

CLAIMS INDUSTRY REVIEW • IN-DEPTH ANALYSIS

One Clause, Fifty Outcomes

How appraisal law is quietly redefining claims across state lines.

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Expanded & Annotated Edition — Comprehensive Jurisdictional Analysis

EXECUTIVE SUMMARY

The property insurance appraisal clause — a single, often standardized provision — produces dramatically different outcomes depending on jurisdiction. This expanded analysis traces the legal evolution of appraisal across the United States, examines the leading cases driving divergence, explores the economic and legislative forces reshaping the process, and offers practical guidance for claims professionals navigating a multi-state environment. What follows is the most comprehensive industry treatment of this subject to date.

PART I

The Appraisal Clause — Origins, Purpose, and Modern Pressure

1.1 What Appraisal Was Designed to Do

The appraisal clause is among the oldest dispute resolution mechanisms in American insurance law. Its basic structure has remained largely unchanged for over a century: when policyholder and insurer disagree on the amount of loss, each selects a competent and

disinterested appraiser, the two appraisers select an umpire, and the resulting panel determines the loss amount. This process was designed to be fast, economical, and insulated from the formality of court proceedings.

The clause emerged in an era when property losses were simpler, a barn fire, a flood, a windstorm. Damage was physical and largely self-evident. Valuation was a question of what repairs cost, and competent appraisers could answer it without legal guidance. The clause was, in its original conception, a mechanism to resolve pricing disputes between reasonable parties who agreed that a loss had occurred.

That conception has been strained to its breaking point by the complexity of modern claims.

1.2 The Forces That Changed Everything

Several converging pressures have transformed appraisal from a background provision into one of the most litigated clauses in property insurance:

- **Severity and frequency of weather events:** The last decade has seen record-setting losses from named storms, convective events, wildfires, and flooding. As claim severity increases, so do disputes — and with them, the frequency of appraisal invocation.
- **Construction cost volatility:** Inflationary pressures in materials and labor have made valuation a moving target. Parties can reasonably reach very different estimates for the same damage, creating fertile ground for dispute.
- **Specialization of the public adjuster industry:** The rise of professional advocates aligned with policyholders has introduced experienced, motivated parties into the dispute process — parties who understand appraisal's strategic potential.
- **Judicial willingness to expand scope:** Courts across the country have, with increasing frequency, interpreted the clause more broadly than its drafters likely intended, reflecting the practical reality that valuation and causation are often inseparable.
- **Legislative activity:** States have enacted reforms affecting fee shifting, bad faith exposure, and appraisal timing, fundamentally altering the economics surrounding the process.

1.3 Why Jurisdiction Matters More Than Policy Language

A claims professional reviewing an appraisal clause in a standard ISO-based policy form would find little variation from state to state. The language typically speaks of resolving disagreements about the “amount of loss” through a panel of appraisers and an umpire. Nothing in that language signals that its application would differ significantly depending on whether the insured property sits in Miami or Manhattan.

Yet the practical difference is enormous. In Florida, an appraisal may resolve virtually every disputed aspect of a claim, scope, causation, methodology, and value. In New York, the same clause applies only after courts have resolved causation, and its role is limited to pricing what has already been established as covered. The policy did not create this difference. Decades of case law did.

For multi-state carriers, TPAs, and national adjusting firms, the implication is clear: the legal environment surrounding the clause must be understood with the same rigor applied to the policy language itself. The policy is the same. The jurisdiction is everything.

KEY INSIGHT

The appraisal clause has not changed. Its language remains familiar and largely consistent across policies and jurisdictions. What has changed, dramatically, is how that language is interpreted, in ways that vary enormously from state to state.

PART II

The Threshold Question — What Does “Amount of Loss” Actually Mean?

2.1 The Indemnity Principle and Its Complications

Insurance is built on the principle of indemnity: the goal is to restore the insured to their pre-loss financial position, neither more nor less. That principle sounds straightforward, but it contains layers of interpretive complexity that courts have been unpacking for decades.

