

# Property Appraisal Issues

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## I. WHAT IS AN APPRAISAL?

In circumstances where a loss is undisputedly covered under the insurance policy, but the parties disagree as to the value of the loss, the parties may elect to proceed to an appraisal. Simply stated, an appraisal resolves the question of “how much is owed,” as opposed to the question of “whether anything is owed.” See *Houser, The When and How of Fire Insurance Appraisals*, FIC Quarterly at 4.

Many insurance policies contain an “appraisal clause.” Appraisal clauses generally provide that, where there is a disagreement as to the amount of benefits owed under the policy, either the insurer or the insured may demand that the parties each appoint an appraiser to determine the amount of the loss. Appraisal is generally a matter of contract, and appraisal clauses are not contained in all insurance policies. However, in Pennsylvania, fire insurance policies are statutorily required to include a provision mandating appraisal where the insurer and the insured maintain different stances on the amount of the loss. The statutory requirement specifically mandates the following:

In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected by a judge or a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

40 Pa.Cons.Stat. Ann. § 636.

The bottom line benefit of an appraisal is that it avoids the expense and delay of litigation. For this reason, appraisals are favored by public policy and the judicial system. *Boulevard Associates v. Seltzer Partnership*, 664 A.2d 983 (Pa.Super. 1995). In *Ice City v. Insurance Company of North America*, 456 Pa. 210, 314 A.2d 236 (1974), the Pennsylvania Supreme Court held that appraisal is an entirely appropriate means for settling disputes involving an acknowledged liability, and is indeed the favored practice in Pennsylvania.

### A. Appraisal versus Arbitration

Although appraisal and arbitration are both forms of alternative dispute resolution, there are material differences between the two proceedings. In most states, including Pennsylvania, arbitration may dispose of the entire controversies between the parties, including liability and damages. In this regard, arbitration is analogous to a judicial hearing.

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Conversely, in an appraisal, the appraisers are limited to determining the amount of loss with all other issues reserved for settlement by either negotiation or litigation. See *Riley v. Farmers Fire Ins. Co.*, 735 A.2d 124, 127 (Pa.Super. 1999) (“appraisal is limited to determining the amount of the loss with all other issues reserved for settlement by either negotiation or litigation”); *Lundy v. Farmers Group, Inc.*, 750 N.E.2d 314 (Ill.App. 2001) (appraisals cannot resolve the issue of what materials constitute “like kind and quality”). Furthermore, appraisers are not required to engage in any of the formalities or evidentiary rules generally observed in an arbitration or judicial hearing. *Coopers & Lybrand v. Superior Court*, 260 Cal. Rptr. 713 (Cal.App. 1989). In fact, appraisers are often permitted to independently establish the amount of damages using whatever sources of information they deem appropriate.

Simply because appraisal is narrower in scope than arbitration does not mean it is a less powerful dispute resolution tool. A court may compel appraisals and a proper appraisal award is ordinarily binding and enforceable with respect to the actual cash value or the amount of loss.

## **II. PRE-REQUISITES TO AN APPRAISAL**

There are two pre-requisites before the parties can resolve a dispute via appraisal: (1) the insurer has admitted liability for the loss; and (2) the dispute between the parties must involve solely the amount of the loss. *Ice City, supra*; *Keystone Asset Management, Inc. v. West American Ins. Co.*, 2010 WL 4159249 (E.D. Pa. Nov. 2, 2010). When these requirements are met, all that is required is a timely written demand for appraisal by either party. Although appraisal provisions do not generally contain a time limit for demanding appraisal, Pennsylvania courts have found that the demand must be made within a reasonable time in view of all circumstances surrounding the loss. See *Hodges v. Pennsylvania Millers Mut. Ins. Co.*, 449 Pa. Super. 341 (1996) (holding insurer’s request for appraisal 23 months after being notified of the loss was untimely); *Kester v. State Farm*, 726 F. Supp 1015 (E.D. Pa. 1989) (holding appraisal demand will be deemed untimely where prejudice can be shown by opposing party). After a written demand for appraisal has been made, policies usually provide the responding party with twenty (20) days to appoint their appraiser, although some policies do not place any specific time limits on responding to the appraiser demand.

