

## [Insurance Appraisals on the hotseat, Anthem's breathtaking 39% rate hike](#)

The only good thing about the recent 39% rate increase by Anthem Blue Cross (California) is that it helped refocus attention on the crippling impact of spiraling health insurance premiums. Our February Tip of the Month offers practical tips for people who are getting hit with rising premiums. In preparing for a radio commentary on this increase, I couldn't help but marvel at just how much bang for the buck lobbyists are getting on the health care reform front.

For a mere \$1.6 billion spent on lobbying and advertising since 2006 (according to an article in [The New England Journal of Medicine](#)), all the solutions to a national socioeconomic crisis have been stymied and Americans have been treated to an appalling propaganda campaign aimed at defeating the President's efforts.

So the ranks of the uninsured and our national debt will continue to swell. Special thanks to Justice Roberts et al for the Citizens United v. FEC gift that's going to keep on giving. (The recent decision by our nation's highest court striking down limitations on corporate campaign contributions.)

But my patriotic worrying aside, UP remains a pragmatic, apolitical organization working to solve real-life problems with feasible solutions. We've had lots of hands-on experience with "public options" for buying property insurance. There are **many** insurance markets where private policies became unaffordable or unavailable and quasi-public insurance entities had to be created (flood, hurricane, earthquake). Over time, these entities are maturing and becoming better managed. Because risk management and risk pooling/spreading are modern economic necessities, and because government is getting better and better at being in the business of insurance, we see much hope for the future.

And as politics play out in Washington, there continues to be major insurance drama in the state of Florida.

The good news in the Sunshine State:

- A recent report showing dramatically higher claim payouts to policyholders who hire public adjusters.
- [UP's amicus victory](#) for business policyholders in the state of Florida
- A strong, smart regulator (**Kevin McCarty** and his staff)
- Top notch professionals [Ver Ploeg & Lumpkin](#), [Merlin Law Group](#) and [Dick Tutwiler](#) (all UP Platinum sponsors) who go the extra mile to advocate for all insurance consumers – not just their own clients.
- UP nonprofit allies **Fair Insurance Rates in Monroe (FIRM)** and **Florida Consumer Action Network (FCAN)** fighting excessive rates.

The bad news in the Sunshine State:

- Crop freezes
- A recent court decision shielding Citizens Property Insurance Corp. from liability for cheating on claims
- Threats to:
  1. A consumer's right to use the [appraisal process](#) to resolve claim valuation disputes economically and
  2. A consumer's right to hire a licensed, experienced and reputable public adjuster in the state of Florida.

### **Insurance Appraisals on the Hot Seat**

If you're reading this and you don't know or care about appraisal in the insurance (as opposed to the real estate) context – you can skip to the next article.

If you're still with me, here's the lay of the land: Appraisal provisions have been written into property insurance policies for as long as most of us can remember. They're generally mandatory – not optional – and are aimed at resolving claim value disputes quickly and inexpensively. They're conducted under some of the same rules that apply to arbitrations. Only valuation disputes can be appraised, not coverage disputes.

UP publishes tips and articles on Appraisals in the [Claim Dispute Resolution](#) section of our help library.

The definitive legal handbook on insurance appraisals is ***The Law and Procedure of Insurance Appraisal*** by UP Sponsor/New York attorney [Jonathan J. Wilkofsky](#).

Appraisals in the insurance context are an insider's game, little understood by most, well used by some. Like all dispute resolution processes, insurers can rig the outcome, but under the right circumstances, the process can be very beneficial to an insured mired in a dispute over numbers. Potential pitfalls include appraiser/umpire bias, delays and costs due to depositions and court reporters and the common problem of insureds lacking experience with the process.

When it surfaced after an earthquake in California in the 1990's that insurers were very frequently invoking appraisal then hiring expensive engineering experts, taking depositions and turning appraisals into lengthy mini-trials without the protection of a judge or jury, the legislature stepped in and enacted reforms. Things were quiet on the appraisal front in California until recently when UP Sponsor **Robb Greenspan** called my attention to an ambiguity in the CA. Insurance Code that some insurers are using to try and avoid accepting a policyholder's demand for appraisal in a non-disaster setting. We're coordinating to try and fix this problem.

Now the appraisal process is under attack in Florida and like the panther, it is in danger of disappearing. Leading insurers there have begun removing appraisal provisions from certain policies because they feel the process is no longer working in their favor. Attorneys **Chip Merlin** and **Stephen Marino** were panelists along with **Sean Shaw**, Florida's official Insurance Consumer Advocate at a recent "ADR Roundtable" to explore whether insurers should be prevented from deleting appraisal provisions in their policies, and/or whether the appraisal process is being abused, as some insurers claim. Visit [Chip's blog](#) to learn more about the roundtable and current events in Florida.

My personal view is that a policyholder's right to demand appraisal is a very valuable right that must be preserved. UP originally published an article on this topic in 2006 called "[Policyholders Can Win in Appraisal](#)," and that remains true today. I participated in appraisals that resolved the cost element of several large property damage disputes when I was in private practice so I know firsthand how the process can work. Appraisal is an efficient and economical way of resolving certain types of claim disputes and eliminating issues that do not need to be litigated.

It appears that the more policyholders understand the appraisal process and know how to use it effectively, the less insurance companies like it. Stay tuned...