The threshold question, what is the “amount of loss?”, is where that complexity becomes consequential. The answer determines not only the dollar figure owed, but who gets to determine it and through what process.

Replacement Cost Value (RCV)

The most commonly applied standard in residential property claims. RCV measures the cost to repair or replace damaged property with materials of like kind and quality without deduction for depreciation. On its face, this sounds mechanical, gather contractor estimates, calculate totals, arrive at a number. In practice, scope disputes, pricing variations, and method-of-repair disagreements routinely prevent agreement.

Actual Cash Value (ACV)

ACV is generally understood as replacement cost minus depreciation, though courts have interpreted the concept in multiple ways. Some jurisdictions apply the “fair market value” approach, measuring ACV as the difference in property value before and after the loss. Others apply the “broad evidence rule,” allowing consideration of any relevant factor bearing on economic loss. These different methodologies can produce materially different results for the same loss.

The Broad Evidence Rule

States following the broad evidence rule, including many in the Northeast and Midwest, permit appraisers and courts to consider factors such as location, age, condition, income potential, and recent market sales when determining ACV. This approach injects economic judgment into what would otherwise be a mechanical calculation and has significant implications for appraisal scope.

2.2 When Valuation Requires Causation

The most contested question in modern appraisal law is whether determining the “amount of loss” requires, or permits, a determination of causation. This issue arises most acutely in cases involving multiple causes of loss, some covered and some excluded.

Consider a roof claim following a hail event. The insurer argues that much of the roof's condition reflects pre-existing wear and deterioration, not hail damage. The insured contends that all visible damage resulted from the storm. To calculate the “amount of loss” from the storm, the appraisers must first determine what was caused by the storm. Without that determination, a number cannot be assigned.

The determination of loss amount is not purely mechanical. It requires judgment about what damage exists, how it should be measured, and what economic standard applies. As courts have increasingly recognized, this judgment cannot always be neatly separated from questions of causation and scope.

Courts have divided sharply on whether this fact-finding is within the appraisal panel's authority or whether it constitutes a coverage determination reserved for courts. This division is the single most important fault line in contemporary appraisal law, and it explains why outcomes diverge so dramatically across states.

PART III

A Jurisdictional Taxonomy — Four Models of Appraisal

American jurisdictions have clustered around four broad models for applying the appraisal clause. Understanding these models, and which states fall within each, is essential for claims professionals managing multi-jurisdictional exposure.

3.1 The Expansive Model: Florida, Colorado, and Minnesota

In these states, courts have concluded that meaningful appraisal cannot be conducted without reference to causation. The appraisal panel is empowered to evaluate not only pricing, but the scope and cause of damage to the extent necessary to establish a value. The result is an appraisal process that often resolves the entire factual dispute, functioning more like arbitration than simple valuation.

Florida

Florida's evolution is the most extensively documented in the case law. The Florida Supreme Court's 1996 decision in *State Farm Fire & Casualty Co. v. Licea* established that appraisers may consider causation when necessary to determine the amount of loss. The 2002 decision in *Johnson v. Nationwide* reinforced this principle and acknowledged the tension between the carrier's right to litigate coverage and the policyholder's right to a timely determination of loss amount.

Subsequent decisions have extended appraisal authority to include disputes over repair method and scope. Florida courts have also addressed sequencing, whether appraisal must await coverage resolution, and have generally permitted the processes to proceed on parallel tracks when causation and coverage can be meaningfully separated.

The practical result is that appraisal in Florida is often the primary forum for resolving disputed claims. It is not uncommon for Florida appraisal panels to issue awards that effectively dispose of all material disputes, leaving only ministerial coverage questions.

Colorado

The Colorado Supreme Court's 2019 decision in *Owners Insurance Co. v. Dakota Station II Condominium Association* marked a decisive turn. The court rejected the position that causation must always be resolved judicially before appraisal, recognizing that in storm damage claims, hail causation and valuation are often impossible to separate. Colorado's approach now authorizes appraisers to determine scope and cause as part of their valuation function, subject to the carrier's preserved right to contest coverage on other grounds.