In many states (Pennsylvania included), a demand for an appraisal is a necessary condition precedent to a later litigation by the insured, but only in cases where the insurer has already accepted liability for the loss. *Brown v. Prudential Prop. & Cas. Ins. Co.*, 1989 WL 140460 (E.D. Pa. Nov. 17, 1989); *State Farm Florida Ins. Co. v. Seville Place Condominium Ass’n, Inc.* 2009 WL 3271300 (Fla/App. 2009); *Thornton v. Georgia Farm Bureau Mut. Ins. Co.*, 287 Ga. 379, 695 S.E.2d 642 (2010); *In re Slavonic Mut. Fire Ins. Ass’n*, 308 S.W.2d 556 (Tex.App. 2010). However, this proposition is inapplicable if the insurer prevents the insured from submitting the matter to appraisal by refusing to name an appraiser or otherwise fails to respond to the appraisal request. In these circumstances, the insured can seek enforcement of the appraisal clause or can choose to sue for damages.

## **III. ISSUES FOR CONSIDERATION WHEN SUBMITTING A VALUATION DISPUTE TO AN APPRAISAL**

While appraisal is an effective means of dispute resolution, it is important to recognize that appraisal is only appropriate where an insurer has already acknowledged liability for a loss. *Ice City, supra*. While this seems relatively intuitive, the issue becomes complicated where an insured has admitted liability or coverage for only part of a loss. When this situation occurs, the parties can agree to submit those aspects of the claim where coverage is conceded to appraisal, while reserving all other issues for resolution at a later time, or by another means. If the parties choose to proceed in this manner, it is important to have a memorialization of the agreement to ensure that the parties, their appraisers and

the umpire have consistent expectations as to the specific limits of the appraisal process. It is therefore extremely important that only those areas where liability has been acknowledged be resolved through the appraisal process.

Although the parties can agree to submit only specific portions of a claim to an appraisal, courts may be later unwilling to enforce this limited form of appraisal where one party does not wish to proceed in that form. For example, in *Banks v. Allstate Ins. Co.*, 1992 WL 102885 (E.D. Pa. May 7, 1992) the court refused to require appraisal where the insurer admitted coverage for some items of the loss and refused coverage for other items. In reaching its decision, the court found that because liability had not been admitted for the entire loss there was a dispute as to coverage as well as to the amount of loss. The court also noted that ordering appraisal would result in a bifurcated damage determination that would counter the insurer's argument that appraisal would advance judicial economy. Therefore, while the parties can agree to submit a dispute to appraisal where the insurer has acknowledged only a portion of the loss, Pennsylvania courts are not willing to impose a limited appraisal process on objecting parties.

In *Perschau v. USF Ins. Co.*, 1999 WL 162969, \*4 (E.D. Pa. Mar. 22, 1999), the insured suffered a fire loss at his business. During the settlement process, the insured demanded appraisal, and also demanded that the undisputed amount be paid. The insurer's counsel notified the insured after his second demand that an undisputed amount would only be paid pursuant to the policy – after receipt of a Proof of Loss and within thirty days of an appraisal award. The insured asserted that the insurer acted in bad faith by failing to make a partial payment prior to appraisal. The court refused to agree, despite the fact that the insured had made two separate demands for partial payment. First, the court distinguished the only apparent case finding bad faith for the failure to pay undisputed amounts. *Id.* (citing *Polselli v. Nationwide Mut. Fire Ins. Co.*, 1995 WL 430571 (E.D. Pa., July 20, 1995)). In *Polselli*, the court held that the insurer, by refusing to make Additional Living Expense payments, had exploited the insured's desperate state after her home had burned down leaving her without a place to live. *Id.* Conversely, in *Perschau*, the insured had provided no evidence that he was “financially destitute or needed an advance payment to survive.” *Id.* The insured in *Perschau* had not lost his dwelling, but instead had lost a commercial building. The insured did not establish that the insurer delayed the appraisal process or acted in a dilatory manner in responding to his correspondence. *Id.* See also, *Southeast Nursing Home, Inc. v. St. Paul Fire & Marine Ins. Co.*, 750 F.2d 1531, 1538 (11th Cir. 1985) (stating that the policy did not require partial payment until the appraisal process was concluded, and therefore the bad faith claim could not stand).

