

The Role of Unbiased Appraisers and Umpires in Settling Claim Disputes

Overnight, a spark flies from an improperly wired electrical box, igniting a blaze that rips through half a block of shops. For one small restaurant owner, the fire results in a total loss. Refrigerators, ovens, grill tops—all destroyed.

The restaurant owner files a claim, but his insurer offers to cover only the amount of the equipment's actual cash value, not its replacement cost value. The restaurant owner claims that his policy guarantees the replacement value of this necessary equipment. The kitchen appliances are not salvageable, and the actual cash value will not cover the cost of buying new equipment.

Despite a long and amiable relationship between the restaurant owner and his insurer, the insurer argues that it cannot overlook details in the coverage that preclude payment at replacement value. It does not want to sacrifice future business with this client, but must stand by its interpretation of the policy language.

At this stage, each side might bring in an adjuster to evaluate the damage and formulate loss estimates, then hire lawyers to argue their interpretations of the language. While he waits for the matter to be resolved, the restaurant owner remains out of business, losing money by the day and growing more frustrated with his insurer. If the two adversaries can't settle, then the decision must be made in court—a step no one wants to take.

To avoid that fate, the parties call upon the policy's appraisal clause, which states that if the insurer and insured disagree on the

amount of a loss, each can appoint their own "competent and unbiased" appraiser. If those two appraisers cannot reach an agreed settlement on the appraisal issues, then they mutually select an umpire to review the differences in their positions and make a final decision, which becomes binding. The umpire, an impartial third party, can mediate a tense situation and find a resolution that banishes the need for litigation.

"Not just any adjuster is selected to be an appraiser in this situation," says Dr. Andries Willemse, vice president of the specialty loss group at Engle Martin & Associates, a leading national independent loss adjusting and claims management provider headquartered in Atlanta. "In addition to being independent and objective, an appraiser must demonstrate expertise through academic credentials, industry certifications, and technical knowledge."

Engle Martin's Appraisal Practice Group is comprised of an elite tier of highly qualified adjusters with extensive experience as assigned appraisers and umpires.

With each new claim, the appraiser must understand the specific policy language regarding the loss, the wording of the appraisal clause, the geographical dynamics surrounding the event, and they must be skilled in the itemization and documentation of the loss assessment.

As the final alternative to litigation, umpires enter the process at a crucial stage and represent a final effort to reach a settlement. As such, both parties must approve of the selected umpire and agree

upon the scope of the claim to be investigated, the values to be used, the cause of the damages, and the jurisdiction of the event.

"The umpire listens to the assessments and positions of the appraisers and then presents his independent professional opinion, in an attempt to have one or both of the appraisers agree with his position to bring the appraisal to a conclusion," says Dr. Willemse. "While both parties retain their right to deny coverage and to challenge the award and go to court, often they choose to accept the umpire's decision and settle the dispute." Note that if two of the three participants in the appraisal process agree to the appraisal terms, the appraisal is deemed to be completed.

The most important quality in both an appraiser and umpire is true impartiality. All of the appraiser's and umpire's skills go to waste if his final conclusions are nullified by a conflict of interest. In complex claims, there may be multiple layers of insurance and numerous parties involved, each with their own agenda. To fairly and effectively resolve the dispute, the appraiser and umpire have to remain neutral.

"Our clients call upon us because they know that our opinions are backed by best-in-class qualifications and will stand up in court," says Dr. Willemse. "Our team of adjusters offers the trifecta of a wealth of experience, strong academic qualifications, and industry-specific technical skills needed to handle the ever-changing world of appraisal."

To learn more about Engle Martin's services, go to englemartin.com.



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Whether you need an appraiser or umpire for a claim related to residential or commercial properties, Engle Martin's Appraisal Practice Group (APG) is ready to assist. The APG is comprised of certified appraisers and umpires dedicated to a fair and impartial outlook in order to effectively resolve insurance claim disputes. Trained to be the best at what they do, our claims professionals are setting new standards for the property and casualty industry one claim at a time.

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