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How the appraisal process may help you settle your Hurricane Michael damage claims

By Staff Writers



It's been a year since Hurricane Michael devastated parts of the Florida Panhandle, causing damage to homes and businesses alike. Many residents have had to leave their homes while awaiting repairs, and, to add to their frustration, are wrangling with their insurance companies to get the funds they need to rebuild and move on with their lives.

If you are one of those property owners still waiting for the funds to settle your claim, have been denied your claim or feel you have not gotten a fair recovery, you likely know exactly how it feels to be displaced, frustrated, even angry.

There may be an option however — a year after Hurricane Michael.

The appraisal process

If you and your insurance company do not agree on the value of your claim or are still in disagreement on the damages to your property or the price to fix your damage, you may have an option in your insurance policy to invoke what is called the appraisal clause. While appraisal might not be for everyone, it is an alternative dispute resolution method that could expedite the settlement of your claim. So how does appraisal work? You select an independent appraiser to represent you and your insurance company does the same. The two appraisers then agree on the selection of a neutral umpire.

Both appraisers independently value the claim damages and then meet to review the claim in an attempt to reach an agreement. If the appraisers are not able to agree on certain issues, the neutral umpire will render a final decision which becomes binding. Each side pays their respective appraiser and the umpire fee is split equally.

To learn more about the appraisal process, we spoke with Rick Tutwiler, who is a Certified Appraiser through the Windstorm Insurance Network and President and COO of Tutwiler & Associates in Tampa, Florida.

Q: What is the process after a homeowner contacts you about a claim?

A: One of our Licensed Public Adjusters / Certified Loss Appraisers will initially speak with the property / business owner to learn about the outstanding discrepancies that are ultimately holding up the claim settlement process. If it is determined that our firm can add value to assist the policyholder to resolve their disputes, we will then request a copy of their Property Insurance Policy to review its Terms & Conditions.

Q: What should people know about the appraisal option in their policy? Do most policyholders have that?

A: One way for policyholders to dispute their insurance company's offer, is to invoke the Appraisal provision/ clause within their insurance

policy. When conducted properly, appraisal can be a very effective "alternative dispute resolution method" to resolving what is often a very frustrating insurance claim process. Having said that, it is my experience that the average consumer does not know that the Appraisal provision even exists, much less the nuances or procedural processes that are involved. Furthermore, it should be noted that the Appraisal process is not intended to address issues of Coverage, rather it is designed to help when Policyholders and Insurance Companies have considerable disagreements regarding the "Scope" of the necessary damage repairs as well as the "Price." To give an example, most insurance claim adjusters working in the industry use an estimating software program called Xactimate. The most popular of many estimating software programs, the Xactimate program says it extrapolates and updates current market prices, but we often see that the price to Replace a Roof for example is vastly different than what a local contractor would charge. Moreover, there are ways for an adjuster to select "average grade" building materials such as Cabinets in a property where the owner has installed custom ("premium grade") Cabinetry. These subtle selections in the program can add up to thousands of dollars even on the smallest of claims. Then there is Depreciation that has to be factored in. I have seen where insurance companies will apply 50-70% Depreciation to properties just based on the year they were constructed, but they do not take into consideration that the property was well maintained and therefore, maybe a 10-15% Depreciation calculation should be applied. Again, all this adds up in the end and for the unknowing Policyholder, they often feel they have no choice but to settle for the amount offered by the insurance company. Policyholders need to know there is recourse and everything is negotiable; subject to Policy Limits and

provisions as stated in the Policy contract.

Q: What are some indications that appraisal might be a good next step?

If you and your insurance company are far apart regarding what should be repaired, how it should be repaired or the cost of repairs, appraisal may be option. Silence can also be a good indicator. If you are not corresponding well with your adjuster or if the insurance company is stonewalling or has simply gone silent, that should serve as a message for a Policyholder to prompt the next step, i.e. Appraisal.

Q: What are some of the most common reasons a policyholder contacts you?

A: Either the Property owner's insurance company has invoked the Appraisal process and the Policyholder is seeking our professional assistance to help and/or they have reached an impasse with their insurance company altogether and are searching for ways to expedite a resolution of their claim. Typically, the disagreements involve significant disagreements on Scope & Price of Repairs as stated above.

Q: There seems to be a lot of misinformation about what can happen after a policyholder gets a check but there's still a dispute.

A: During the "life of an insurance claim," there will always be disputes. That is a certain. Having said that, if a Policyholder receives a check, we consider that to be a payment for the "Undisputed" amount. In this scenario, we would advise the Policyholder to cash the check, but before doing so, write verbiage on the back of their check under their endorsement and include the words "For Advance Payment Only / Undisputed Amount." That way the insurance company knows the payment is not Full or Final. Unfortunately, there are some insurance companies who will write verbiage somewhere on a letter or even on the



check that suggests cashing the check constitutes their agreement that the check is a "Final Payment." We caution folks to look at these checks closely and make certain that the insurance company understands in writing that cashing the check does not constitute the Policyholders agreement that by cashing the check the claim is over.

Q: Can you describe an example where a client got much more than the insurance company was offering?

A: I recently handled an Appraisal where the insurance company adjuster prepared a Repair Estimate that totaled \$139,345.45 for Loss & Damages to the Policww yholder's house, which sustained considerable hurricane/wind damage and interior water damage. The Appraisal Award that was rendered and paid totaled \$ 2,390,839.98 to repair the home to its pre-loss condition. The homeowner also received an additional \$1,757,000.00 for loss and damages sustained their Personal Property and Furniture Items as well as for their Additional

Living Expenses for having to rent another property during the Reasonable Period of Restoration until the Repairs to the home were completed.

With millions of dollars in client success stories over a 33-year history, Tutwiler & Associates Public Adjusters work exclusively on behalf of policyholders to help them achieve the maximum settlement amounts they can fairly and honestly recover based on their loss and their policy provisions. If you're in a dispute with your insurer over your Hurricane Michael damage claim, invoking your contractual right to an appraisal and hiring a certified appraiser is one option for getting your home and your life back to what it once was. Contact Tutwiler & Associates Public Adjusters by phone at 1-800-321-4488 or online.

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