#### IV. QUALIFICATIONS OF APPRAISERS AND UMPIRES

There are three players to the appraisal: the two appraisers and the umpire. The appraiser's role is to investigate and value the amount of the loss. When the appraisers are unable to agree on the amount of the loss, their differences are submitted to the umpire. The qualifications of the appraisers and umpires are usually set out in the policy's appraisal provision and usually require that the appraisers and umpires are: 1) competent, and 2) disinterested and/or impartial.

##### A. Competency

Competency requires only that the appraisers have the knowledge and expertise to make an intelligent judgment concerning the amount of loss. In Pennsylvania, “competency” refers to the ability to render a fair judgment. *Hozlock v. Donegal Mutual Ins. Co.*, 745 A.2d 1261 (Pa. Super Ct. 2000). A number of courts have refused to require appraisers and umpires to be experts on the subject matter involved in the claim. See *Liberty Mut. Fire Ins. Co. v. Hernandez*, 735 So.2d 587 (Fla.App. 2003) (“appraisers are generally expected to act on

their own skill and knowledge; they may reach individual conclusions and are required to meet only for the purpose of ironing out differences in the conclusions reached”); *Firemen’s Fund Ins. Co. v. Flint Hosiery Mills*, 74 F.2d 533 (4th Cir. 1935); *American Century Ins. Co. v. Dist. Ct., Ramsey Cty.*, 125 Minn. 374, 147 N.W. 242 (1914); *American Union Ins. Co. v. Stull Bros. Co.*, 7 A.2d 866 (N.J. 1939); *Sampson v. Horace Mann Ins. Co.* 2003 WL 22234692 (Min.App. September 30, 2003).

Significant experience with adjusting losses can satisfy the competency requirement. See *Phoenix Assurance Company of New York v. Singer*, 221 F. Supp 890 (D.C. Mo. 1963) (holding appraiser who adjusted fire losses for the Federal Housing Administration and Veterans Administration of the United States for ten years and umpire with thirteen years’ contracting experience were both competent). For example, an attorney, otherwise qualified, may act as an appraiser of a fire loss, even though he or she is not a contractor or architect. *Glens Falls Ins. Co. of New York v. Garner*, 229 Ala. 39, 155 So. 533 (1934).

#### B. Disinterested and/or Impartial

The disinterested and/or impartial requirement refers to an appraiser or umpire being free from bias, prejudice or partiality and not having a pecuniary interest. *Schipper & Block, Inc. v. Carson Pirie Scott & Co.* 256 N.E. 2d 854 (Ill.App. 1970). An appraiser who has a preexisting relationship with the party he or she is representing may be scrutinized if the policy has a disinterested or impartiality requirement. In Pennsylvania, the existence of a prior relationship is not in and of itself dispositive of interest or bias that would render the appraiser ineligible. In *Sheehan v. Nationwide Ins. Co.*, 779 A.2d 582 (Pa. Super. 2001) the Pennsylvania Superior Court was presented with the issue of whether an arbitrator who handled matters on behalf of Nationwide twenty-three years prior should be permitted to serve as an arbitrator. The court found the mere fact that the arbitrator had handled matters for Nationwide in the past was not sufficient to render the arbitrator impartial and/or disinterested. *Id.* Furthermore, the payment to the appraiser of a contingency fee of the final award may not warrant disqualification of an appraiser. See *Hoxlock, supra*.<sup>1</sup>

However, a party may violate principles of procedural due process by retaining an “interested” appraiser. The matter of *Donegal Ins. Co. v. Longo*, 610 A.2d 466 (Pa.Super. 1992) arose out of a motor vehicle accident and subsequent uninsured motorist arbitration. The arbitration provision in the Donegal policy did not require that the arbitrators be “impartial” or “disinterested.” Three arbitrators were selected to hear the uninsured motorist claim. Donegal learned that the Longo’s arbitrator was simultaneously representing the Longo’s in a landlord-tenant dispute, and previously represented the Longos and their son in prior, unrelated matters. Donegal objected to that arbitrator’s participation, but the arbitrator refused to recuse himself. The Longos’ arbitrator and the neutral arbitrator thereafter entered a \$230,000 award in favor of the Longos, which Donegal thereafter appealed. The Superior Court ultimately vacated the award and ordered a new hearing, finding that the hearing was not fair and did not comport with procedural due process based on the relationship between the Longos and their arbitrator.

