

New York Enacts a Statute to Compel an Appraisal Required in the Standard Fire Insurance Policy

By John W. Fried, Esq.

Effective as of March 30, 2010, in New York, either a policyholder or a fire insurer can initiate a special proceeding to compel the appraisal process in the standard fire insurance policy. This change in the law was recommended in *Fabrenholz v. Security Mutual Insurance Co.*, 291 A.D.2d 876, 738 N.Y.S.2d 623 (4th Dep't 2002) (Order dismissing a policyholder's cause of action to compel an appraisal for a fire loss was affirmed).

Under preexisting law, section 7601 of the Civil Practice Law and Rules had exempted the enforcement of the appraisal provision in the standard fire insurance policy.

The appraisal provision required by law in the standard fire insurance policy is a means to settle quickly claim adjustment disputes, rather than more time consuming litigation. Insurers often would refuse to agree to appraisals to force their policyholders either to accept inadequate settlement offers or pursue recovery through litigation. That abuse should end with the enactment of this new law.

For questions, further information or consultation, please contact John W. Fried in our New York office at (212) 268-7111 or at johnwfried@fried-epstein.com.

[Editor's Note: John W. Fried is a Partner at the New York office of Fried & Epstein LLP, which regularly represents policyholders in insurance coverage disputes. He is a frequent speaker and author on the subject of insurance coverage law and practice. Information concerning Fried & Epstein's Insurance Coverage Practice Group may be obtained by visiting the firm's website at www.fried-epstein.com. Responses to this article are welcome. Copyright 2010 John W. Fried.]

