

# HANOVER INSURANCE GROUP GENERAL GUIDELINES AND REQUIREMENTS

Adjuster contact information will be provided with the assignment whenever possible. If it is not provided at the time of assignment, please contact Sedgwick Repair Solutions (Please allow 4 hours after receipt of the assignment before calling, and wait until the next business day for after hours assignments). For escalations/unable to reach adjuster, please contact Hanover Insurance Claim Service Hotline at 800-628-0250.

	WATER MITIGATION SERVICE STANDARDS	TIME FRAME			
1	1 Initial Contact with Customer 30 minutes from receip				
2	2 Onsite Inspection/Job Starts 4 hours from receipt of job				
3					
4	Job Complete	72 hours after job start			
5	Estimate and all documentation returned to Xactanalysis	48 hours from job completion			
6	Submit requested revisions or additional support to estimate/documentation	24 hours from request			
	Any delays or exceptions must be noted in the file. In the event of a CAT, you will be notified if any tir	ne frames are relaxed.			
	TARPING/BOARD UP/ TREE AND DEBRIS REMOVAL SERVICE STANDARDS	TIME FRAME			
1	Initial Contact with Customer	30 minutes from receipt of job			
2	Job Start	24 hours from receipt of job			
3	Job Complete	24 hours from job start			
4	Estimate, photos and all documentation returned to Xactanalysis	48 hours after job completion			
5	Submit requested revisions or additional support to estimate/documentation	24 hours from request			
	Any delays or exceptions must be noted in the file. In the event of a CAT, you will be notified if any tir	me frames are relaxed.			
	ROOFING/SIDING/GUTTER SERVICE STANDARDS	TIME FRAME			
1	Initial Contact with Customer	24 hours before appointment			
1	Initial Contact with Customer Onsite Inspection	24 hours before appointment 48 hours from receipt of job			
_	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis	24 hours before appointment 48 hours from receipt of job 48 hours from inspection			
2	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request			
2	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation Job Start	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request 15 days from inspection			
2 3 4	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation Job Start Job Complete	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request			
2 3 4 5	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation Job Start	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request 15 days from inspection			
2 3 4 5	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation Job Start Job Complete  Any delays or exceptions must be noted in the file	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request 15 days from inspection 45 days from job start			
2 3 4 5 6	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation Job Start Job Complete  Any delays or exceptions must be noted in the file  GENERAL RESTORATION/RECONSTRUCTION SERVICE STANDARDS	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request 15 days from inspection 45 days from job start  TIME FRAME			
2 3 4 5 6	Initial Contact with Customer  Onsite Inspection  Estimate and photos returned to Xactanalysis  Submit requested revisions or additional support to estimate/documentation  Job Start  Job Complete  Any delays or exceptions must be noted in the file  GENERAL RESTORATION/RECONSTRUCTION SERVICE STANDARDS  Initial Contact with Customer	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request 15 days from inspection 45 days from job start  TIME FRAME 1 hour from receipt of job			
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2 3 4 5 6 1 2 3 4	Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation Job Start Job Complete  Any delays or exceptions must be noted in the file  GENERAL RESTORATION/RECONSTRUCTION SERVICE STANDARDS Initial Contact with Customer Onsite Inspection Estimate and photos returned to Xactanalysis Submit requested revisions or additional support to estimate/documentation	24 hours before appointment 48 hours from receipt of job 48 hours from inspection 24 hours from request 15 days from inspection 45 days from job start  TIME FRAME 1 hour from receipt of job 48 hours from inspection 24 hours from request			

	REQUIRED DOCUMENTS IN ADDITION TO THE ESTIMATE	TIME FRAME		
1	24 HOUR REPORT - include brief description of the loss and upload with inspection photos	24 hours from inspection		
	LABELED PHOTOS OF INITIAL INSPECTION/WORK IN PROGRESS - exterior of property, room overviews,			
2	affected areas, continuous areas, closeups of damages, debris removed, equipment in place, moisture	24 h avva fram inamatica		
2	affected areas, continuous areas, closeups of damages, debris removed, equipment in place, moisture readings, contents, specialty items, roof layers, pitch gauge for steep, etc. Photos must have detailed			
	labels/descriptions.			
3	WORK AUTHORIZATION - must be signed. Separate WA form needed for each job type.	24 hours from job start		
4	DRYING REPORT - Any software is acceptable (not handwritten). Upload with estimate and photos.	48 hours from completion		
5	LABELED PHOTOS OF COMPLETED JOB. Photos must have detailed labels/descriptions.	48 hours from completion		
6	SKETCH/DIAGRAM of affected areas (interior and exterior)	48 hours from completion		
7	CERTIFICATE OF SATISFACTION - must be signed and free from Assignment of Benefits language.	48 hours from completion		
All required documents with the exception of photos must be uploaded in PDF format.				
Any delays or exceptions must be noted in the file.				



# HANOVER INSURANCE GROUP GENERAL GUIDELINES AND REQUIREMENTS

	MANDATORY SERVICE APPROVALS
	Water Mitigation: Contact adjuster/examiner if drying will exceed 3 days or cost will exceed \$5000. Must provide estimated cost, reason for
1	extended drying time/elevated cost and estimated time of completion. Document approval in Xactanalysis notes before continuing with
	services. Approval note in the file must include date, time and adjuster name that provided approval.
	Specialty Equipment (water mitigation): Contact adjuster/examiner immediately if specialty equipment such as thermal imaging, thermal
2	heating systems, desiccant dehumidifiers, injection dry systems, rescue mats, fogging machines, etc. are required on a job and secure
2	permission before retaining such services. Document approval in Xactanalysis notes before continuing with services. Approval note in the file
	must include reason specialty equipment is needed, date, time and adjuster name that provided approval.
	Third party services such as IH/Environmental testing: Contact adjuster/examiner immediately if additional services are required on a job and
3	secure permission before retaining such services. Document approval in Xactanalysis notes before continuing with services. Approval note in the
	file must include date, time and adjuster name that provided approval. Exception: ITEL may be used without adjuster approval.
4	Subrogation Protocol: Contractor must identify, document, photograph and contact adjuster if the prospect of subrogation exists. Provider must
4	inform the insured to retain the part or item in question for pickup by a client representative and document file accordingly.
	Reconstruction/General Restoration estimate. Contact adjuster/examiner to obtain approval before writing a repair estimate if you did not
5	receive a repair assignment. You also must obtain adjuster/examiner approval prior of your estimate prior to sharing it with the insured or
	beginning any repair work. Approval note in the file must include date, time and adjuster name that provided approval.
6	Time and Material: Must receive approval from adjuster to provide T&M estimate. Approval note in the file must include date, time and
	adjuster name that provided approval.
7	Contents Losses. Notify adjuster and obtain/document approval if any contents cleaning or contents packout is needed. Approval note in the
	file must include date, time and adjuster name that provided approval.
	Demolition. Contractor must not demolish or remove any cabinets, wood/tile/stone flooring, shower/tub enclosures, or any other similar
8	material until receiving approval from the adjuster. An inspection by the adjuster may be required prior to giving any approval. Approval note
	in the file must include date, time and adjuster name that provided approval.
	Coverage Concerns/Mold Protocol. If rot is found, mold over 10 sf, lead/asbestos suspected, or if there are any coverage concerns (i.e. flood,
9	ongoing issue, etc.) contractor must contain the area and contact adjuster for further direction. Do not set any air movers and do not proceed
9	with services until you have received and documented approval from adjuster. For mold less than 10 sf, contractor should proceed and there
	will be no charges for mold remediation.
	Travel Expenses. Contractor must inform Insurance Company of any mileage or travel expenses that will be incurred to service a loss. Insurance
10	Company must pre-approve any such travel expenses and written approval must be noted in the file. Insurance Company will not be responsible
	for any unapproved travel expenses. Approval note in the file must include date, time and adjuster name that provided approval.
	All adjuster approvals must be documented in Xactanalysis notes. Approval note in the file must include date, time and adjuster name that

provided approval. Failure to obtain required approvals AND document in the file may result in removal of applicable line items from the estimate.

#### SPECIAL REQUIREMENTS

- 1 All direct referrals for this client must be reported to Sedgwick Repair Solutions, regardless of the source of the referral.
- Service Provider will not discuss the deductible or coverage with the insured and will refer the insured to their adjuster/examiner for
- 2 information. Note that Independent Adjusters do not have the authority to make approvals or verify coverage. Please contact the staff adjuster or examiner.
- 3 Deductibles. Do not request a down-payment or collect a deductible upfront for emergency services without adjuster approval.
- 4 Draws. Discuss any advance draws needed with the adjuster prior to starting work.
- Inspection Fees. No inspection fees should be charged unless requested to provide consulting/expert opinion services. For consulting/EO jobs, please abide by the Consulting Fee Schedule.
- 6 Work change orders: all agreed upon change orders with the insured must be uploaded as a PDF document to Xactanalysis.
- If contractor becomes aware of any issues, allegations, or complaints, you must alert Sedgwick Repair Solutions immediately. We will make reasonable efforts to assist you with resolving the issue.

Facts of the loss may warrant deviations from the program guidelines and deviations should be discussed and approved by the handling adjuster. All adjuster approvals must be documented in Xactanalysis notes. Approval note in the file must include date, time and adjuster name that provided approval.



# HANOVER INSURANCE GROUP GENERAL GUIDELINES AND REQUIREMENTS

					ESTI	MATI	NG GU	IDELI	NES
 		 		 		-			

- 1 IICRC protocol and guidelines, as well as all state and local laws should be adhered to.
- Estimates must be written in Xactimate format and returned to Xactanalysis with photos and all supporting documentation. Estimate cover page must include your company name, address, phone number, company tax ID #, claim number, insured and insurance company information, and estimator name.
- Estimate line items must be supported by photos. Uploaded photos must be clear (not blurry) and labeled. Missing or inadequate photos could result in removal of applicable line items from your estimate.
- 4 For more information on estimating, please refer to the attached Hanover Estimating Guidelines.

All estimates and supporting documentation will be reviewed by Sedgwick Repair Solutions. Any deviations from program requirements should be discussed and approved by the adjuster, and well documented in the file. All deviations are subject to approval by Sedgwick Repair Solutions and the client. Sedgwick Repair Solutions reserves the right to modify your estimate (collaborate) in order to comply with these requirements, in order to uphold our contractual agreements with the client. Failure to adequately document a file and/or comply with requests for revisions or additional documentation may result in temporary suspension or removal from this program.