Minnesota

Minnesota's leading case, *Quade v. Secura Insurance* (2012), similarly extended appraisal authority to include cause, scope, and necessary repairs. The Minnesota Supreme Court reasoned that limiting appraisal to pure valuation would defeat its purpose in the modern claims environment, where most disputes center on what damage occurred and from what cause, not simply how much repairs cost.

3.2 The Hybrid Model: Texas and Illinois

Texas and Illinois occupy an intermediate position. Courts in both states permit appraisers to address causation elements when those elements are inseparable from valuation but maintain clear boundaries between appraisal authority and coverage interpretation.

Texas — Appraisal as Strategic Tool

The Texas Supreme Court's decision in *State Farm Lloyds v. Johnson* (2009) drew a line that Texas courts have consistently honored: appraisers may determine causation to the extent necessary to assign a value but may not resolve coverage questions. A panel that determines what damage hail caused is engaged in valuation. A panel that determines whether the insured complied with notice requirements is engaged in coverage analysis, and has exceeded its authority.

What distinguishes Texas is how appraisal functions within the litigation environment. A substantial line of Texas appellate decisions holds that when an insurer invokes appraisal and timely pays the resulting award, it substantially reduces exposure to breach of contract and extra-contractual (bad faith) claims. This creates a powerful incentive structure. For carriers, invoking appraisal is not only a dispute resolution mechanism, it is a litigation risk management strategy.

The implications for claims professionals are significant. The timing of an appraisal demand in Texas, and the carrier's response to that demand, can determine not only how the valuation dispute is resolved, but whether the claim ever becomes a lawsuit. A carrier that delays, frustrates, or ignores a valid appraisal demand may face greater bad faith exposure than one that embraces appraisal and pays promptly.

Illinois

Illinois courts have developed a nuanced framework that looks at whether the disputed issue is “intertwined” with valuation. If a causal question is so entangled with the amount-of-loss determination that it cannot reasonably be separated, appraisers may address it. If causation implicates coverage, whether a loss is covered at all, that question remains for courts. Illinois has not developed as robust a strategic appraisal doctrine as Texas, but its hybrid framework similarly allows for a more expansive appraisal than traditional jurisdictions.

3.3 The Traditional Model: New York, California, and Others

Several states maintain a strict separation between valuation and liability, treating appraisal as a limited pricing mechanism available only after coverage questions are resolved. These jurisdictions reflect the original conception of appraisal as a technical, not adjudicative, process.

New York

New York's foundational case law, including *Aetna v. Delmar Box Co.* (1955) and its progeny, treats appraisal as a mechanism for determining value, nothing more. Courts in New York routinely enjoin or delay appraisal pending resolution of coverage issues. The result is a sequential process: court determines coverage, then appraisal determines value. This approach prioritizes judicial control over disputed facts and limits the scope of what appraisers may consider.

New York's approach is reinforced by the state's general skepticism of informal adjudication. Courts there have historically been reluctant to delegate fact-finding functions to private panels without clear statutory authority, and the appraisal clause has generally not been interpreted to provide that authority.

California

California law similarly limits appraisal to valuation and has developed an extensive body of case law distinguishing between questions of “amount” (appraisable) and questions of “coverage” (reserved for courts). The leading case, *Kirkwood v. California State Automobile*

Association (2011), reflects the California Court of Appeal's consistent position that appraisal panels lack authority to resolve causation disputes that implicate coverage.

California's approach is also shaped by its unique regulatory environment. The Department of Insurance has promulgated guidance on fair claims settlement practices that interact with the appraisal process in ways specific to California. Claims professionals operating there must navigate not only case law but regulatory expectations that have no direct equivalent in most other states.

Louisiana, Oklahoma, and Kansas

Louisiana's civil law tradition and strict adherence to contractual language place it firmly in the traditional camp. Courts there interpret appraisal clauses narrowly, consistent with the civilian principle that contractual provisions are to be applied as written without judicial expansion. Louisiana's robust statutory framework governing claims handling operates largely independently of appraisal, creating parallel accountability mechanisms.