<sup>1</sup> In other jurisdictions, courts have been prone to disqualify an appraiser who was retained pursuant to a contingency fee agreement. See *Central Life Ins. Co. v. Aetna Cas. and Sur. Co.*, 466 N.W.2d 257 (Iowa 1991); *Aetna Cas. & Sur. Co. v. Grabbert*, 590 A.2d 88 (R.I. 1991) (following arbitration, one of arbitrators attempted to collect 10% of the award as his fee. The court held this was improper, violated arbitrators ethical obligations and was contrary to public policy as it demonstrated that arbitrator had a direct financial interest in the award); *Gen. Star Indem. Co. v. Creek Village Apartments Phase V, Inc.*, 152 S.W.3d 733 (Tex. App. 2004) (appraiser with a financial interest in the outcome of an appraisal was not impartial); *Harris v. American Modern Home Ins. Co.*, 571 F.Supp.2d 1066 (E.D. Mo. 2008). However, other courts have refused to disqualify an appraiser retained pursuant to a contingency fee agreement. See *Linford Lounge, Inc. v. Michigan Basic Property Ins. Assoc.*, 77 Mich. App. 710, 259 N.W.2d 201 (Mich. App. 1977) (appraiser was not “interested” even though at one time he was the insured’s public adjuster operating on a percentage basis since he had cancelled his contingency fee contract); *Galvis v. Allstate Ins. Co.*, 721 So.2d 421 (Fla. 3rd DCA 1998) (contingency fee appraiser appointed by the insured fully qualified under appraisal clause which required appraisers to be “competent and disinterested”); *Rios v. Tri-State Ins. Co.*, 714 So.2d 547 (Fla. 3rd DCA 1998) (the term “independent” in referring to appraisers does not limit an appraiser’s ability to be paid on a contingency fee basis).

Courts in at least three different states, California, Iowa and New York, have looked to the number of times the appraiser was retained by a party to determine whether the appraiser was truly “disinterested.” See *Gebers v. State Farm Fire & Cas. Co.*, 38 Cal. App. 4th 1648, 45 Cal.Rptr.2d 725 (1995) (appraiser appointed by State Farm was not deemed to be disinterested since he served as an expert witness for State Farm on one occasion); *Sterling Spinning & Stamping Works v. Knickerbocker Ins. Co.*, 137 Misc. 349, 242 N.Y.S. 201 (App. Div. 1930) (contractor employed approximately 1800 times by insurance companies over the course of several years was found not to be disinterested); *Central Life Ins. Co. v. Aetna Cas. & Sur. Co.*, 466 N.W.2d 257 (Iowa 1991) (the fact that an appraiser had a contingency fee agreement and a long ongoing relationship with a party disqualified him as a matter of law).

In *Phoenix Assurance Company of New York v. Singer, supra*, the insurer sought to have the umpire disqualified by arguing that he was not disinterested. In support of its assertion, the insurer pointed out that prior to the time the appraisal award was issued, the insured, who was also in the real estate business, together with other real estate agents, sold property to a corporation of which the umpire was president. The court disagreed with the insurer, holding that the umpire was disinterested as his only potential gain from the sale was the privilege of buying property from the insured and the other real estate agents. Thus, absent any further showing that might suggest how the umpire stood to gain from such limited transactions with the insured, the court was convinced that the appraisal award was an honest expression of the umpire’s opinion arrived at as a result of the exercise of each persons’ independent judgment.

## **V. THE APPRAISAL PROCESS**

### *A. Selection of the Umpire*

Once the appraisers have been appointed, an umpire is usually required to be selected. Most insurance policies contemplate the selection of the umpire by the appraisers; the selection of the umpire is not a matter left to the parties to the dispute. *Gouin v. Northwestern Nat’l Ins. Co.*, 145 Wash. 199, 259 P. 387 (1927). However, the better practice to avoid any potential conflict of interest is to give the parties the opportunity to ratify the appraiser’s selection. It is interesting to note that most policies require the selection of an umpire prior to a determination by the appraisers that they are unable to agree on the amount of loss. *Twait v. Farmers Mut. Hail Ins. Co.*, 249 Iowa 1239, 91 N.W.2d 575 (1958).

