action after the required period of time in (a) of this subsection has elapsed.

(d) **If a written notice of claim is served** under (a) of this subsection within the time prescribed for the filing of an action under this section, **the statute of limitations for the action is tolled during the twenty-day period of time** in (a) of this subsection.