Oklahoma has developed one of the most significant bad faith doctrines in the country, stemming from the landmark 1977 decision in *Christian v. American Home Assurance Co.*, but its appraisal law has remained traditionally narrow. The separation between valuation and coverage is clearly maintained, and causation questions are reserved for judicial resolution. The tension between Oklahoma's expansive bad faith exposure and its limited appraisal scope creates a distinctive risk profile for carriers operating there.

Kansas follows traditional contract principles. Appraisal is construed as the parties drafted it: a mechanism for pricing damages, not adjudicating the broader dispute. Kansas has seen relatively limited appraisal litigation, but its courts have consistently rejected interpretations that would expand panel authority beyond valuation.

3.4 Emerging Jurisdictions

Not every state fits neatly into these three models. Several jurisdictions are in active transition, with trial courts beginning to allow broader appraisal authority while appellate guidance remains limited or inconsistent. Georgia, Arizona, and South Carolina are among

the states where appraisal law is evolving, and where claims professionals should expect continued development.

In these emerging jurisdictions, the absence of clear precedent creates both risk and opportunity. Carriers and policyholders alike may find that the same panel reaches very different conclusions about its own authority, and that those conclusions are difficult to challenge without established appellate standards.

PART IV

Leading Cases — A Reference Table

The following table summarizes the landmark decisions shaping appraisal law across major jurisdictions:

CASE	JURISDICTION	CORE HOLDING	SIGNIFICANCE
State Farm v. Licea (1996)	Florida	Appraisers may consider causation when necessary to determine amount of loss	Established Florida's expansive framework; foundational for the modern expansive model
Johnson v. Nationwide (2002)	Florida	Causation intertwined with valuation is within appraisal scope; sequencing addressed	Reinforced and refined Licea; addressed parallel track issues
Dakota Station II (2019)	Colorado	Causation not always separable from valuation in storm claims; appraisers may address both	Extended expansive model to Colorado; addressed hail claim reality
Quade v. Secura (2012)	Minnesota	Appraisers may determine cause, scope, and necessary repairs when intertwined with value	Minnesota's adoption of expansive model; emphasis on appraisal's efficiency purpose
State Farm Lloyds v. Johnson (2009)	Texas	Causation permitted when necessary to value; coverage questions reserved for courts	Created Texas hybrid model; foundation for strategic use of appraisal to limit litigation exposure
In re Delmar Box Co. (1955)	New York	Appraisal limited to pricing; causation/coverage reserved for courts	Foundational traditional model case; continues to govern New York practice
Kirkwood v. Cal. State Auto (2011)	California	Firm distinction between amount (appraisable) and coverage/causation (judicial)	Leading California case; reflects regulatory environment's influence on appraisal scope
Christian v. Am. Home Assurance (1977)	Oklahoma	Established bad faith doctrine independent of appraisal scope	Context for Oklahoma's dual-track system: narrow appraisal / expansive bad faith
Girard v. State Farm (2013)	Louisiana	Appraisal construed narrowly per civil law contract principles	Reflects Louisiana's civilian approach; statutory claims handling operates independently
American Coastal v. San Marco (2024)	Florida	Clarified appraisal scope and award enforceability under revised statutory framework	Post-reform application of Florida's evolving framework

PART V

The Florida Legislative Reform — A Case Study in Systemic Change

5.1 The Attorney's Fee Ecosystem That Shaped Litigation

To understand the significance of Florida's 2022 legislative reform, it is necessary to understand the environment it replaced.

For decades, Florida operated under a one-way attorney fee system created by Sections 627.428 and 626.9373 of the Florida Statutes. Under these provisions, if a policyholder obtained any recovery against an insurer, even a nominal amount, the insurer was required to pay the policyholder's attorney's fees. This applied even when the dispute centered on valuation rather than coverage, and even when the insurer's original payment position was reasonable.

The practical effect was a powerful incentive to litigate. A claimant who demanded a higher amount than the insurer offered faced a simple calculation: if the appraisal or jury awarded even one dollar more than the insurer's last offer, the insurer paid counsel fees. This asymmetry fueled a cottage industry of policyholder-side litigation in Florida that transformed the state's insurance market.