	OVERHEAD AND PROFIT					
	O&P NON-O&P					
1 Water Mitigation/Emergency Services X						
2 Mold Remediation			X			
3	Structural cleaning		X			
4	Contents cleaning		X			
5	Contents Pack Out and Pack Back		X			
6	Reconstruction	X				
7 Sub Bids/Sub Contractors (requires adjuster approval)		X				

If it is reasonable based on the nature and complexity of the repairs that a General Contractor would be required for the repairs, then Overhead and Profit would likely be justified.

Contractor must have a GC license and the subcontracted work must include coordination, supervision and warranty. An itemized sub-bid must be included with the estimate. Simply initiating a phone call (e.g.: scheduling testing) does not qualify for O&P.

Overhead and Profit can only be applied to Non O&P Items if justified and approved by the adjuster. This would occur in rare exceptions due to complexity or severity of the services being provided. All deviations to program guidelines are subject to approval by Sedgwick Repair Solutions and the client.

#### PAYMENT PROTOCOL

- 1 Direct payment to Sedgwick Repair Solutions may be made if all required documents are uploaded. SRS will in turn pay the contractor.
- If Sedgwick Repair Solutions is not paid, the insured will be paid and contractor must collect payment from the insured, as well as any applicable deductible. If applicable, Mortgage Company may also be included on the check.
- Collections: Contractor must contact Sedgwick Repair Solutions at least 30 days prior to filing any liens or initiating any collections or legal action.



# **Estimating Guidelines**

January 12, 2018

One of the primary roles of the adjuster in the handling of property claims involves scoping and estimating structural losses. To this end, the organization has selected the use of the Xactware product, Xactimate, as the adjuster's tool to provide scope and indemnity details. It is the expectation of the organization that all estimates will be written on this platform. When estimating is necessary, this should originate from the HCS system and run through the Xactimate system. If there is an exception, it must be noted in the claim file and reviewed by unit manager.

The guidelines contained herein are intended to describe the expected normal handling, estimating and water mitigation. Recognizing, however, that no two claims are exactly alike, if the adjuster believes that a claim presents circumstances where deviation from these guidelines is appropriate, these circumstances should be fully documented in the file. These guidelines are also subject to any applicable state laws pertaining to claim handling.

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## **GENERAL**

## This section contains:

Assignment

Company Header

**Model Opening Statements** 

Claim Rep/Estimator Information

**Associated Documents** 

Supplements

**Correct Line Items** 

#### ASSIGNMENT

An Xactimate assignment should only be sent to yourself when you will be preparing an estimate for the loss. Assigning through the system will allow for the correct price list to be downloaded to the estimate.

The estimate should be sent when:

After initial conversation, if an inspection has been confirmed necessary, the estimate should be assigned through the HCS system at that time so that you have it on your desk top at the time of inspection for either estimate or photo sheet completion

For claims where the adjuster is performing an assist, use Send Work Assignment in Xactanalysis to generate assignment manually as HCS cannot do this. This will insure that the adjuster receives credit for these estimates.

If a vendor (IA, Contractor or Mitigation) assignment has been done through Xactanalysis, the assigned adjuster must mark themselves as the Desk Adjuster in Xactanalysis.

If the adjuster is receiving the assignment as a reassignment, use of the collaboration tab on the desk top in Xactanalysis is necessary. The adjuster will also have to change the name in the drop down of the estimator on that specific estimate manually on their desktop Xactimate.

#### **COMPANY HEADER**

The adjuster will create the estimate using the correct company name. Images for use in creating the Company Logo are available on the Property Resource Page.

#### **MODEL OPENING STATEMENTS**

Standard Hanover/Citizens model opening statements should be used on all estimates. These are also available on the Property Resource Page. These are used as the base statement, but can be altered to address supplements, open bid items or other unresolved issues.

## **CLAIM REP/ESTIMATOR INFORMATION**

The adjuster must include the corporate mailing address, phone, fax and email. You must provide the HCS fax number of **(508)926-5660**. When collaborating on an estimate created by someone else, the adjuster must identify themselves as the Claim Rep and provide their complete contact information. When desk adjusting, the adjuster must add themselves in Xactanalysis as the desk adjuster

## **ASSOCIATED DOCUMENTS**

Any supporting documents such as invoices, contractor's estimates, receipts, etc., should be scanned into HCS through HCS scanning, or by attaching an electronic file. All documents must be labeled and put into appropriate folders within HCS DOCUMENTS. Any documents that you are photographing at the risk MUST BE legible.

## **SUPPLEMENTS**

There should be a note in HCS NOTES explaining the need for the supplement, and what the changes in scope consist of at the risk. A supplement would be any change in scope, whether specific damage or change measurement that was not addressed in the initial estimate.

If your Model Opening Statement includes the calculations for payment, you need to change that calculation to reflect the supplemental amounts. Make sure that the calculation in the letter reflects the new totals on the estimate. This can be changed under preferences in Xactimate, where it will acknowledge a prior payment and it will include that calculation, or it can be manually changed.

## **CORRECT LINE ITEMS**

Xactimate provides a description of every line item. Adjusters must review these descriptions to ensure that they have selected the correct line item for the repairs to be completed. In cases where a damaged item doesn't fit the Xactimate description, the adjuster can verify the accurate item by reaching out to their region's re-inspector.

## **ESTIMATING GUIDELINES**

This section contains:

**Painting Guidelines** 

Drywall/Plaster Guidelines

Floor Estimating Guidelines

**Roof Estimating Guidelines** 

Fence Damage Estimating

General Items

## **PAINT ESTIMATING GUIDELINES**

The following is a list of items that should be considered in each painting

estimate. Quantities should be based on the Xactimate Sketch. Deductions should be made for all openings under preferences; this can be found under *User Preferences* in Xactimate. Refer to the appendix and sketch section for direction if needed. For accuracy in painting of areas or trim, the sketch must include all deductions such as base cabinets, baseboard heaters and bath tubs, windows, doors and any opening or object.

The Xactimate paint code assumes that "painters frequently remove switch and outlet cover plates, drop light fixtures, and move items away from walls to make painting easier. An average amount of this kind of prep work is included" in the paint codes.

## **Coats of Paint**

Painting should be written with two coats of finish paint using the following code for walls and ceilings:

PNT P2 Paint the walls and ceiling – two coats

## **Priming**

PNT S Seal/prime - one coat

Priming of patches should be restricted to 150% of the patch size using the above code.

PNT S< Spot Prime

For numerous small repairs up to 20 SF total the above code may be used (maximum once per room).

PNT S+ Seal/prime - one coat (white pigmented shellac)
In cases of heavy soot, the above line item can be used. It should be reserved for cases of heavy smoke residue that does not require

reserved for cases of heavy smoke residue that does not require replacement of the drywall, prior to the 2 coats of finish paint

PNT S - Seal w/ BPA primer one coat (intended for new drywall)

PNT SP2 Seal then paint the walls and ceiling twice (3 coats)

For cases where all new drywall is being installed throughout a room use

this line item to prime then two coat paint the walls and ceiling.

## **Painting Trim**

Trim should be painted/stained for matching up to a natural break or an outside corner. Unaffected casing and door jambs should be addressed if necessary and noted in claim file. Painting of trim should typically be 2 coats. Please make sure that you use the correct line item for paint or stain.

Common trim codes:

PNT B2 Paint baseboard - two coats
PNT C2 Paint casing - two coats

PNT OP Paint door or window opening - 2 coats (per side)

PNT BS Stain & finish baseboard

Above items include: Two coats on trim and jamb for average size door or window

## **Multiple Colors**

If there are multiple colors on one wall, or the walls are different colors, use code:

## Mask and Prep

Xactimate unit prices for Painting are calculated using a Professional Painter labor rate. Professional painters are a skilled trade and rely less on the use of masking. When the adjoining surface is a painted surface, professional painters will use a 'cut in technique' that does not rely on the use of masking. Estimators must consider the use of masking when adjoining surfaces are other than a painted surface. If there is a situation where there is consideration outside of the guidelines, a note is necessary to acknowledge the additional line items.

PNT MASKLFT Mask and prep for paint - tape only (per LF) (includes 2" tape)
The above item would be used to mask off another surface when painting
to prevent damage. Example: Painting walls but masking off trim that is
stained and not painted or painting trim when the walls are wallpapered,
including trim around openings.

PNT MASKLFP Mask and prep for paint - paper and tape (per LF) (includes 3/4" wide tape and 12" masking paper roll)

The above item should be used when both taping and papering. Example: masking off trim.

PNT MASKLF Mask and prep for paint - plastic, paper, tape (per LF) (includes 9' width plastic, 12" roll paper, ¾" masking tape)

The above item should be used when it is necessary to mask, paper and tape. Example: Application of a popcorn ceiling would require all of these items.

PNT MASKSF Mask per square foot - plastic and tape - 4 mil (includes 12' wide plastic, 3/4" masking tape)

The above line item should be used when specifically using plastic to cover an area. Example: Openings to contain dust or kitchen cabinets. Also may be used when painting walls or ceilings to protect floors when they are not being replaced.

PNT MASKFL+ Self-adhesive plastic film and labor to install and later remove. This item should be limited to unaffected traffic areas used by contractors to access affected areas; such as stairs or hallways.

## **Light Fixtures**

PNT MASKL Mask and cover large light fixture
PNT MASKL- Mask and cover light fixture

PNT MASKL+ Mask and cover large ornate light fixture

(Example: Chandelier)

These line items should not be used in a situation where the light fixtures are being detached and reset.

#### **DRYWALL/PLASTER GUIDELINES**

#### Drywall

There are many types of drywall, so the Claims Adjuster should determine the correct grade and/or makeup of the wall or ceiling surface. File needs to document the use of drywall that exceeds 1/2" on walls and 5/8" on ceilings. If photo documentation shows material that does not meet local building code and adjuster is writing to meet code, this must be depreciated to zero and *paid when incurred*. Use *PWI* method.

## **Drywall repairs**

Small drywall repairs or patches should be written using the following codes:

DRYPATCH Drywall patch / small repair, ready for paint For small repairs up to 4 square feet of drywall

Commonly used drywall codes:

DRY1/2 ½" drywall - hung, taped, ready for paint DRY1/2- ½" drywall - hung, taped, ready for texture

DRY1/2+ ½" drywall - hung, taped, heavy texture, ready for paint

DRYPATCHLF Drywall tape joint/repair – per LF

For lineal repair of joints

DRYLF Drywall replacement per LF - up to 2' tall

\*\*\*The above line item should not be used on partial walls, but on any wall damaged the full length. It is not intended as a spot repair.

