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To Settle Claim Disputes, Heed Appraiser's Call



A qualified appraiser with demonstrated expertise will prove valuable in quickly and effectively resolving claim disputes and avoiding potential litigation.

Overnight, an errant 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 top — 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 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 brand 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 long-standing 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, and 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 and more frustrated with his carrier.

If the two adversaries can't settle, 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, then they mutually select an umpire to review the differences in their case 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.

The Making of an Expert Appraiser

"Not just any adjuster is selected to be an appraiser in this situation. In addition to being independent and objective, an appraiser must demonstrate expertise through academic qualifications, industry certifications, technical knowledge and years of experience," said Dr. Andries Willemse, Vice President of the Specialty Loss Group and Executive General Adjuster at Engle Martin & Associates, a leading national independent loss adjusting and claims management provider headquartered in Atlanta, Georgia.

Within Engle Martin's Specialty Loss Group, a core group of Executive General Adjusters (EGAs) make up the Appraisal Practice Group who regularly serve as both appraisers and umpires in contract disputes after a loss.

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.

In order to best understand an insured's losses and the nature of the damages, expert appraisers usually specialize in a specific industry.



Dr. Andries Willemse
Vice President of Specialty
Loss Group & Executive
General Adjuster

The adjusters of Engle Martin's Appraisal Practice Group, for example, specialize in a range of industry sectors:

- Agriculture
- Building & Construction
- Energy
- Entertainment & Multimedia
- Environmental
- Financial Institutions
- Food & Beverage
- Health Care
- Hospitality & Leisure
- Infrastructure
- Life Sciences
- Manufacturing & Industrial
- Mining & Metals
- Professional Services
- Public Sector
- Real Estate
- Restaurant & Food Service
- Retail & Wholesale Distributions
- Technology, Media & Telecommunications

The Umpire

As the final alternative to litigation, umpires enter the process at a crucial stage and represent a last-ditch 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," Dr. Willemse said.

"While both parties retain their right to deny the decision and go to court, they often choose to accept the umpire's decision and settle the dispute." Note, if two of the three participants in the appraisal process agree to the appraisal terms, the appraisal is deemed to be completed.

In addition to technical skill, it's essential that the appointed umpire can keep a calm demeanor. "If an umpire is being brought in, it means the dispute has reached a critical point where the appraisers have reached an impasse. Umpires have to earn the trust and confidence of both parties so their opinions are accepted," Dr. Willemse said.



The most important quality in an umpire, however, is true impartiality. All of an 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 mediate the dispute, the umpire has to remain neutral.

Engle Martin Delivers for Clients

The Specialty Loss Group is comprised of "33 of the most highly trained and experienced EGAs in the industry," according to James Hill, Vice President of Engle Martin's Specialty Loss Group and a Senior Executive General Adjuster. This group meets the qualifications to serve as appraisers and umpires. These EGAs collectively handle about 50 appraisal cases at any one time.

"Our clients call upon us because they know that our opinions are backed by best-in-class qualifications and will stand up in court," Hill said. For example, Hill, a Wind Conference Certified Appraiser and Umpire, handled numerous complex appraisals in Florida and the Gulf Coast States after the storm seasons of 2004-2005, applying specialized knowledge about windstorm losses.

"Handling large, complex claims is what we do, day in and day out," Willemse said. "Our elite team of adjusters offers something few other adjusters have, which is the trifecta of a wealth of experience, strong academic qualifications, and industry-specific technical skill needed to handle the ever-changing world of appraisal."

To learn more about Engle Martin's services, visit <http://www.englemartin.com/>.



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