5.2 Senate Bill 2A and Its Consequences

Florida Senate Bill 2A, enacted in December 2022, fundamentally restructured the economics of property insurance disputes. The legislation eliminated the automatic recovery of attorney's fees in most property insurance matters, repealing the longstanding fee-shifting statutes.

Under the revised framework, attorney's fees are generally available only when an insurer has issued a complete denial of coverage and the insured prevails in a declaratory judgment action resolving that denial. The practical implication: disputes about how much is owed, the classic appraisal question, no longer carry fee-shifting consequences in most circumstances.

The 2022 reform did not change appraisal law. It changed the economic environment surrounding it. In an era of no fee-shifting, appraisal becomes even more attractive as a dispute resolution mechanism, particularly for disputes that are genuinely about value rather than coverage.

5.3 Reservations of Rights in the Post-Reform Environment

The reform has also clarified, and complicated, the interaction between reservations of rights and attorney's fees. Under the pre-reform framework, a reservation of rights that accompanied an underpayment could create fee exposure regardless of the ultimate coverage analysis. Post-reform, the key question is whether the carrier issued a “total denial” of coverage, which triggers declaratory relief and potential fee exposure.

This distinction has made reservation of rights letters more consequential. A reservation that is carefully drafted to preserve the carrier's coverage defenses without characterizing the claim as wholly denied is not equivalent, under current Florida law, to a total denial. The carrier's ability to pay the appraisal award while maintaining coverage defenses has thus become a more refined strategic option.

Claims professionals operating in Florida must now think carefully about how reservation letters are drafted, how they interact with appraisal demands, and how the post-award coverage analysis will proceed. The reform simplified some aspects of the landscape while creating new complexity in others.

PART VI

Reservation of Rights — The Strategic Gateway to Appraisal

6.1 Why Reservations Matter Before Appraisal Begins

The reservation of rights is often treated as a procedural formality, a letter issued to preserve the carrier's options while the claim is adjusted. In the context of appraisal, it is far more than that. The decision to issue a reservation, the scope of the coverage defenses preserved, and the timing of that decision all shape how the appraisal process will function and what authority the resulting award will carry.

At its core, the reservation of rights preserves the distinction between two questions: (1) how much did the loss cost?, and (2) is that loss covered under the policy? Appraisal addresses the first question. Coverage analysis, often supplemented by judicial resolution, addresses the second. The reservation of rights is the mechanism that keeps those questions separate while both are being resolved.

6.2 Scope and Specificity of Reservations

A reservation of rights is only as useful as its specificity. A generic reservation that “preserves all rights and defenses” may not be sufficient to protect a carrier's ability to contest specific coverage issues after an appraisal award is entered. Courts in multiple jurisdictions have held that carriers are bound by the coverage positions they articulate (or fail to articulate) before or during the appraisal process.

Best practice requires that reservations identify:

- The specific coverage provisions at issue (exclusions, conditions, definitions)
- The factual basis for the carrier's coverage concern (e.g., pre-existing damage, maintenance exclusion, vacancy condition)
- The legal theory under which coverage may be limited or denied
- Whether the carrier intends to proceed with adjustment and appraisal while coverage analysis continues

The more precisely the reservation is tailored to the actual coverage dispute, the more effectively it preserves the carrier's post-award options.

6.3 Reservations and Appraisal Authority

An important, and underappreciated, interaction exists between the scope of the reservation and the authority of the appraisal panel. In jurisdictions that allow appraisers to address causation, the reservation of rights may define the boundary of that authority. If the carrier has reserved rights on the basis of a specific exclusion (say, a flooding exclusion in a wind-versus-water dispute), the appraisers may be limited in their ability to make causation findings on that specific issue.

Conversely, a failure to issue a timely reservation on a coverage issue may estop the carrier from raising that issue after an appraisal award is paid. Courts in several jurisdictions have treated appraisal demands and awards as creating implied coverage acknowledgments when no reservation was in place.