Note: Time needed to match texture is not included in the above code. Use the following codes as appropriate.

#### **Drywall Textures**

Use the following codes when texturing walls and ceilings:

DRYTEX Texture drywall – light hand texture

DRYTEX- Texture drywall – machine

DRYTEX+ Texture drywall – heavy hand texture DRYTEX++ Texture drywall – smooth wall finish

Note: When adding an orange peel texture, use DRYTEXAD (PVA sealer additive).

Popcorn/spray/hand texture: If any damage necessitates removal of texture, the entire continuous area should be scraped and replaced. If original ceiling is painted, a photo with label "original ceiling painted" should be included to document the line item for an additional coat of paint.

## **Drywall Masking**

<sup>\*\*</sup>Do not use a 'sheet approach' for drywall. For repairs larger than 4 sq ft, the repair should be written for the actual sf of drywall damaged.

<sup>\*\*</sup>If texture is necessary, be sure to use above line item that incorporates the appropriate actions

Use the following drywall masking codes when drywall work is performed. Openings should be sealed to contain dust within the room of repairs.

DRYMASKSF Mask per square foot for drywall or plaster work

Use the following codes when applying a sprayed or machine texture or protecting walls with cabinets, brick, built-in shelving, or unique wall finishes:

DRYMASKLF Mask wall – plastic, paper, tape (per LF)

LIT RS Light fixture - Detach & reset

LIT RCTRS Recessed light fixture - Detach & reset trim only

Use when excessive fixtures and document with additional note under line item to show the rationale for the additional lighting.

## **Specialty Drywall**

Examples of specialty drywall include: multiple layers of drywall, radiant heat  $-\frac{1}{2}$ " double layer drywall, bullnose or rounded corners, cementboard, greenboard, etc.

• In moisture prone areas, such as in the bathroom around shower and tub areas, use of greenboard (DRY 1/2WR) is appropriate, tiled walls should include cementboard. If access to the drywall is available and photos show ½" drywall, any specialty drywall must be written as a code upgrade and paid once incurred.

#### **Plaster**

Because there are many types of plaster/lath combinations, correct determination of the material used is important to writing the correct replacement of like kind and quality.

- The most appropriate way to determine which Xactimate selector code to use is to examine the lath behind the plaster as this will often times allow the adjuster to visually identify the lathe and determine which selector code will be used.
- Wood lath is common in homes built before the 1940s. Metal lath is common in homes built after the 1940s. The most common lath used today is 1/2" gypsum blueboard.

If unable to determine the type of lath, 1/2" gypsum blueboard should be used. When estimating to repair an isolated area of plaster on a wall or ceiling surface, estimate for the actual square footage of repair and include for a thin coat of plaster over the entire continuous surface of the wall or ceiling that is being repaired.

### Plaster Repairs

Small plaster repairs or patches should be written using the following codes:

PLAPATCH - Plaster patch / small repair - ready for paint

For small repairs up to 6 sq ft plaster (maximum once per room)

**Note:** Additional labor may be required to match the patch to surrounding area. Item is intended for small repair(s) performed by a tradesperson already on the job performing additional work.

PLAG2 - Two coat plaster over 1/2" gypsum core blueboard

For areas greater than 6 sq ft, use the appropriate codes found in Xactimate based on the identification of plaster on the loss site.

## **FLOOR ESTIMATING GUIDELINES**

**Carpet and vinyl sheet flooring** must be broken down into separate line items for removal and replacement, waste is not allowed on removal.

Material flooring waste should be 10%. If using more than **10%** waste, it must be documented with a Line Item Note.

If floor covering is only damaged in one room, settlement is based on that room only unless the floor covering is a continuous run throughout other rooms, in which case the replacement will be estimated until there is a natural break. (i.e., doorway, door, threshold, different type of floor covering).

- If closing a door separates the room or the run is not continuous into an adjoining room, replacement of other undamaged areas should not be included.
- Subrooms, such as a closet or pantry, are to be included in the floor replacement in the cases where the main room flooring is being replaced.
- Replacement of any continuous flooring surface or any flooring of the same type over 360 sf will require the use of ITEL.

**EXAMPLE:** If you have 200 square feet of damaged average grade ceramic tile in a kitchen that opens into a living room and hallway. The living room and hallway have a total of 400 square feet of average grade carpet that is also damaged. There is also a bedroom with a different average grade carpet that contains 120 square feet. The only flooring material that is required to be sent to ITEL is the carpet located in the living room and hallway.

When completing on-site settlements, estimating any flooring material above average grade an ITEL sample must be sent.

**EXAMPLE:** While completing an onsite estimate for damages, you encounter 200 square feet of carpeting that is thought to be high grade and 370 square feet of average engineered wood flooring that requires replacement. You will need to take a sample of the carpet while on-site and arrange for a sample of the wood floor to be removed and either sent to ITEL or for you to pick up to send in. You will still be able to write an on-site estimate, you will need to put into the estimate for the flooring line item for "Carpet-per independent carpet analysis" as well as the line item for independent analysis for wood flooring. Please refer to the index on how to enter the material price when using these line items.

Carpet pad should be repaired for the damaged area only. Some situations may arise where additional padding, other than the damaged area, needs replacement. This should be documented in the file note to rationalize additional replacement.

\*When there are multiple layers of flooring, in general, the top/ in-use floor would be the floor addressed at repair or replacement. The floor beneath should be treated as underlayment. There are exceptions and this should be discussed with unit manager and addressed in notes.

**When estimating wood floors**, consideration should be given to: repair vs. replace, sand and refinish vs. replacement and this should be supported with photo documentation.

When completing on-site settlements, estimating any flooring material abover average grade an ITEL sample must be sent.

There are several kinds of wood flooring products on the market (i.e. laminate, prefinished, hardwood that is finished in place), estimator should note what type is present and select appropriate line items.

The following codes are just a few of the most common codes used, type and quality should always be addressed and noted when above average quality flooring:

FCW LAM Laminate - simulated wood flooring
FCW AVPF Pre-finished solid wood flooring
FCW AV Oak flooring - #1 common - no finish

Waste <u>should not</u> be added to wood flooring or tile as Xactimate includes 10% assumed waste factor in the material component.

When wood flooring is being replaced, r/r of shoe molding or quarter round is appropriate. Include painting/staining 2 coats for baseboards and quarter round or shoe molding.

When there is no shoe molding or quarter round present, d/r of baseboard is appropriate for sanding and refinishing floors. Include painting/staining 2 coats for reset baseboards. When sand/refinish is warranted, the following line items are appropriate:

FCW FIN Sand & finish wood floor (natural finish), this includes 1 coat of wood filler and 2 coats of finish.

FCW FINADD Additional coats of finish (per coat), this should be used for each coat of finish beyond the 2 included above. When additional coats are included, documentation from the insured or contractor is necessary in the file to support the line item.

FCW FINDS Add for dustless floor sanding.

Residential/commercial square foot cleaning can also be included as well as masking for dust containment. A note to support rationale in HCS needed.

**Tile has many options**. Take a photo to show the type of tile present. The most common application of tile flooring is using thinset that is applied over a cement backer board or applied directly to a concrete slab. Take a photo under tile if lifted to show application.

The following line item should be used unless a note/photo is included to reflect a different quality or application of tile flooring:

FCT AV Tile floor covering. This includes: tile, grout, thinset or mastic, the use of a ceramic tile saw, and installation labor.

If a cement backer board is needed, the following code should be used:

#### FCT BCEM1/4 Cement board

Waste <u>should not</u> be added to wood flooring or tile as Xactimate includes 10% assumed waste factor in the material component.

FCW TRIMRS Wood flooring trim - Detach & reset In cases where trim needs to be removed and reset due to any floor replacement, the above code should be used.

## Quality/Price

ITEL samples are required on All flooring materials with measurements of 360 square feet and above. All high or premium quality flooring grades will require ITEL regardless of square footage requiring replacement. Refer to page 31/32 for proper code usage when including ITEL pricing.

If carpet has been disposed of prior to adjuster involvement/inspection and there is no available documentation from the original installation use Average grade unless otherwise documented in the claim file.

When items such as cabinets, bathtubs or shower units are present, the estimator should determine whether or not the flooring extends beneath those objects/areas. When flooring does not extend beneath such objects, the estimator will deduct the square footage on their sketch. Include a photograph, where possible, of the flooring, or absence of the flooring, beneath the object.

## **ROOF ESTIMATING GUIDELINES**

All roofs must be quantified with measurements by adjuster/contractor and include a sketch or an Aerial Image report. An Aerial Image report (example: Geomni)\* should only be used when the roof cannot be accessed to measure accurately due to size, steepness, complexity or a dispute in measurements. When using Geomni, you must select the Geomni roof report. The Geomni property report can only be used with manager approval and documented in the notes. In cases where roofs cannot be safely inspected and a vendor is utilized, the same quality and documentation is required of the vendor as with the adjuster. The adjuster must document/note what factors they considered to justify that a repair is not possible prior to allowing for replacement of the roof. \*Refer to the section titled "hail/wind guidelines" for more detail.

\* See appendix for instructions how to order Geomni report through Xactimate.

## **Shingle Removal**

When estimating full slope or full roof replacement, please use the following codes. This line item encompasses all parts of the roofing system that needs to be removed to facilitate a replacement of the slope and or roof. Generally all common parts of a roofing system are included in the shingle tear off line item. **Examples:** drip edge, turtle vents,

valley metal etc. If any additional labor is needed to remove an item from a roof, a note to the file and photo documenting the item is required.

Roofing removal charges should be written using the following codes:

RFG ARMVN Tear off composition shingles (no haul off)

RFG ADDRMVN Additional layer of comp. shingles, remove (no haul off)

Shingle Removal should always reflect the actual squares being removed. The above codes do not include dumpster fees.

## **Dumpsters**

Dumpster selections should be made from the following list:

DMO PU	Haul debris - per pickup truck load - including dump fees (0-4 SQ)
DMO DTRUCK	Single axle dump truck - per load - including dump fees (4-7 SQ)
DMO DUMP<	Dumpster load - Approx. 12 yards, 1-3 ton of debris (7-8 SQ)
DMO DUMP	Dumpster load - Approx. 20 yards, 4 tons of debris (8-30 SQ)
DMO DUMP>	Dumpster load - Approx. 30 yards, 5-7 tons of debris (30-40 SQ)
DMO DUMP>>	Dumpster load - Approx. 40 yards, 7-8 tons of debris (40-56 SQ)

Above 56 SQ use multiple dumpsters.

