Xactimate: The History & The Future

Educating consumers and the professionals who serve them is central to United Policyholders' work. A software system called Xactimate has become the basis for many, if not most of the claim settlement offers insurers make to the owners of damaged buildings.

Xactimate is now the property damage and claim estimating tool of choice for most insurers and adjusters all across the United States. Adjusters use it to calculate structure losses, repair/rebuilding costs, benefits owed and settlement offers. But computers don't repair and rebuild structures, construction professionals do. In most situations, Xactimate estimates are lower than contractor/subcontractor estimates. This has led to extensive disputes, litigation and delays in disaster recovery.

Xactimate is a estimating tool. The estimates it generate are only as accurate as the data that's been input into it. If details of a repair or rebuild project are not completely input, Xactimate's output will be incorrect. If default pricing settings for materials or labor pricing are not manually adjusted by a user to reflect materials or labor pricing in a given region, Xactimate's output will be incorrect.

As with most technological innovations, human judgment must be combined with automation tools to produce accurate results. Where an adjuster manually over-rides default pricing and inserts locally accurate pricing, and where an adjuster inputs complete and accurate details on a structure, an Xactimate estimate can be accurate. But the reverse is also true.

As insurance payouts to the owners of damaged buildings have been increasingly impacted by this system, United Policyholders has added information to our online libraries and done advocacy work to prevent it from being used improperly. We have worked since 2006 to educate consumers, lawmakers and regulators about Xactimate and solve problems arising from the improper use of the Xactimate software system.

We are pleased to share the latest report on Xactimate by **Mark Whatley,** Actionable Insights. **Xactimate: The History & The Future.** Mark is a trainer and an estimating expert with unique perspectives on this much-used, often misunderstood tool. Here is a brief summary, the link to

his full report is below:

Xactimate© is a software system used to estimate mitigation and repair costs for residential and commercial property losses. Insurance companies and restoration contractors use Xactimate's products to handle more than half of all property claims in the United States and Canada. The Xactimate price lists project costs to perform various activities within the confines of the restoration ecosystem. e.g., storage, contents packouts & restoration, mold remediation, water extraction, environmental testing, asbestos abatement, etc.

In most regions, a new pricelist is generated monthly. This updated pricelist incorporates ~10 new line items and significant modifications to an additional ~30 line items. Traditionally, user feedback is the catalyst for the adoption of new line items and material updates. Although the Xactware pricing department makes every effort to monitor and adjust pricing based on the data at their disposal, it is incumbent upon the user base to provide feedback informed by regional realities. Pricing feedback can be remitted via various avenues, however the primary vehicle is to remit thoughtful feedback via (pricing@xactware.com).

Insurance company adjusters use these price lists to estimate building damage repair and rebuilding costs so they can set their reserves. Restoration contractors use the price lists to estimate their costs to repair and rebuild, typically to include overhead and profit. The Xactimate program allows users the ability to create their own pricelist or adjust pricing of individual line items.

Nearly everything within the insurance ecosystem is open to some degree of interpretation. It is essential that adjusters interpret their policies, generate and review estimates in good faith with an eye towards fair claims settlement. In a similar vein, it is incumbent upon restoration contractors to leverage Xactimate in a responsible way that results in reasonable and warranted estimates/invoices. After all, Xactimate is a tool – a tool that can be used for good or evil. It can be manipulated nefariously to arrive at inflated reimbursement values or wielded thoughtfully in an effort to represent the additional cost associated with repairing a historic tudor-style mansion on Coronado Island. When leveraging this estimating tool, the overarching intent of all materially interested parties should always incorporate a bias towards fair and expeditious claims settlement that ultimately results in the policyholder being made whole.