The circumstance may arise where the appraiser cannot agree on the umpire. In these circumstances, policies usually permit the parties to petition the court to appoint the umpire. *Riley v. Farmers Fire Ins. Co.*, 735 A.2d 124 (Pa.Super. 1999). A court’s selection of an umpire is not an appealable order. See *id.*

### *B. Appraiser’s Evaluation of the Loss*

Once the umpire has been appointed, each appraiser investigates and determines the value of the loss. During the appraisal process the two appointed appraisers are usually afforded significant discretion with regard to what information and evidence they wish to consider in reaching their decision since the standard appraisal provision is silent as to the exact procedure to be followed in the appraisal process. Where the appraisers are unable to agree on the amount of the loss and their differences must be submitted to the umpire, the umpire is similarly afforded wide discretion to rely on whatever information and evidence he or she wishes to consider in reaching a decision. This can include the estimates prepared by the appraisers.

It may also be proper for the appraisal proceeding to include a hearing at which evidence is taken, particularly when an issue arises that which the appraisers have no accurate knowledge and upon which evidence was available. *Kacha v. Allstate Ins. Co.*, 45 Cal. Rptr.3d 92 (Cal.App. 2006) However, this position may be changing as some courts have applied the “broad evidence rule” to appraisals, requiring the appraisers to consider every fact and circumstance which would logically tend to the formation of a correct estimate of the insured loss, to effectuate complete indemnity. See e.g., *American Family Mut. Ins. Co. v. Matusiak*, 878 N.E.2d 529 (Ind.App. 2007); *O’Connor v. Merrimack Mut. Fire Ins. Co.*, 897 N.E.2d 593 (Mass.App. 2008); *Ward v. Merrimack Mut. Fire Ins. Co.*, 753 A.2d 1214 (N.J. Super. A.D. 2000).

### C. The Final Appraisal Award

The appraisal award is the amount that two out of the three (appraisals and umpire) agree is the proper valuation. While this process may seem simple enough it can degenerate quickly, especially in situations where the one of the parties is not actively engaged in the appraisal process. In *Everett Cash Mut. Ins. Co. v. Krawitz*, 633 A.2d 215 (Pa. Super. 1993), a dispute regarding an acknowledged liability was submitted to appraisal. Both parties selected their appraisers and they in turn selected an umpire. A dispute thereafter arose between Everett’s appraiser and the umpire regarding the umpire’s fees. During this time, the insured’s appraiser visited the insured’s property and worked diligently with the umpire to settle the amount of the loss. *Id.* at 216. Everett’s appraiser, on the other hand, was still involved with the fee dispute and did not participate in the appraisal process. After a month of inactivity on the part of Everett’s appraiser, the insured’s appraiser and the umpire agreed on the amount of loss. *Id.* Everett sought to have the award vacated, arguing the umpire only had jurisdiction to settle differences between the appraisers’ valuations and since the appraisers never discussed the claim directly with each other, and neither submitted its own evaluation to the umpire, the umpire had nothing to settle. In finding against Everett, the court held that since Everett’s appraiser offered no evaluation of the insured’s loss, his evaluation was zero and the difference was therefore the full amount of the loss.

With regard to the umpire’s valuation, one issue that can arise is whether the umpire is required to include a specific itemization of how the umpire reached their decision. Unless the appraisal provision contained in the insurance policy contains specific language to this effect, it can prove difficult for insurers to compel this information from the umpire. *Riley v. Farmer’s Fire Insurance Company*, 735 A.2d 124, 128 (Pa. Super. 1999). In *Riley, supra*, the insured’s property suffered damage resulting from a snow and ice storm. Although Farmers acknowledged liability for the loss, the parties could not agree on the actual amount of loss suffered. As a result, the dispute was submitted to appraisal and an award was issued by the umpire. Farmers, both orally and in writing, requested that the umpire provide an itemized breakdown on how he reached his decision. When the umpire refused, Farmers argued that it was unable to issue any payment to the insured until it received an itemized breakdown. The court found in favor of the insured, holding that Farmers was not entitled to an itemized breakdown of the manner in which the amount of the award was determined. In its analysis, the court closely examined the language of the appraisal provision in the policy and found no requirement regarding an itemized list of damages. The court also made note of the fact that Farmers had altered the statutory version of the appraisal clause, removing the language requiring an itemized list of damages. Thus, the court held that because Farmers made the decision to remove the itemized language from the statutory appraisal provision, Farmers could no longer expect an itemized breakdown.