## **Roofing Felt**

When roofing felt is being applied, no waste is added to the calculation. Use the following codes:

RFG FELT15 Roofing felt - 15lb

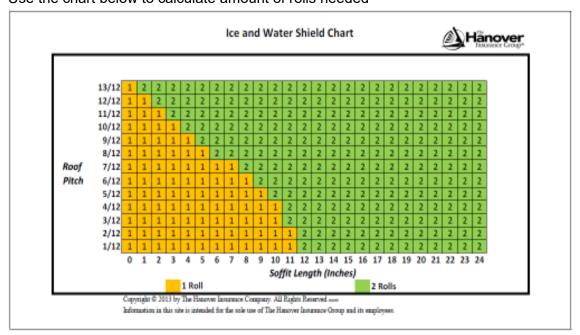
RFG FELT30 Roofing felt - 30lb (file must be documented to support this)

When Ice & Water Shield is allowed on the roof, that amount of felt is deducted to account for the amount of RFG IWS. Ice & Water Shield should cover the entire area of the roof over an attached, unheated porch roof and no less than 24 inches inside the exterior wall line of the heated building.



A photograph of the measurement for the soffit length and the roof pitch must be included

## Use the chart below to calculate amount of rolls needed



When Ice & Water shield is not present or is not accessible to photograph, reference the map on page **58** to confirm code requirement for I&W Shield. On the map, if in a YELLOW state, I&W Shield is to be included with normal depreciation. Any states NOT in yellow, if code is required and documented in notes, adjuster is to add the line item using PWI method.

When it is present, use following code:

RFG IWS Ice & water shield

## Shingle Replacement

Shingle replacement should be completed with the following codes: Unless verified through ITEL or the insured presents documentation showing a different quality of shingle the two highlighted codes should be used when estimating repairs and replacement of roofs.

RFG 220S	3 tab - 20 yr comp. shingle roofing - w/out felt
RFG 240S	3 tab - 25 yr composition shingle roofing - w/out felt
RFG 280S	3 tab - 25 yr(hvy.wt) comp.shingle rfg w/out felt
RFG 300S	Laminated - comp. shingle rfg w/out felt
RFG 400S	Laminated – High grd - comp. shingle rfg w/out felt
RFG 400IS	Laminated – High grd - impact resistant shingle - w/out felt
RFG 500S	Laminated – Deluxe grd - comp. shingle rfg w/out felt
RFG 500IS	Laminated – Premium grd - impact resistant shingle - w/out felt
RFG 500SLS	Laminated - Slate look comp. shingle - w/out felt

\*ITEL should be used if unable to reach an agreement with contractor/insured as to the grade/weight of a shingle. The shingle should be pulled by the contractor and sent for evaluation to ITEL for analysis/identification.

#### Waste

Shingle line items do not include waste, and will need to be manually added in the replacement line item quantity. An equation such as SQ\*1.10 or SQ\*1.15 can be used in the quantity field.

Waste should be calculated as follows:

Standard Gable 10% Hip and others 15%

In cases of roofs with excessive cuts/valleys additional waste factors may be applied, when this is done, the file must reflect the rationale for the additional waste. A decrease in the percentage is also appropriate when the slopes are larger spans. The above percentage includes the starter strip.

#### **High/Steep Charges**

The following High or Steep charges should be used when appropriate on an estimate. There should not be any waste added to these charges. High charges should only be applied to the slopes on the roof that are 2 stories or greater. Example: Ranch style with sloped ground has 1 story access. A 2 story charge should not be included unless additional labor is necessary to access the second story. Steep charges must be

applied based on readings of a pitch gauge on a slope by slope basis. Each slope with a different pitch must be documented with a photograph of the pitch gauge. Use codes:

RFG HIGH Additional charge for high roof (2 stories or greater)
RFG STEEP Additional charge for steep roof - 7/12 to 9/12 slope
RFG STEEP> Additional charge for steep roof - 10/12 to 12/12 slope
RFG STEEP>> Additional charge for steep roof greater than 12/12 slope

#### Ridge & Hip Cap

Ridge/hip cap should be calculated separately from both the shingles and the waste. The variable "R" and or "HIP" can be used to calculate the lineal feet of cap if the estimate is written in Sketch. R&R should be applied when replacing ridge/hip cap. Please use the following code for ridge cap:

RFG RIDGC Ridge cap - composition shingles

RFG RIDGC+ Ridge cap - High profile - composition shingles

## **Chimney Flashing**

When estimating to replace four sides of a masonry chimney use the following codes:

RFGFLCH
 Chimney Flashing - small (24" x 24")

 RFGFLCH
 Chimney Flashing - average (32" x 36")

 RFGFLCH>
 Chimney Flashing - large (32" x 60")

Use .50 in the calculation when 2 sides of flashing are present Use .75 in the calculation when 3 sides of flashing are present

RFGSTEP Step flashing (per LF)
RFGFLCTR Counter flashing (per LF)

Use the above codes when replacing step flashing around a non-masonry chimney or single sided flashing. A photograph to support is appropriate.

Any copper flashing material included in the estimate must be photographed.

Because Step Flashing is commonly installed prior to siding being installed, there are times it is necessary to detach and reset the siding. As it is possible that undamaged step flashing may be reused, adjusters should document the need to remove and replace step flashing and support their position regarding the detaching and resetting of the siding. When writing to remove siding to install step flashing, the adjuster should document the need for additional cost in the file notes.

**Reminder:** Many homes have metal chimney covers or boxes that cover a chimney flue. Typically, these covers can be left in place and require no flashing during roof replacement. If flashing is required, photo documentation must be provided.

## **Additional Items**

Here are additional items that should be included if present or required by code:

RFG DRIP Drip edge

If drip edge is there, replace it. If drip edge is not present, code requirement must be documented and drip edge must be written using PWI method

RFG FLPIPE Flashing - pipe jack

Vents -These should be replaced when present on slopes being replaced. Three common examples:

RFG VENTR Continuous ridge vent - shingle-over style

RFG VENTT- Roof vent –turtle type - Plastic RFG VENTT Roof vent - turtle type – Metal

## FENCE DAMAGE ESTIMATING

Adjusters must consider repairs to the damaged components of the fence before replacement of entire a linear foot/section(s) is allowed.

Example: Wood stockade fence has damage to a few slats. This should be repaired with corresponding fence slat line item to the existing fence.

Chain link fence should be repaired post to post up to the undamaged existing fence.

\*Please note post to post is not corner post to corner post.

Fence damage is estimated at Replacement Cost with non-recoverable depreciation applied, and paid at Actual Cash Value, except:

< 50% Damaged: Estimate actual amount of damage to nearest undamaged posts and pay at RCV, Less than 50% damage is considered a repair and therefore no betterment has occurred to warrant depreciation

≥ 50% Damaged: Estimate actual amount of damage to nearest post and pay ACV with non-recoverable depreciation

Adjuster should include photographs of all fencing to ensure accurate depiction of percentage of damaged amount.

When painting or staining entire fence, it would be subject to ACV payment with non-recoverable depreciation, unless otherwise endorsed or justification given in file notes.

#### **GENERAL ITEMS**

## **Content Manipulation**

Content manipulation should be added to any room that requires the contents be moved during the repair process. The following codes should be used for most rooms (approximate floor space):

CON ROOM Contents - move out then reset (90-150 sf)

CON ROOM
 Contents - move out then reset - Small room (Less than 90 sf)

 CON ROOM>
 Contents - move out then reset - Large room (150-300 sf)

 CON ROOM>>
 Contents - move out then reset - Extra Large room (> 300 sf)

Only one charge per room should be used. The above Labor charges are to move out and move back contents.

If there is an unusual amount of contents in a room or heavy item, include a photo of the contents and use the following code with a reasonable amount of labor hours. Take into

consideration if the item(s) should be removed completely from the room or just to another side of the room while repairs are being completed. Include a line item note:

CON LAB Content Manipulation charge - per hour

If the contents will remain in the room and needs to be protected, please use the following code:

CON PROT Protect contents - Cover with plastic

## General Clean up

When repairs result in construction debris, the following two codes should be used based on the square footage in each room and type of building:

CLN FINALC Final cleaning - construction – Commercial CLN FINALR Final cleaning - construction – Residential

Example: Drywall and insulation repairs are completed; the above items should be utilized.

If an hourly rate is necessary, the following code should be used only when a square foot quantity cannot be dimensioned. A note must indicate the breakdown of labor. CLN GN General clean – up

Example: Minor drywall repair, but a large room. Consider using hourly rate vs. SF method to match the scale of repair. The square footage line entry would not be necessary.

#### **Debris removal**

Dumpster selections should be made from the following list:



<sup>\*</sup>When scrap metals are involved, these need to be considered when choosing a dumpster size as these items can be recycled by the contractor and not added to the debris total.

<sup>\*</sup>Make sure that the labor hours included do not exceed the cost under the SF method

\*\*Salvage value should be addressed with contractor or customer, please refer to the salvage best practices.

#### Permits

Permits should be paid only when incurred. A copy of the permit should be included in the claim file. When using this line item, it should be marked as non-Taxable.

#### Bid Items

In the event a loss requires a bid from a sub-contractor due to special conditions, that cost should be entered into the estimate using the miscellaneous item for the most appropriate trade. Example: with air conditioners, HVC MISC. Bids can be reviewed by a vendor, from our preferred vendor list, for verification of both the scope of repair versus replacement as well as the cause of loss, but should be noted (see below for example). Solar panels and sunrooms are also examples of potential bid items. When reviewing and accepting a bid, a line item in the estimate, or note in the file is necessary. It should include the manufacturer, contractor built or homeowner built, product and unique factors to support use of the bid and not line item estimation. Examples may be Pella\*, Kalwall\* or pre-manufactured panels constructed at risk as Xactimate does not have appropriate line items to input. If taxes are included as part of the bid, the adjuster must mark the line item as non-taxable in estimate.

