

## SETTLEMENT OF A LOSS UNDER A HAIL INSURANCE POLICY

The process for settling a loss under a hail insurance policy is based on the Statutory Conditions set out in section 286(1) of *The Saskatchewan Insurance Act*. The Statutory Conditions are terms included in the insurance contract and are printed on the back of the insurance policy.

During the adjustment, appraisal and umpire process, Statutory Condition 7 provides the insurer with a right of access to the crop.

### Adjustment Process

Within 30 days of an insurance company receiving a notice of loss, the farmer and the insurance company (or their representatives) **will together examine** the loss or damage sustained by hail on the insured crop.

The two parties may agree on the percentage of loss or agree to defer the examination of the percentage of loss or damage to a later date.

The insurance company (or their representative) must adjust the claim using established crop adjusting procedures set out in a current version of the crop hail adjuster manual as approved by the Hail Insurance Council of Saskatchewan.

If the farmer and the insurance company cannot agree upon the percentage of loss, the disputed items will be decided through an appraisal process.

### Appraisal Process

When the farmer and the insurance company do not agree on the percentage of loss or damage from hail, either party can make a written request for an appraisal.

Time periods are very important to the appraisal process so the farmer should become familiar with the Statutory Conditions which are printed on the back of the insurance policy. For example:

- In the event of a disagreement, the party requesting an appraisal has 3 days to initiate the process by providing a written notice to the other party. The requesting party must name an appraiser to represent their interest including his/her contact information, on the notice.
- The other party, upon receipt of the appraisal notice, has 3 days to appoint an appraiser to represent their interest and to provide the name of their appointed appraiser including contact information.
- The appraisal of loss or damage must commence within 2 days following the date that both appraisers are named, or upon expiration of the period in which the appointment(s) must be made.
- A request to extend the periods of time as specified within Statutory Condition 15 may, upon written application, be granted at the discretion of the Superintendent of Insurance.

The farmer and the insurance company are both removed from the settlement process once their appraiser has been appointed. **Neither the farmer nor the claims adjuster who represented the insurance company can be appointed as an appraiser.**

An individual who is appointed to act as an appraiser must: (1) be able to attend and participate in the entire appraisal process; and (2) if necessary, must attend and participate in the umpire process.

It is the duty of the appraisers to provide a written record of the assessment for each item on the policy that is in dispute. This record will include the appraiser's actual count of the damage, the appraiser's assessment of the loss and the reasons for the assessment.

If the appraisers cannot agree on the percentage of loss or damage for any item, the unresolved item will be presented to an umpire for decision.

Items to which the appraisers have agreed will be signed off by both appraisers and considered as settled.

The appraisal process will not be halted if the party receiving the appraisal notice refuses to appoint an appraiser to act as their representative. If this should occur, the appraiser appointed by the 1<sup>st</sup> party will act for both parties and proceed to determine the percentage of hail loss or damage on the disputed items.

The expense of each appraiser is paid for by the party that appointed them. If only one appraiser is appointed, the expense will be shared equally by both parties.

### **Umpire Process**

If any items cannot be resolved by the appraisal process the appraisers must attempt to agree on an umpire to settle the dispute. If an agreement cannot be reached, an umpire will be appointed by the Superintendent of Insurance. When an appointed umpire is required, one of the appraisers must contact the Hail Insurance Council of Saskatchewan to initiate the umpire appointment process.

The appointment of an umpire should not be delayed. It is in the interest of both parties to ensure that the umpire is appointed in a timely manner.

Upon appointment the umpire will contact both appraisers and arrange to meet at the location of the disputed appraisal items. When contacted, both appraisers must make themselves available to attend with the umpire to resolve the outstanding items in dispute.

The umpire process is designed to provide a final settlement to any unresolved appraisal items. Each appraiser and the umpire will independently assess the loss by making actual plant counts during the umpire process. The umpire will make a final determination based on the % of loss as determined by the appraiser that is closest to his own determination. **The umpire decision is the final step in the statutory settlement process.**

The farmer and the insurance company are equally responsible to pay the expense of the umpire.

Hail Insurance Council of Saskatchewan