

IMPARTIALITY IN THE APPRAISAL PROCESS

American College of Coverage Counsel
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Presenters

Mark Boyle
Boyle, Leonard & Anderson P.A.
Fort Myers, Florida

Melissa McMillan Sims
Berk, Merchant and Sims PLC
Coral Gables, FL

Christine Haskett
Covington & Burling LLP
San Francisco, CA

Wayne D. Taylor
Mozley, Finlayson & Loggins LLP
Atlanta, GA



AMERICAN COLLEGE
OF COVERAGE COUNSEL

Standard Appraisal Provision

If we and you disagree on the value of the property or the amount of the “loss,” either may make written demand for an appraisal of the “loss.” In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within twenty days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the “loss.” If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be the appraised value of the property or amount of “loss.” If you make a written demand for an appraisal of the “loss,” each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.



➤ What is appraisal?

➤ How does it work?



Policies may require appraisers to be "disinterested" or "impartial."

- What does "disinterested" mean in this context?
- What does "impartial" mean?
- Is there a difference between those two requirements?
- Should there be a difference?
- If there is a difference, in your view, which should be more important in the selection of an appraiser?



Umpire Selection

- Who should select the umpire, and how should that process work?
- What are the umpire's required qualifications?
- Should they be the same as the appraisers?



Challenges to the Appraiser

- Should the parties be able to challenge the appraiser based on his or her conduct during the appraisal process?
- If so, should the parties be able to challenge the appraiser based on the appraiser being given information about ongoing litigation separate from the appraisal process?



Appraisers.....

Should they be disinterested or impartial?

- If there's an umpire in any event, why should it matter whether the appraiser is disinterested or impartial?
- In reality, isn't an appraiser hired by one side or the other necessarily going to advocate, even subtly, for the side paying him or her, such that the decision is going to come down to the umpire anyway?



Does the Appraisal Process Favor the Insurer or Policyholder?

- Do you think that the appraisal process tends to favor the insurer or the policyholder?
- Or does it depend on the circumstances?
- And if it depends, what types of factors would prompt you to request an appraisal, on behalf of either the insurer or the policyholder?



Appraiser Selection

- How do you suggest that insurers and policyholders should go about selecting appraisers that will give them the best result and that will minimize the risk of the appraisal being overturned?