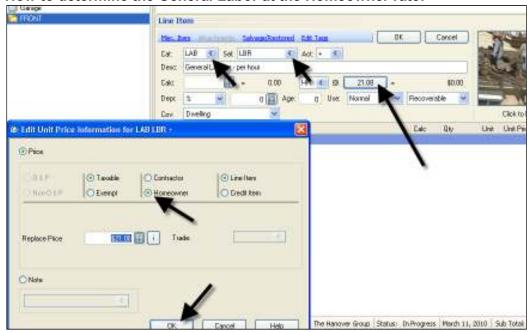
Example note: "Reviewed bid and confirmed pre-manufactured structure, reviewed sf and pricing with preferred vendor and agree with scope and price" or "a/c bid reviewed with preferred vendor and approved per like kind and quality for quantity and quality of units". Use the name of the preferred vendor in your note.

## Labor Only

Labor only line items should be used when unit cost line items do not exist for that task. A note should follow each use of labor only line items explaining in detail the task. The trade/action should be taken into consideration when adding labor and should be specific to that trade if possible. Hourly labor should not be used as a negotiation item in estimates.

#### **Insured Labor Only**

Insured labor is used when the insured has already performed labor to repair, clean up or prevent further damages and should reflect the most appropriate trade/action. If an appropriate code is not available, LAB LBR should be utilized and set to Homeowner rate as shown below. All uncompleted work on the estimate should reflect contractor rates.



#### How to determine the General Labor at the Homeowner rate:

- 1. Create a line item in the estimate using the most specific labor for that trade. When nothing more specific is available, use of LAB LBR for General Laborer per hour is appropriate.
- 2. Click on the dollar amount per hour. This will bring up the Edit Unit Price box.
- 3. Click on the button for Homeowner.
- 4. Click the OK button at the bottom of the box.

## Calculation of time:

When compensating the insured for their labor, consideration for a reasonable amount of time should be allowed. In cases where the time frame seems unreasonable, or the insured cannot provide any information, support the hours with a quick comparison using an existing selector code for that trade and utilize the labor hour component or explain the rationale with square footage and details of the work with a line item to support justification below the labor hours. If work is not completed when writing the estimate, use of the contractor rates is appropriate.

## Time and Material estimate

Use of time and materials should be represented by separate line items, one for labor and one for materials. A third line item should be input to support the rationale of T&M use. Use the individual Category Code that most closely reflects the trade and use the Selector Code for Labor.

## **Storage Units**

When use of a storage unit is appropriate, consideration of the period of restoration should be acknowledged and a line item note added to justify the amount of time. The line item is calculated on a monthly basis, therefore the line item may reflect a two week rental by using .50 in the quantity. The drop off and pick up fee should be included as separate line items. Depreciation should not be taken on storage units or fees.

## **ESTIMATING METRICS**

## This section contains:

**Photographs** 

Sketch/Diagrams

**Dimensioning Exterior Elevations** 

**Labor Minimums** 

Overhead & Profit

Pricing

Depreciation

**Deductibles** 

Matching

Item Quality

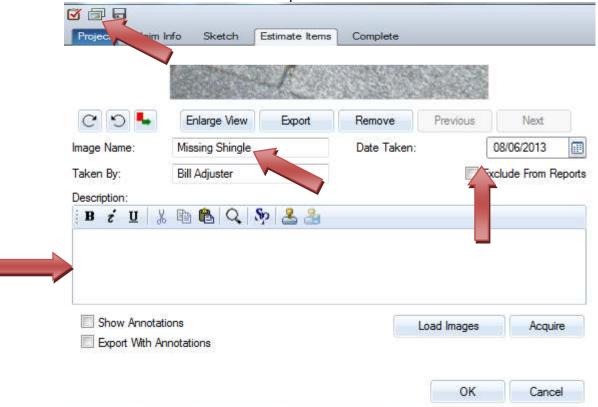
**Siding Documentation** 

How to enter an ITEL price into Xactimate

#### **PHOTOGRAPHS**

All inspected losses require digital photos, and those photographs will be attached to each estimate and uploaded through Xactimate. Adjusters should attempt to obtain photos from insured on desk adjusted claims. The time and date stamp in the camera should be correct and checked every time the batteries are changed. The following are minimum standards concerning photos:

Photos will be submitted on the Xactimate Photo Sheet - use the Images button in Estimate Items tab. Do not add photos to Sketch.



Below are some of the required photos (this is not an all-inclusive list):

- One photo of the front of the risk
- One photo for each area of damage should be included to support all damage within the estimate. Photos should be clearly labeled to include room name and location (e.g., "stain on living room ceiling at exterior wall").
- Sketch labels, such as "mudroom", should be mirrored in labels on photos.
- For soot and smoke damage, attempt to show the extent of damage on items
- Overview of each room damaged
- Close-up of damaged area in each room
- Overview of all roof slopes
- Each roof slope damaged, such as with hail to display the 'test square'
- Photos of damaged contents multiple items can be included in the photos, open all boxes and containers.
- Any questionable, non-related, non-covered or unusual damage/items

A photograph of any item written above average grade quality
 \* Refer to hail/wind guidelines for more detail on roof requirements

When photographs are not available due to an equipment malfunction, the adjuster will include a note in the file to indicate this deviation. As an option, the adjuster may also use the Attach Photo option available through Line Item Entry to provide an explanation for lack of digital Images.

If the photographs available are other than electronic format, the adjuster will scan, save and label them in the documentation section in HCS.

\*Photographs are essential and the only source to support the scope of the estimate. Be sure to take photos of all aspects of the risk, related and unrelated, as well as ALL of the specific damage.

#### SKETCH/DIAGRAMS

The use of Sketch is required on the vast majority of estimates. If dimensioning is utilized in place of sketch, the adjuster needs to include a diagram as part of the uploaded documentation. Measurements are to be exact with no rounding.

To ensure clear identification of rooms, roofs, exterior elevations on estimating, labels in sketch should match labels on photos as well as in estimate. Use of text and arrows is beneficial in open rooms to assist with identifying the affected area.

**Interior rooms** should all be dimensioned with Sketch using wall to wall measurements and inclusion of reference areas to identify and calculate areas that are less than the wall to wall.

Reference Areas: In a kitchen, the square footage of cabinetry would be deducted from actions such as painting or wallpaper. Other common areas for deductions are hallways, bathroom shower stalls and archways. This should be set in properties to calculate automatically.

**Windows**, **Doors & other Openings** must be included in estimates if they affect the sf of calculations on the estimate.

Doors, windows and other items that impact the SF of a surface area must be included in the reconstruction as necessary.

\*\*When a reference area is not deducted through sketch systematically, the manual calculation must be visible to show how calculation is justified.

**Exterior elevations**, such as siding, should be sketched one of two ways.

When roof is already being sketched, use of drop down of walls should be utilized to sketch elevations.

When a roof is not being sketched, a room tool should be utilized to create the foot print. And use of the elevation view, located in the lower right hand corner.

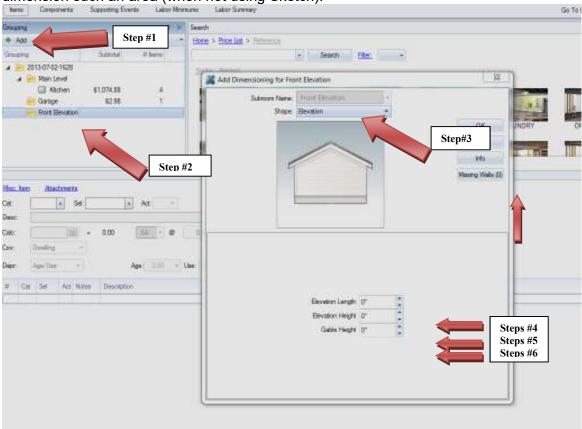
If sketch is not utilized for elevations, see below under Dimensioning Exterior Elevations.

**Roof** should be sketched, when damage is present, unless an Aerial Image Report is included, such as Geomni, to document dimensions.

Sketch may be used to diagram items such as fences, driveways, decks and other non-structural items as needed to clarify locality or square footage/lineal footage. Make sure to correlate with photo labels to document damages.

#### **DIMENSIONING EXTERIOR ELEVATIONS**

Exterior elevations for repairs such as replacing siding may be done at the Estimate Items using the Dimensioning window. Please refer to the following picture and steps to dimension such an area (when not using Sketch).



- 1. At the Estimate Items tab, create a room for the elevation. Common naming for this type of elevation are Front, Rear, Left, Right, Garage, 2<sup>nd</sup> Story, etc.
- 2. Highlight the elevation room name. Right Click to add Dimensioning
- 3. The Add Dimensioning box will open. Change the shape to Elevation.
- 4. Enter the length of the elevation.
- 5. Enter the height of the elevation.
- 6. Enter the height of the gable, distance from the peak to the eave in the middle of the elevation.

Missing walls should be entered as necessary for openings such as chimneys, garage doors, picture windows, sliding doors, etc.

#### LABOR MINIMUMS

The Labor Minimums should not be confused with the Line Item Minimum Charge.

The default selection for all estimates set at the User Preferences should be **Apply** for Labor Minimums and then reviewed at completion of estimate for final application.

On small repairs, Labor Minimums should be *selectively applied* to the **actual** trades performing work on the loss when the amount from the estimate line item is not adequate to perform the repairs. Labor Minimums are calculated by Xactimate on when there is not sufficient base hours of labor to reach the Labor Minimum for that trade.

Only skilled trades that are directly involved in the repairs should be considered for application of the Labor Minimums. Supporting task line items, such as actions to detach and reset, when being performed by one tradesman, should not include the Labor Minimum for the additional trade.

## **Trades Not Eligible:**

The following trades should not have the Labor Minimums applied (exceptions noted):

**Cleaning** – Any type of cleaning labor, including Water Mitigation and contents.

Exception: Carpet Cleaning & Duct Cleaning

**Contents** – Any type of content manipulation or pack out.

**Insulation** – Any type of insulation repair or replacement.

Exception: Blown-in and foam application can be considered

**Demolition** – Any type of debris removal.

**General Labor** – Any type of general labor code.

**Temp repairs** – Any type of emergency temp labor.

Water Mitigation – Performed by a separate vendor

**Appliances** – Replaced by the retailer

**Bid Items** 

#### Example #1

Smoke has damaged an entire house. We will be cleaning and painting the entire house, and replacing a sheet of drywall (32) sf.

It would be appropriate to apply the Labor Minimum to the drywall replacement only.

## Example #2

Vandalism has caused damage to a door. The door will require replacement, along with the lockset, and being repainted.

