COA Opinion: Insurance adjuster paid a contingency fee can qualify as an "independent" appraiser

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After their house was severely damaged by fire, policyholders hired an insurance adjuster to assist in presenting their claim to the insurance company. The adjuster was to be paid ten percent of the total insurance payment. When a dispute developed with the insurer, the policyholder demanded an appraisal under MCL 500.2833(1)(m). The policyholder selected the adjuster as its "competent and independent" appraiser under the statute. The insurance company objected, saying the contingency fee contract prevented the adjuster from being "independent." In *White v. State Farm Fire & Cas. Co.*, No. 298083, the Court of Appeals disagreed, holding that a contingency-fee agreement does not prohibit an appraiser from being independent. To be independent, the appraiser must be free of actual control by either party, but the appraiser need not be disinterested. The court also concluded that the statute does not violate the insurance company's due-process rights, because appraisers and are not required to be impartial and are not considered to be quasi-judges. Judge Shapiro concurred to emphasize that each party expects an appraiser to support and advocate its client's position during the appraisal process, and a requirement that an appraiser be disinterested would bring the appraisal mechanism to a "screeching halt."