## VI. DISPUTING THE APPRAISAL AWARD

### A. Time Period for Filing an Appeal

If a party wishes to have an appraisal award vacated or modified, they must do so within thirty days of the issuance of the award. 42 Pa.C.S. § 7342(b). If no objection is made within the thirty days, the opposing party can petition the court to enter the appraisal award as final. *Id.* The court will enter an order confirming the award, and it will not be disturbed. *Riley, supra.*

### B. Grounds for Setting Aside an Appraisal Award

In Pennsylvania, a party can only vacate or modify an appraisal award under two circumstances. *Patriotic Order Sons of America v. Hartford Fire Ins. Co.*, 305 Pa. 107 (1931); *W.V. Realty Inc. v. Maryland Ins. Group*, 2000 WL 33252793 (Pa.Cm.Pl. 2000). First, a party may vacate or modify an award for fraud, misconduct, corruption or other irregularity causing an unjust result. 42 Pa. C.S.A. § 734l; *W.V. Realty Inc., supra.* Under this standard, Pennsylvania courts generally require a party to show actual fraud committed by the appraisers or the umpire. *Celebrations Caterers, Inc. v. The Netherlands Ins. Co.*, 2008 WL 282203 (E.D.Pa. 2008). One element of fraud could include the appraiser's misconduct in arriving at the award. For example, in *Zoni v. Importers and Exporters Ins. Co. of New York*, 338 Pa. 165, 12 A.2d 575 (1940), the court noted that the defendant's arbitrator "secretly and without notice to or knowledge of the plaintiff or her representative" met and counseled with the umpire and fraudulently reached a figure for the loss lower than the actual amount. The court went on to note that it appeared from the secretive meeting that the umpire and the insurer's appraiser connived to fix a fraudulent award, which rendered the award improper. In *Paugh v. Nationwide Ins. Co.*, 420 A.2d 452 (Pa. Super. 1980), the Court held that an arbitration award could be set aside if evidence in the certified record established that the panel considered only one side of the case.

Second, an appraisal award may be set aside when the appraisers exceed the scope of their authority. In *Maiden Creek T.V. & Appliance, Inc. v. General Cas. Ins. Co.*, 2008 WL 351906 (E.D. Pa. Feb. 8, 2008) the insured suffered fire damage to its commercial retail facility and business property. The insurer acknowledged liability for the loss and made payment for those portions of the claim that were covered, including \$27,557.22 for loss of stock materials. The insured claimed that additional monies were owed and the dispute was submitted to appraisal. Following several meetings between the appraisers and the umpire, an award was entered that included \$24,801.50 for loss of stock materials. The insured later brought suit arguing that the appraisers had exceeded their scope of authority in altering the loss amount for loss of stock materials. In finding for the insured, the court carefully examined the appraisal provision and determined that it only permitted the parties to resort to the appraisal process if they "disagree on the amount of the loss." *Id.* Thus, because the loss amount of \$27,557.27 for stock materials had been agreed to and paid by the insurer, the parties did not "disagree on the amount of the loss" and the necessary predicate to invoke the appraisal process had not been met. As a result, the court granted the insured's request to increase the appraisal award by \$2,755.77, representing the difference between the amount agreed on and paid by the insurer for loss of stock materials and the amount awarded in the appraisal for loss of stock materials.

Unlike the situation in *Maiden Creek*, there is an inherent difficulty in proving that the appraisers and/or the umpire exceeded the scope of their authority where the parties do not specify those areas that will be submitted to appraisal and where the appraisal provision at issue does not require the appraisers to itemize damages. In these situations it is difficult to show that the appraisers exceeded their authority. This is because without an itemized list of damages reflecting the areas evaluated by the appraisers, the challenging party is without evidence to prove the particular manner in which the appraisers exceeded their authority.

## VII. CONCLUSION

Appraisal can provide a quick and inexpensive method to resolve disputes relating solely to the amount of the loss. Therefore, it is certainly beneficial for insurers to review the applicable policy of insurance to determine if an appraisal clause exists, and if so, the contractual terms governing the appraisal. However, the interpretation and scope of appraisal provisions vary greatly state by state, therefore, one should always be aware of the jurisdiction before taking a position on appraisal.