The proper application of Labor Minimum would include the Carpenter – Finish/Trim/Cabinet and Painter since they would not exceed the required amount of Base hours. The Carpenter – Mechanical should not be applied as the worker installing the door would install the lockset.

**In every situation**, consideration should be given to what trades are being utilized and then appropriate allowance given to the Labor Minimums. Provide an explanation in the

file notes to discuss trades. Example: "Multiple trades are involved with only two ceiling tile being replaced, no Labor Minimum for Acoustic Ceiling is necessary".

## **Applying the Labor Minimum**

The Labor Minimums should be marked to Apply as a default in your Parameters tab. This will cause any Labor Minimums that do not reach the Base Amount of labor in your estimate to apply automatically. **Any that fall under a Trade Not Eligible or is being performed by another tradesman should be un-checked.** 



Never use additional labor hours and Labor Minimums for the same trade.

#### **OVERHEAD & PROFIT**

If it is reasonable a General Contractor would be required to coordinate and/or supervise the repairs to the property contained in our estimate, then our estimate should include Overhead and Profit. Contractor O&P should be included on appropriate estimates whether or not the insured actually intends to hire a contractor. The number of skilled trades should not be the only factor considered. The nature and complexity of the repairs as well as the manner in which the repairs are customarily performed in a geographic area should also be considered.

The amount of O&P included in an estimate should be 10% Overhead and 10% Profit. O&P should not be calculated cumulatively. Different percentages should not be used, unless customary in specific geographic locations or jurisdictions; such as northern Virginia and Maryland. A change should be documented, such as 15% and 10%.

If O&P is applied in the estimate and the settlement is made on an Actual Cash Value basis according to policy provisions, then the applicable portion of the O&P should generally be included in the amount of depreciation withheld. Be aware of state regulations regarding inclusion of labor and O&P in the depreciation.

Typically O&P should not be included on the following types of losses due to the lack of required coordination and/or supervision of a General Contractor:

- Water Mitigation / Mold Remediation
- Contents pack-out / Contents cleaning

- Dry cleaning
- Emergency Services/Temporary Repairs

When there are circumstances that justify including O&P on the above trades, it should be included in the estimate and the file should be documented to support their inclusion. In addition, where the services of a General Contractor are reasonably required, it may be appropriate to conclude that O&P should not be applied to certain categories of work. These categories include:

- Appliances
- Cleaning (other than water mitigation, such as post-construction clean-up)
- Contents manipulation
- Demolition
- Fencing (unless you can justify the rationale for oversight/coordination)
- General Labor
- Permits, Licenses, Fees

If any of the trades listed above are used to calculate O&P, justification should be documented in the file. When the claim is being paid at replacement cost, or the recoverable depreciation is being released, it may not be necessary to pay the O&P if the insured did not use, or incur the cost of, a General Contractor.

If O&P was not included in the actual cash value of the original estimate because the nature and/or complexity of the repairs did not reasonably require the involvement of a General Contractor, but the insured has subsequently incurred the additional expense of O&P, the adjuster should consider whether it was reasonable under the circumstances.

If O&P was not included in the Actual Cash Value of the original estimate and a supplement is presented at a later time in the cycle of the claim for covered damages, which would suggest the services of a General Contractor were required the adjuster will need to update the original estimate. The original estimate should be collaborated to include the supplemental damages and Overhead and Profit and a new Actual Cash Value payment should be issued to the insured. Once the work is completed the supporting documentation should be reviewed to determine if Overhead and Profit has been incurred and payment for the recoverable deprecation should be handled on the merits of the claim.

If the work has been completed/incurred and O&P was not included in the initial Actual Cash Value payment of the estimate but the invoices now include additional covered damages which would suggest the services of a General Contractor were required, the adjuster will need to update the original estimate as stated below.

The original estimate should be collaborated to include the supplemental damages and O&P. The new Actual Cash Value of the collaborated estimate will need to be reviewed to determine the supplemental payment to the insured. If the new Actual Cash Value payment of the collaborated estimate is greater than the incurred cost of the insured's documentation, payment should be issued up to the new ACV amount, regardless of whether or not O&P was incurred. If the new Actual Cash Value payment is less than the insured documentation, further payment should be issued based upon the merits of the claim up to the new Replacement Cost amount of the collaborated estimate.

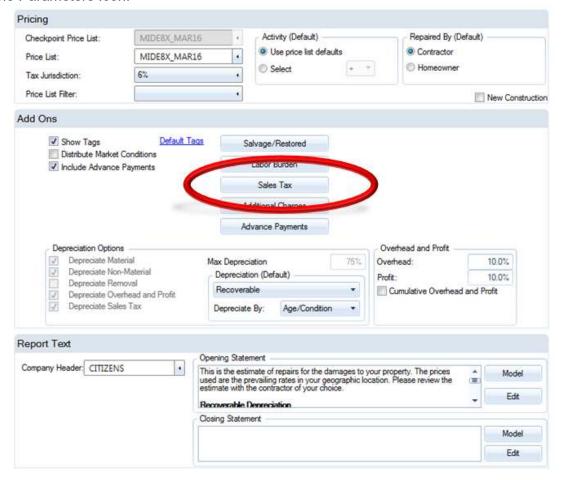
All estimates should have the Overhead and Profit included with sales tax. Within Xactimate there are three settings available for Sales Tax interaction with Overhead and Profit. The default setting for Xactimate is Overhead and Profit on Tax. This is based on the general industry guidelines. This is the typical default for most estimates and should not require any changes. It is the adjuster's responsibility to ensure that this setting is in place for estimates.

There are some states which require Sale Tax to be applied to the full estimate. (Example: New York) In these states the default setting should be Sales Tax on Overhead and Profit. This should default in your estimate based on the price list selected.

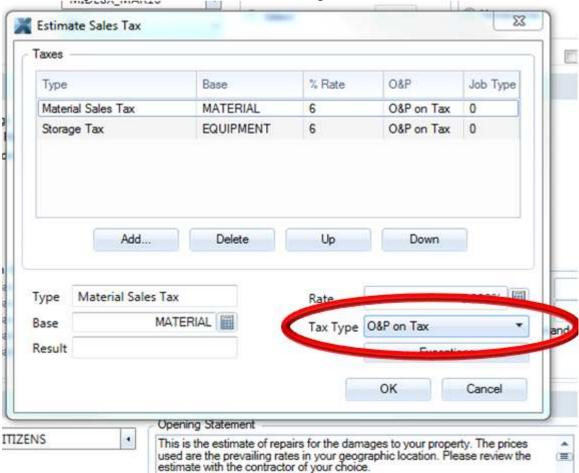
The selection of "Neither" should not be used to prepare your estimate.

Below is a walkthrough on how to ensure the settings are correct in your estimate.

1. Open the estimate in Xactimate. Go to the Parameters screen by left clicking on the Parameters Icon.



2. At Parameters, left click on the Sales Taxes button in the middle of the screen. This will bring up the Estimate Sales Taxes dialog box.



If you need to correct the Tax Type, you will need to do the following. Select the drop down menu and highlight O&P on Tax and hit OK.

Overhead and Profit will now calculate on tax.

\*\*If you have questions about how to make these determinations in a particular situation you may discuss these with your unit manager.

#### **PRICING**

Adjuster written estimates must be completed in Xactimate and must utilize the Xactimate checkpoint price list for the market area of the loss and timeframe. Customized pricing databases or global price changing are not allowed. Any individual deviations, such as a line item unit cost, needs to include a line item note to support the change.

When a contractor estimate is the only basis for settlement, a comparison estimate is appropriate. If a comparison estimate is not possible, a note must be added to HCS to demonstrate a rationale and clear breakdown of labor and material to acknowledge their scope and pricing.

If pricing from outside of the Xactimate system is used in your estimate, a line item note to support where that price was obtained must be included.

#### **DEPRECIATION**

Depreciation should be calculated on every estimate, whether it is applied or not. Adjusters need to identify the age of each finished surface.

When an estimate is completed by the adjuster in Xactimate, estimate items should be depreciated on the basis of age and condition and not as a percentage. If we have completed a comparison estimate and decided to settle based on a Contractor's estimate, we should apply the depreciation calculated on our comparison estimate to the settlement of the claim. If the contractor's estimate is completed in Xactimate, the adjuster should attempt to receive the estimate to collaborate and apply depreciation accordingly.

If we are settling a claim based on a contractor estimate, and no comparison estimate has been completed in Xactimate, the HCS notes need to support the thought process used to arrive at an amount of depreciation, such as age and condition of property.

A percentage is arbitrary and open to dispute, whereas age is specific and condition addresses the normal wear and deterioration. Conditions consist of below average, average, above average, new and replaced. This should only be adjusted if clear condition issues exist, such as an extremely worn roof that is only of moderate age or an extremely old roof that is only moderately worn.

#### **DEDUCTIBLES**

The deductible must be accounted for on all claims, including supplements and claims where the deductible is being absorbed.

If no deductible is displayed on the Summary page of the estimate, it is expected that the adjuster will include a note within HCS to document the estimate in how the deductible was considered in the overall accounting of the damages. If a note of explanation is required for the insured, such as a wind deductible, it should be included in the Opening Statement.

#### **MATCHING**

Matching issues may be considered in certain circumstances and may be addressed on a case-by-case basis. Creative alternatives should be considered for repair: For example, re-siding the entire front elevation that is partially damaged and using the salvageable pieces to blend the partially damaged rear elevation on the house, replacing damaged carpet in a small den with wood or tile rather than R&R the continuous carpet that flows throughout entire home, or re-facing cabinets and replacing doors only instead of replacing all cabinets. The file should document the cost benefit of the alternative repair. A shingle sample should be sent to ITEL to determine if materials are available for matching purposes. The alternative repairs are to be clearly discussed and documented with the Insured prior to settling a claim in this manner.

\*\*Note that specific endorsements can change this approach.

When matching is an issue that cannot be resolved with an alternative repair, "line-of-sight" guidelines need to be considered. Line of sight refers to the visual impact a completed repair would have on a structure/building if matching was not possible. Line of sight or other allowances towards matching must be reviewed and approved with the unit manager.