The reservation of rights letter is one of the most consequential documents in the appraisal process, often more important than the appraisal demand itself. Its content should be reviewed with the same care as the policy language it invokes.

PART VII

State Comparison — Quick Reference

The following table provides a summary reference for claims professionals managing multi-jurisdictional files:

STATE	MODEL	CAUSATION IN APPRAISAL?	FEE SHIFTING?	KEY NOTES
Florida	Expansive	Yes — broadly	Limited (post-2022)	Post-SB2A reform changed economics; reservation of rights interaction critical
Colorado	Expansive	Yes — when inseparable	Standard	Dakota Station II (2019) is controlling; parallel track appraisal common
Minnesota	Expansive	Yes — when intertwined	Standard	Quade governs; focus on inseparability of causation and value
Texas	Hybrid	Partial — for valuation only	Standard	Appraisal award + timely payment can limit bad faith exposure significantly
Illinois	Hybrid	Partial — if intertwined	Standard	Intertwining test applied; coverage questions reserved
New York	Traditional	No	Standard	Sequential process: coverage first, then appraisal; courts closely supervise
California	Traditional	No	Regulatory overlay	Amount vs. coverage distinction strictly maintained; CDI guidance relevant
Louisiana	Traditional	No	Standard	Civil law approach; statutory claims handling operates independently
Oklahoma	Traditional	No	Standard	Narrow appraisal scope but expansive bad faith doctrine creates risk
Kansas	Traditional	No	Standard	Contract-driven interpretation; limited appraisal litigation

PART VIII

Practical Guidance for Claims Professionals

8.1 The Jurisdiction-First Framework

The single most important shift in appraisal practice is the adoption of a jurisdiction-first analytical framework. Before evaluating the merits of an appraisal demand, claims professionals should ask: what does this jurisdiction's law say about the scope and authority of the panel?

This inquiry should be initiated at the first sign of dispute, not when the appraisal demand arrives. Knowing the jurisdictional model in advance allows claims professionals to:

- Set reserve levels that account for the possibility of an expansive appraisal award covering scope and causation issues
- Decide whether and when to issue a reservation of rights, tailored to the specific coverage issues present
- Evaluate the strategic implications of invoking versus opposing appraisal
- Identify which factual disputes are potentially within the panel's authority and which require judicial resolution

8.2 Selecting Appraisers in Expansive Jurisdictions

In traditional jurisdictions, appraisers are principally valuers, skilled in construction pricing, market analysis, and depreciation methodology. In expansive jurisdictions, appraisers function more like arbitrators. They evaluate competing factual narratives about causation, weigh methodological disputes, and make judgment calls that go well beyond pricing.

This distinction has practical implications for appraiser selection. In Florida, Colorado, or Minnesota, the carrier's appraiser should have not only valuation credentials but experience with causation analysis, forensic investigation, and the particular type of loss at issue (hail, wind, water intrusion, etc.). The ability to understand and articulate a causation position, not just a repair estimate, is critical.

8.3 Umpire Selection — The Most Underestimated Decision

The umpire, who resolves disputes between the two appraisers, is arguably the most consequential decision in the appraisal process. Most appraisal clauses allow the two appraisers to mutually select the umpire, with court appointment as a fallback if agreement cannot be reached.

In expansive jurisdictions, umpire selection takes on added significance. An umpire who understands the jurisdictional framework, who knows that causation is within the panel's authority in Florida or Colorado, will approach disputed facts very differently than one who views causation as outside the appraisal scope.

Claims professionals should approach umpire selection strategically, researching candidates' backgrounds, professional affiliations, and (where available) prior award history. An umpire who has consistently aligned with one side in prior appraisals is not a neutral, and identifying that pattern before selection is far preferable to discovering it after an adverse award.

