

## Appraisal Information Handout

Many times contractors, or home and business owners find themselves in disagreement with the insurance company on the extent of damages or the amount of money it will cost to repair the damages they've experienced during a loss. When the insurance company refuses to give what is fair, you have the option to demand appraisal.

The Appraisal Clause, also known as The Appraisal Provision, allows you to have two third parties separate from the Insurance Company voice their opinion on your damages, and give an amount that they think is fair. It's been described sort of like court arbitration, but without courtrooms, lawyers, or judges.

Most policies have an "Appraisal Clause". You can usually find it in your policy under the "Conditions" or "What to do after a loss" segment.

An Appraisal Clause will usually read something like this:

*If you and we fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser. Each shall 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 residence premises is located to select an umpire. The appraisers shall then set the amount of the 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 loss.*

So once the appraisers or the umpire agree on what is fair, the insurance company is bound to pay that amount.

Don't be afraid to invoke appraisal; **it is the right of the policyholder.** Appraisal is just a tool designed to provide a checks and balances system to make sure that policyholder's are getting what is fair for their loss. Sometimes sending in the appraisal demand letter will encourage the insurance carrier to discuss a more fair settlement, without ever having to go to appraisal.