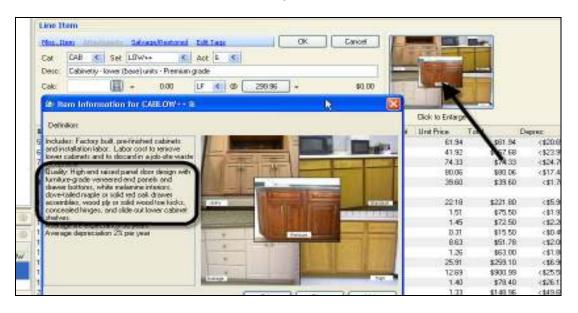
## **ITEM QUALITY**

Xactimate has numerous grades of line item quality: Economy, Standard, Average, High, Premium and Deluxe along with specialty grades like Mobile Home and Commercial.

The line item description should be referenced whenever selecting a line item grade. The closest choice to the quality listed there should be selected.

To view the item quality information, simply left click on the image to the right side of the Line Item entry box in the Estimate Items or highlight the item and hit the F8 key.

In cases where Xactimate item description doesn't match the damaged item, adjusters need to either locate the item from an outside source (supplier) and document the file with the source or review with their manager to determine the most accurate line item.



For items of greater than Average grade (High, Premium, Deluxe, or Commercial) a note should be entered after the line item detail about the quality of the item being replaced. Include materials used and quality of craftsmanship in the justification. A labeled photograph is appropriate as well. Reference the description in the Item Information box in your support if applicable.

#### Common items where quality should be addressed:

Doors Wallpaper Light fixtures Window Plumbing fixtures Cabinets

Countertops Fences

#### The following items have additional quality verification options:

Flooring – quality should be verified in line with the ITEL best practice. Siding - quality should be verified with ITEL when using greater than "average" grade.

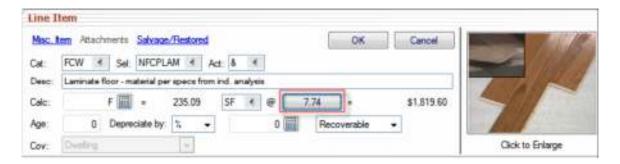
#### SIDING DOCUMENTATION

The following steps must be followed when estimating damages to siding.

- 1. Identify the type and quality of siding.
- 2. Determine repair/replacement
  - a. Notes/photos in HCS must indicate the repair method.
  - b. When replacing an elevation of siding, it should be to outside corner post to outside corner post. If an inside corner exist, the perpendicular elevation should be replaced.
- 3. **If** replacing siding with greater than average grade, ITEL must be used to verify the quality and pricing.
  - a. ITEL Codes must be used when an ITEL is obtained. Pricing must be verified with supplier listed by ITEL.
  - b. HCS notes must reflect the supplier, who you spoke with and the price quoted.
- 4. **If** line of sight is a concern, ITEL must be completed and the loss must be reviewed with your manager.

# HOW TO ENTER ITEL PRICING INTO XACTIMATE USING NFCP CODES

1. ITEL pricing should always be input into Xactimate using the NFCP codes. All flooring categories (FCC, FCR, FCW, FCV, FCT, FCS) have one or more NFCP codes. The full list of NFCP codes are at the end of this Section. Select the code that most closely matches the description of the material being replaced. It is best to have all flooring items entered in the estimate prior to adjusting the pricing.



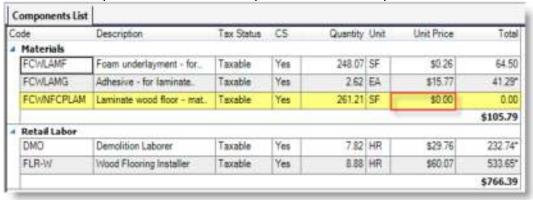
2. The proper way to change the price of an NFCP item is through Components, within the Summary screen. Click on the Summary tab.



3. Click on Components within the Summary Screen.



4. From the Components list, take notice that the FCWNFPLAM item is showing a zero dollar amount. This is the proper area for an estimator to change the price of an NFCP line item. This price should match the price on the ITEL report.



**List of NFCP codes** 

Cat	Sel	Description	
FCC	NFCP	Carpet - per specs from independent carpet analysis	

FCC	NFCPCT	Carpet tile - per specs from independent carpet analysis
FCC	NFCPGD	Glue-down carpet - per specs from independent analysis
FCC	NFCPPAD	Carpet pad - per specs from independent pad analysis
FCR	NFCP	Vinyl comp. tile - per specs from independent analysis
FCS	NFCP	Stone floor covering - per specs from ind. stone analysis
FCS	NFCPMBL	Marble or Granite tile - per specs from ind. analysis
FCS	NFCPSL	Slate floor covering - per specs from ind. stone analysis
FCT	NFCP	Tile floor covering - per specs from ind. tile analysis
FCV	NFCP	Vinyl floor - per specs from independent vinyl analysis
FCV	NFCPVT	Vinyl tile - per specs from independent vinyl analysis
FCW	NFCP	Wood floor - per specs from independent wood analysis
FCW	NFCPENG	Engineered wood floor - specs from independent analysis
FCW	NFCPLAM	Laminate floor - per specs from independent analysis
FCW	NFCPPQ	Parquet wood floor - per specs from independent analysis
FCW	NFCPSN	Snaplock Laminate - per specs from independent analysis
SDG	NSPCSH	Siding – cedar shingle – per independent material source
SDG	NSPLOG	Siding – log - per independent material source
SDG	NSPMTL	Siding – Aluminum/steel - per independent material source
SDG	NSPPNLI	Insulated metal panel - per independent material source
SDG	NSPSHIP	Siding – Shiplap – wood - per independent material source
SDG	NSPVIN	Siding – vinyl – per independent material source

# HAIL/WIND GUIDELINES

**Residential Asphalt Roofing** 

#### **Revision 3**

## **May 2016**

The following are guidelines to assist in the handling of claims resulting from the peril of hail. It is the expectation of the organization that all inspections and estimates will be completed on this platform. Variations from these guidelines should always be documented in HCS notes.

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#### **UNDERSTANDING HAIL**

Due to the nature of hail and hail storms, damage to a particular roof can be dependent on many factors. The pitch, age, condition and type of roofing material all play a role in how well a roof will react to hail. Other factors that may come into play include the size of the hail stones, tree cover (over the house) and duration of the storm. This being the case, each roof must be adjusted based on the findings of the shingles themselves.

Hail is created inside of large thunderstorms. The size and amount of hail that falls is very much dependent on the strength of the storm cloud. This is another reason why each roof must be adjusted on its own merits.

Adjusters are looking for direct damage to the shingle from the impact of hail stones. This direct damage, in most cases, can be seen through a visual inspection and is often referred to as shingle bruising. Hit counts are made to see how severe the damage to the roof is. The findings on severity will guide our repair methodology. This may include full replacement, slope replacement and in some cases individual shingle replacement.

Granules are placed on shingles to provide shingle color, shingle rigidity and protection from the sun. Granules are designed to shed throughout the life of the shingle. Some granule loss is expected in a hail event, however, experts agree that in most cases the roof performs as designed and the life expectancy of the roof is not been compromised due to granule loss alone.

#### **EQUIPMENT LIST**

The following are items that adjusters are recommended to have with them at the time of a hail inspection. Having the proper tools is important to fully investigate any roof.

Ladder
Camera
Tape measure 30'
Wheel or soft tape
Chalk / soapstone
Pitch gauge
Cougar paws (with extra pads)
Clipboard w/ graph paper
Extra batteries
Utility knife to assist in separating/lifting shingles
ITEL package

Tool belt- Helpful to hold above listed items as you are climbing and walking the roof Gloves- Roof surfaces can get very hot

#### **SCHEDULING**

Having an efficient inspection schedule is the number one way an adjuster can improve their production while on the road. It is the expectation that at least five hail inspections are completed per day during CAT deployment. It is recommended that adjusters schedule overlapping appointments in two hour windows. Keep in mind this may have to be altered based on drive time.

The first step to setting a schedule should be mapping the loss locations of the claims you have received. After creating Xactimate assignments for each of the new claims received, Xactanalysis can be used to plot each loss location. An analysis of the loss location will allow you to schedule your inspections for homes that are in close proximity to each other each day. This will reduce drive time and increase capacity.

Once you have mapped out the best order to inspect the losses the following schedule is recommended:

#### **Inspection Schedule**

8:00am - 10:00am

9:00am - 11:00am

10:00am - 12:00pm

11:00am - 1:00pm

Lunch / Catch Up

1:00pm - 3:00pm

2:00pm - 4:00pm

3:00pm - 5:00pm

4:00pm - 6:00pm

Overlapping inspection windows will prevent any down time between inspections, reduce phone calls to insured explaining you will be early or late and increase efficiency while in the field. Adjusters should take the time to create a tentative schedule prior to making first contact with the insured.

#### FIRST CONTACT

As is the case with all claims, first contact should be attempted with the insured within 24 hours of receiving the claim assignment. Prior to making contact the adjuster should already have a date and time when they plan to inspect the property. There must, however, be some flexibility with this in case the time scheduled is not convenient for the insured. During first contact, be sure to obtain the scope of damages from the insured. Explain to the insured that if the damages are to the exterior of the home, they do not have to be present at the time of inspection. Keep in mind you may be able to phone scope minor interior water damage if the insured will not be available. Ask the insured if they already have a contractor they would like to use for the repairs. If so, obtain the contractor's contact information and ask insured to have the contractor meet you on site for the inspection whenever possible.

It is very important to set expectations during first contact with the insured. Explain that you will inspect the home for the reported damages, complete an estimate for the

required repairs and discuss the scope of repairs and settlement figures with them at that time.

#### **NEW CLAIMS: FIRST STEPS**

Information to gather on first Call

- Verify Coverage
- Confirm date of loss
- Ask age, height, recent repairs of roof (Hint: check Google or Bing maps to view roof)
- Ask if there is any interior water. If so, is a temporary repair needed? Or been done? May need contractor present to assist with access to inspect
- When the damage was first noticed?
- Who discovered the damage and how?
- Has the insured obtained a contractor to complete the repairs? If so, who?
- Who has been on the roof and when?
- Set Type of siding? Any damaged noticed
- Set the inspection with the insured. If there is a contractor ask they meet you on site to reach an agreed scope of damage.

