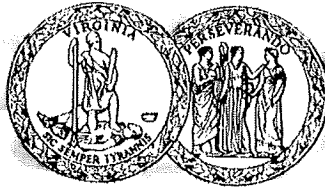


COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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August 29, 2014

TO: All Licensed Property and Casualty Insurers and Rate Service Organizations

RE: Appraisal Provisions in Policies Written to Insure Property

The Bureau of Insurance recently undertook a legal and regulatory review of its position, as stated in Administrative Letter 1998-12, that an appraisal award in a property claim must be non-binding. Administrative letter 1998-12 directed insurers to amend their property insurance coverage forms to add specific language to the appraisal condition making it clear that the appraisal process is not binding.

Based on its recent review of this issue, the Bureau has concluded that it is more appropriate to construe appraisal conditions as binding in nature, and therefore, the previously required language should no longer appear in property coverage forms approved or filed for approval in Virginia. Consequently, the Bureau is requesting that insurers amend their property insurance coverage forms to remove language that requires appraisal awards to be non-binding. As with other requested changes to policy forms, the Bureau's expectation is that revised filings be submitted to our offices within 90 days. (With respect to appraisal provisions found in motor vehicle insurance policies, the Bureau will be taking action to amend the standard auto forms.)

If you have any questions or need additional time to make these changes, please contact:

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Sincerely,

Mary Bannister
Deputy Commissioner
Property & Casualty Division