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STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE

May 19, 1986

ADMINISTRATIVE LETTER 1986-8

TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY  
INSURANCE IN VIRGINIA

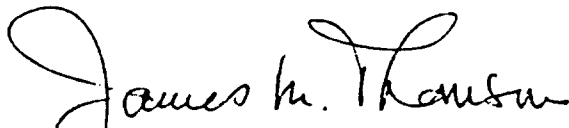
RE: APPRAISAL CONDITIONS

The Bureau of Insurance forwarded to you on October 10, 1985 Administrative Letter 1985-17 which outlined the position of the Bureau of Insurance concerning appraisal conditions. A copy of that Administrative Letter is printed on the back of this letter for your easy reference.

Administrative Letter 1985-17 indicated that the Bureau would not approve appraisal conditions in any property and casualty contract unless the policy form specifically stated that the award is not binding. Companies were requested to review all then currently approved property and casualty forms and file the necessary amendments. The Bureau was in error.

We have reexamined the case on which Administrative Letter 1985-17 was based. The Bureau will approve appraisal conditions whether such appraisal is construed to be binding or not.

Sincerely,

  
James M. Thomson  
Commissioner of Insurance

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BOX 1157  
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STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE

October 10, 1985

ADMINISTRATIVE LETTER 1985-17

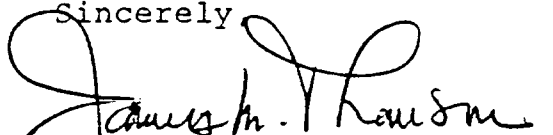
TO: ALL COMPANIES LICENSED TO WRITE PROPERTY AND CASUALTY  
INSURANCE IN VIRGINIA

RE: APPRAISAL CONDITIONS

The Bureau of Insurance has become aware that many companies have filed policy forms which contain appraisal conditions which may be construed as binding. Binding appraisal conditions are not permissible in Virginia according to case law. This applies to standard automobile and statutory fire policies as well.

Therefore, the Bureau of Insurance will not approve appraisal conditions in any property and casualty contract unless the policy form specifically states that the award is not binding. In addition, it is permissible to make compliance with an appraisal condition a condition precedent to filing suit. Companies should review all currently approved property and casualty forms and file the necessary amendments.

Sincerely,

  
James M. Thomson  
Commissioner of Insurance

JMT/ah