

October 2, 2020

JAMES O'TOOLE COMPANY
PO BOX 1371
CAREFREE, AZ 85377-1371

State Farm Insurance Companies
Fire Claims
PO BOX 106169
Atlanta, GA 30348-6169
Fax 844 236 3646

RE: Claim Number: [REDACTED]
Insured: [REDACTED]
Date of Loss: June 23, 2020
Policy Number: [REDACTED]
Insured Property: PO BOX 1371, [REDACTED]
Type of Policy: Homeowners

Dear Mr. O'toole:

We have received the appraisal demand for Mr. [REDACTED] and will follow up shortly.

As you are aware, the covered damage for this claim is based on the State Farm estimate, which was below the policy deductible. Our estimate was based on our evaluation and the Risknomics report, who performed environmental sampling.

Char/Soot samples collected from the interior residence did not find evidence of wildfire particles, and as a result, there has been no accidental direct physical loss. The exterior samples yielded trace amounts of wildfire particles, and Risknomics recommended cleaning of exterior surfaces that would not be subject to natural cleansing due to rain, by using ordinary cleaning methods. We have applied coverage to the areas where traces of wildfire particles were found and prepared a cleaning estimate for the exterior based on recommendations by Risknomics, which according to Risknomics, are consistent with guidelines published by the Arizona Department of Health Services concerning clean up following wildfires.

For your convenience, we have included the policy language for appraisal. Please note:

- Appraisal is only available to determine the amount of the loss of each item in dispute. The appraisers and the umpire have no authority to decide:
 - (1) any other questions of fact;
 - (2) questions of law;
 - (3) questions of coverage;
 - (4) other contractual issues; or

- o (5) to conduct appraisal on a class-wide basis.

Please refer to your clients Homeowners Policy, Form HW-2103 which states,

SECTION I – CONDITIONS

4. **Appraisal.** If **you** and **we** fail to agree on the amount of loss, either party can demand that the amount of the loss be set by appraisal. Only **you** or **we** may demand appraisal. A demand for appraisal must be in writing. **You** must comply with **SECTION I – CONDITIONS, Your Duties After Loss** before making a demand for appraisal. At least 10 days before demanding appraisal, the party seeking appraisal must provide the other party with written, itemized documentation of a specific dispute as to the amount of the loss, identifying separately each item being disputed.

a. Each party will select a competent, disinterested appraiser and notify the other party of the appraiser's identity within 20 days of receipt of the written demand for appraisal.

b. The appraisers will then attempt to set the amount of the loss of each item in dispute as specified by each party, and jointly submit to each party a written report of agreement signed by them. In all instances the written report of agreement will be itemized and state separately the **actual cash value**, replacement cost, and if applicable, the market value of each item in dispute.

The written report of agreement will set the amount of the loss of each item in dispute and will be binding upon **you** and **us**.

c. If the two appraisers fail to agree upon the amount of the loss within 30 days, unless the period of time is extended by mutual agreement, they will select a competent, disinterested umpire and will submit their differences to the umpire. If the appraisers are unable to agree upon an umpire within 15 days:

(1) **you** or **we** may make a written application for a judge of a court of record in the same state and county (or city if the city is not within a county) where the **residence premises** is located to select an umpire;

(2) the party requesting the selection described in item c.(1) must provide the other party:

(a) written notice of the intent to file, identifying the specific location and identity of the court at least 10 days prior to submission of the written application; and

(b) a copy of the written application; and

(3) a written report of agreement, as required in item b., signed by any two (appraisers or appraiser and umpire) will set the amount of the loss of each item in dispute and will be binding upon **you** and

- us.** In all instances the written report of agreement will be itemized and state separately the **actual cash value**, replacement cost, and if applicable, the market value of each item in dispute.
- d. To qualify as an appraiser or umpire for a loss to property described in **COVERAGE A –DWELLING**, a person must be one of the following and be licensed or certified as required by the applicable jurisdiction:
- (1) an engineer or architect with experience and training in building construction, repair, estimating, or investigation of the type of property damage in dispute;
 - (2) an adjuster or public adjuster with experience and training in estimating the type of property damage in dispute; or
 - (3) a contractor with experience and training in the construction, repair, and estimating of the type of property damage in dispute.
- e. A person may not serve as an appraiser or umpire if that person, any employee of that person, that person's employer, or any employee of their employer:
- (1) has performed services for either party with respect to the claim at issue in the appraisal; or
 - (2) has a financial interest in the outcome of the claim at issue in the appraisal.
- f. Each party will be responsible for the compensation of their selected appraiser. Reasonable expenses of the appraisal and the reasonable compensation of the umpire will be paid equally by **you** and **us**.
- g. **You** and **we** do not waive any rights by demanding or submitting to an appraisal, and retain all contractual rights to determine if coverage applies to each item in dispute.
- h. Appraisal is only available to determine the amount of the loss of each item in dispute. The appraisers and the umpire have no authority to decide:
- (1) any other questions of fact;
 - (2) questions of law;
 - (3) questions of coverage;
 - (4) other contractual issues; or
 - (5) to conduct appraisal on a class-wide basis.
- i. Appraisal is a non-judicial proceeding and does not provide for or require arbitration. Neither party will be awarded attorney fees. The appraisal award may not be entered as a judgment in a court.
- j. A party may not demand appraisal after that party brings suit or action against the other party relating to the amount of loss.

JAMES O'TOOLE COMPANY
[REDACTED]

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Enclosed please find the approved State Farm estimate for the covered scope of damage, which is below the insured's deductible.

Sincerely,

[REDACTED]
State Farm Insurance
[REDACTED]