

TASK FORCE ON CITIZENS CLAIMS HANDLING & RESOLUTION

PROPERTY INSURANCE

Summary of Property Insurance Appraisal Umpires SB 1018 and HB 563

The proposed bill states that, effective June 1, 2009, no person can act as an appraisal umpire in conjunction with a loss appraisal clause contained in a residential and commercial residential property insurance policy unless licensed as a property insurance appraisal umpire by the Department of Financial Services. To implement this requirement, the bill provides:

- Definitions of appraisal, property insurance appraisal umpire and property insurance loss appraiser;
- Authorization for DFS to license, regulate and discipline appraisal umpires, approve classroom courses, collect fees and adopt rules;
- Authorization for a licensed or registered engineer, contractor, architect, geologist, certified public accountant, property adjuster, or an attorney to obtain an appraisal umpire license upon completion of a 4 hour classroom course approved by the Department;
- Authorization for licensed adjusters to obtain an appraisal umpire license based on experience in the construction industry, previous appraisal work, college credits in related subjects or completion of a 24-hour classroom course approved by the Department;
- Authorization for other persons to obtain an appraisal umpire license based upon completion of a 40-hour classroom course approved by the Department;
- Requirements that classroom courses include material on construction, building codes, appraisal procedures and preparation of forms;
- Ethical requirements applicable to umpires that address impartiality, gifts and solicitation, conflicts of interest, confidentiality, record keeping and retention, compensation and expenses, and advertising.

In addition, the bill sets forth procedures governing the appraisal process, including the following:

- Appraisers must be competent and independent;
- Umpires must be competent, independent and impartial;
- Appraisal proceedings are informal, not subject to the Florida Arbitration Code;
- Each appraiser must provide a written report setting forth the cost of the loss for each item that is being disputed;
- An appraisal award is binding with regard to the amount of a covered loss;
- Each party pays their appraiser and shares costs associated with the umpire except that the insurer pays all costs if the final award is 50% greater than the insurer's appraisal;
- Appraisers cannot determine coverage issues.