8.4 Post-Award Strategy

The appraisal award is the beginning of post-dispute analysis, not the end. Claims professionals should evaluate:

- Whether the award addresses issues that were beyond the panel's authority (grounds for vacatur in many jurisdictions)
- Whether the reservation of rights preserved the carrier's ability to offset the award against coverage limitations
- In Texas, whether prompt payment of the award will limit bad faith exposure
- Whether the award is internally consistent, appraisers who award both ACV and RCV in a way that conflicts with the depreciation methodology can produce awards vulnerable to challenge
- Whether to confirm the award in court (which can limit future challenges) or hold it as a contractual determination

PART IX

Emerging Trends and the Road Ahead

9.1 Climate Loss Complexity and Appraisal Scope

The increasing complexity of weather-related losses is likely to accelerate the expansion of appraisal scope in receptive jurisdictions. As losses involve multiple concurrent causes, hurricane wind and storm surge, hail and pre-existing deterioration, wildfire smoke and existing air quality conditions, the difficulty of separating covered from non-covered damage increases.

Courts that have already accepted the principle that causation cannot always be separated from valuation will find that argument reinforced by the practical reality of complex multi-cause losses. Jurisdictions currently in the traditional model may face pressure to accommodate more appraisal authority as the alternative, full judicial proceedings for each disputed claim, becomes increasingly impractical.

9.2 Technology and Appraiser Tools

The introduction of AI-assisted estimating platforms, aerial imagery analysis, and remote sensing technologies is changing how appraisers assess damage. These tools offer significant efficiency advantages but also introduce new disputes, about whether algorithmic estimates are reliable, how satellite imagery compares to physical inspection, and what weight to give remote versus in-person assessments.

Claims professionals should anticipate appraisal disputes that include not only competing valuations but competing methodologies. The question of whether an AI-generated estimate is a valid starting point for appraisal is already being litigated in some jurisdictions and will become more common as adoption increases.

9.3 Legislative Reform Beyond Florida

Florida's 2022 reforms attracted national attention, and several other states have considered or enacted similar changes to their property insurance litigation environments. Louisiana, California, and Texas have all seen legislative activity affecting fee shifting, bad faith exposure, and claims handling requirements in ways that interact with the appraisal process.

Claims professionals should monitor legislative developments in their primary jurisdictions and evaluate how those changes affect the strategic calculus surrounding appraisal. Fee-shifting changes in particular can transform appraisal from a neutral process into either a more or less attractive alternative to litigation depending on the direction of reform.

9.4 The Growing Role of Reinsurers and Alternative Capital

As primary carriers increasingly rely on reinsurance and alternative capital structures to manage catastrophe exposure, the economics of individual claim outcomes, and the aggregate effect of appraisal awards, have become more consequential to a broader set of stakeholders. Reinsurers with exposure to Florida, Texas, or Colorado cat events have significant interest in how appraisal authority is defined and exercised in those states.

This dynamic may contribute to industry-level advocacy for appraisal reform, as reinsurers and alternative capital providers seek greater predictability in the loss development process. Claims professionals in carrier environments should be aware that appraisal strategy increasingly reflects not only claim-level considerations but portfolio and treaty-level implications.

Conclusion: The Jurisdiction Is the Clause

For most of its history, the appraisal clause functioned in the background of the claims process. It was invoked occasionally, resolved disputes quietly, and rarely required close legal analysis. That era is over.

Today, appraisal is one of the most legally complex and strategically significant provisions in the property insurance policy. A claims professional who approaches it without understanding the jurisdictional framework is working with an incomplete picture, and in today's claims environment, incomplete pictures lead to adverse outcomes.

The framework for understanding appraisal is not complicated. It requires asking, for every disputed claim, a single threshold question before all others: what does this state's law say about what appraisers can decide?

The answer to that question changes everything, the reserve, the strategy, the selection of appraisers, the content of the reservation of rights, the post-award analysis, and the litigation risk exposure. It is not an exaggeration to say that jurisdiction now defines the appraisal clause more than the clause itself.

For claims professionals who internalize that reality, the appraisal process becomes a tool that can be understood, anticipated, and managed. For those who do not, it remains what it has always appeared to be — a simple mechanism that quietly produces very complicated outcomes.

The appraisal clause has not changed. What has changed is everything around it, the courts that interpret it, the legislatures that regulate it, the economics that shape incentives around it, and the claims themselves that it is asked to resolve.

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