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Never underestimate the power of the estimate

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According to the American Heritage Dictionary of the English Language, an estimate is "a judgment based on one's impressions; an opinion."

Of all the paperwork that's compiled as a result of a claim, perhaps the most valuable and influential is the claim estimate. In this article, I'd like to concentrate on the building repair estimate.

In a typical claim in which a public adjuster is involved, there are at least three estimates written reflecting repairs necessary to restore your property: one by the public adjuster, one by the insurance company's representative (either a staff or independent adjuster), and one by an actual contractor or contractors who are bidding on the reconstruction project.

By their own admission, contractors are not adjusters. Generally, they do not have the time, inclination or training to read through your policy and understand the nuances of insurance coverage. It's unlikely that they would be able to coherently and convincingly argue/discuss with the insurer the finer parts of a policy that can greatly influence the settlement outcome. Among such arcane topics might be "broad evidence," "automatic reinstatement," "efficient proximate cause," "co-insurance" provisions and others. Additionally, other important benefits that add coverage to stated limits may be contained within the body of the policy, but you need to know where to look.

Public adjusters know how to analyze the insurance policy, glean whatever benefits exist and contend with whatever shortfalls may be present (e.g., "co-insurance" penalty or "actual cash value" settlement).

A contractor's goal is fairly straightforward. What will it actually cost to perform the repairs, and will their price be competitive with other companies bidding for the same job?

Furthermore, contractors do not generally speak the same "language" as insurance companies. Oftentimes, a contractor prepares an estimate based on "time and materials"-how long a job is expected to take to complete and what will be the costs incurred for the necessary materials, labor and subcontractor expenses (i.e., electrician, plumber, HVAC, etc.).

This is not how the insurance industry evaluates a building claim. They determine the repair cost based on figures supplied by computer estimating software such as Exactimate, MSB or Simsol. These estimating programs utilize average costs for the painting of a square foot of wall, the plastering of a square yard of ceiling or "roughing-in" a plumbing fixture.

The public adjuster is also proficient in speaking this estimating language. This is crucial, as it allows him to locate, analyze and adjust the different unit costs that invariably exist among respective software programs.

Another critical function of the public adjuster is to recognize, address and resolve differences in the "scope" (extent) of repairs.

Our job is not to "over-estimate," but rather to establish the broadest scope and pricing that's justifiable and defensible. This can only be achieved through hard work, study and years of practice.

That is why we, at Professional Loss Adjusters, are licensed in 13 states, both principals are senior professional public adjusters (the highest professional designation) and, collectively, our adjusters have more than a hundred years of claims handling experience.

Jonathan Sadick, SPPA, principal of Professional Loss Adjusters, Inc. of Worcester, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540