#### **SCOPING**

Once you arrive at the loss location your inspection begins. After introducing yourself to the insured, it is important to do a complete walk around of the property. Hail and wind do not *only* cause damage to the roof. A ground inspection of other items susceptible to hail damage will be a good indicator as to what you will find on the roof. It is important to thoroughly document this part of the inspection both with photos and your investigation notes. Items affected can include soft metals, wood, vinyl, plastic, aluminum etc. Your walk around should include a thorough inspection of the:

- -Gutters
- -Siding
- -Window/door wraps
- -Window screens
- -Garage doors
- -AC fins
- -Sidina
- -Decks
- -Exterior furniture: grills, hot tub covers, awnings,
- -Pool linings/copings
- -Light fixtures
- -Any detached structures or buildings: sheds, fences, mailboxes

This preliminary walk around is a good indicator of the directionality and intensity of the hail in the area. A thorough inspection during your walk around will help document the file and eliminate the need for future reinspections. Refer to Appendix D for the Adjusters Check List to assist with documenting all items. Be sure to document any lack of damages, prior repairs or unrelated damages that may be brought up by the insured or contractor at a later point. The walk around should also be used to locate the safest point of roof access.

#### LADDER SAFETY

Remember that above all else, your safety during the course of a roof inspection is most important. Carelessness and rushing through the inspection can result in accidents.

- Ladders should be placed with each rail on a firm, level surface so the ladder is stable and secure.
- Whenever possible, ladders should be used at such an angle that the horizontal distance from the foot of the ladder to the structure is one quarter of the length of the ladder
- Only one person at a time may use or work from a single ladder
- Always face the ladder when ascending or descending it.
- Do not use a damaged ladder. Damaged ladders should be discarded and replaced. Be sure to contact your Unit Manager to advise you will be purchasing a new ladder.
- Ladders should not be used in the vicinity of any electrical conductor or any electrified equipment or apparatus as this may result in shock. If carrying an extended ladder be sure to look overhead and locate all electrical lines.

## **CLIMBING THE ROOF**

Having a routine that you use consistently for every roof inspection will help to prevent overlooking any important information. As you access the roof, be sure to complete the following and document each with photographs as needed:

- -Verify the pitch of the roof with pitch gauge
- -Verify shingle type
- -Determine number of roofing layers currently installed on roof
- -Document drip edge, ice and water shield and underlayment, if possible
- -Inspect and document gutters and or gutter guards for hail or wind damage
- -Determine if damage was sustained to the soffit and/or fascia

Once on the roof proceed to the ridge or highest access point and take overview photos of all roof slopes. Proceed to take a walk around the roof looking for all types of obvious damage, wear conditions and the general condition of the roof surface. Pay close attention to the soft metals (vent caps, turbines, hoods, pipe flanges, boot seals, skylights and the top edges of the gutters). These items speak volumes about the nature, directionality and intensity of hail impact from a storm.

#### **ROOF TEST SQUARES**

Complete the photo documentation of the roof overview first and then move on to the test squares. The test squares document if the roof has sustained damage that is repairable or if the damages will warrant replacement of the roof. A test square is a 10'x10' area, or 100 square feet, randomly selected area involving minimal foot traffic and unaffected by overhead obstructions such as tree limbs. The test square should be marked off with chalk at its' four corners and circle hail impacts and bruises within its area to indicate quantity. If the roof is not accessible, a test square from the ladder at the base of the slope, is acceptable. A note in the file should be present to address the rationale for this action.

Inspect the test square. Starting at one end of the test square, examine each shingle throughout the test square to document each impact.

- If mechanical or non-hail related damage is found, indicate the damage with an "X"
- If you find a hail impact, circle it.
- If there is damage by wind, mark it with a "W"
- Once you have carefully examined all shingles in the area, mark the directionality of the slope and indicate the number of hail/wind damaged shingles found. For example: F (Front) = 7 hits or N (North) = 7 hits
- Take an overview photo of the entire test square followed by close-ups of individual hail hits and wind damaged tabs

Roofs with only 2 slopes require that a test square be completed on both slopes. Test squares must be completed on at least three opposing slopes of hip style or intricate cut-up roofs. Additional test squares should be included on larger roofs, such as condominiums, apartment roofs, flat commercial rooftops and other large structures to support damages and degree of repair or replacement.

\*These expectations apply to all structures located on the insured property.

#### **REPAIR VS. REPLACE**

Once you have completed the roof inspection, it is time to determine if the roof will require a repair, slope replacement or full replacement and a note in HCS should be included demonstrating your rationale.

#### Repair for hail

Reparability is based on several factors that must be demonstrated during the inspection. If your test square indicates less than six hits per square, a repair should be considered. In this case you should attempt to write for individual shingle repairs. A conversation with your Unit Manager may be beneficial to confirm your approach. If the age and condition of the roof does not lend to a repair, photos to support this determination and additional notes should be included in the file.

Example: If you find 2 hits per square and the roof slope has six squares you allow 12 shingles to be replaced.

#### Repair for wind

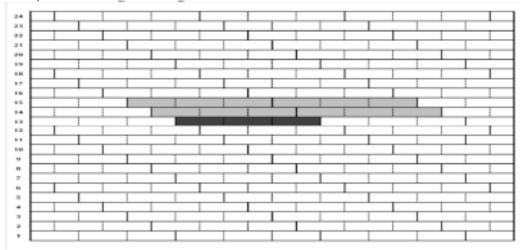
When inspecting a roof for wind damage the same overview inspection should occur as for hail. In determining damage from wind, photographs should be taken of missing, torn or creased tabs and or shingles. After determining the damage to the slope, you must consider if the roof is repairable. Review the number of damaged tabs and or shingles on each slope. If the total number of damaged shingles equals or exceeds 12% of the total shingles on a slope, replacement of the affected slope should be considered. For ease of use we will use the factor of 80 shingles per square in the example below:

#### **REPAIR**

Formula: X (number of damaged shingles on slope) 80 X SQ (assumption of 80 shingles in a square)

Using the above formula, if the total number of damaged shingles is less than 12% of the sf of the slope a repair should be considered. In the instance where reparability becomes an issue such as brittleness of shingles, a photo should be taken of a shingle in the repair field, marked "test" documenting that the shingle is not pliable enough for a repair. A second photograph of the shingle lifted approximately 6" should be taken. A third photograph needs to be taken of the shingle once laid back down documenting any crease, or that it is pliable and therefore repairable. When choosing the shingle to test, take into consideration that in replacing individual shingles, the shingles above the damaged shingles will generally be the ones manipulated for the repair. This should be addressed on each slope affected and three photos should be taken in each test area to support outcome. A note in the file discussing these factors is needed as well when replacement is determined.

In the diagram below the dark shaded shingles represent the damaged shingle. The lighter shaded shingle represents the shingles that will need to be manipulated to make the repair.



#### Replace for hail

If your test square indicates six hits or greater, then replacement of that slope is warranted. When inspecting a gable roof with two opposing slopes, at least six hits per test square, on each slope, will warrant a full roof replacement. When inspecting a hip roof three opposing slopes with at least six hits per test square will warrant a full roof replacement.

#### Replace for wind

Using the same formula as used above for repairs, if the figure is 12% or greater, that slope would be eligible for replacement.

Formula: X (number of damaged shingles on slope) 80 X SQ (assumption of 80 shingles in a square)

When doing multiple slopes, a photograph documenting each slope must be attached to the file. Photographs showing that the condition of the shingle doesn't allow a repair, as referenced above under repair for wind. A note in the file discussing these factors is needed as well when replacement is determined.

#### **PHOTOS**

Photo documentation is an important part of the claim documentation process. The photos must speak to the full extent of damages included in the reconstruction estimate. The process of taking photos must start as soon as you pull up to the risk. The following outlines the required photographs necessary to properly document your file:

- Front of risk
- Overview of each elevation for every building on property
- Close up of any damage sustained to each elevation ( ie: siding, gutters, windows and doors including all trim, screens, A/C, decks, awnings, power boxes etc.)
- Pitch gauge; one for every slope with a differing pitch
- Close up to show the number of layers, drip edge
- If possible felt and ice & water shield
- Length of overhang to support amount of I&W when included
- Overview of each roof slope
- Overview of all test squares
- At least three close-ups of hail hits or wind damage in each test square
- Include close up items susceptible to hail damage such as chimneys, vents, flashings, fascia, skylights, and chimney caps. At least one of each variety to support damages or lack of damage

#### SKETCH

Producing a quality sketch is an important part of the estimate and loss settlement. When properly created, the Xactimate sketch provides graphical representation of and performs calculations for surfaces such as roofs, walls, floors, etc. In preparation for the creation of a sketch, adjusters may find it helpful to record measurements and other dimensioning information obtained during an inspection as a field drawn diagram. All inspected structures/surfaces must be completely sketched in Xactimate regardless of damages. When damages are to more than a single level, adjusters must insert additional levels as necessary to correctly represent the damages. When multiple structures have been inspected, adjusters must include each structure as part of their sketch.

When the assistance of a third party is necessary to create a sketch, adjusters must utilize the Xactimate system to request and accept those sketches. For those instances in which the third party information provides only a diagram, the adjuster must upload the diagram and complete information to HCS documents remembering to correctly label the document.

The use of third party vendor providing an aerial sketch may be used as a tool in measuring the roof under the following circumstances:

- If an agreement cannot be reached with a contractor on the quantity of roofing material needed to complete the job
- If adjuster does not feel they can accurately measure a roof due to its size and complexity.

- If the adjuster feels that the roof in unsafe to walk on to obtain the necessary measurements.

\*Pitch gauge and other photographs are still mandatory in the claim file when using outside vendors for sketch and diagraming. If there is a different pitch shown, you must collaborate on the sketch to change the pitch or confirm with the vendor to change and resend.

#### SETTLEMENT

Once the estimate is completed, the adjuster must discuss the settlement process with the insured explaining the following:

#### On-site settlement

- Review the estimate with the insured explaining both scope and price.
- Explain the claims process including RCV, ACV, non-recoverable and recoverable depreciation.
- Explain various coverages applicable to the loss.
- Confirm the proper mortgage company and explain why they will be included on the settlement check.
- Explain the insured's next steps. Ask if they have already obtained a contractor. If they have, they can provide your estimate to the contractor for review. If the contractor has any questions, encourage them to reach out directly to you to discuss. If the insured has not yet decided on a contractor, explain they can use the contractor of their choice; however, if the pricing obtained is higher than our replacement cost value we will need to review and additional estimates may be required.
- An explanation of the settlement in written form and copy of the estimate should be given to the insured
- Ask the insured if they have any questions or concerns
- Photograph of the settlement check must be uploaded and labeled in documents unless check printed in HCS

#### Off-site settlement

- Prior to leaving the loss discuss the next steps with the insured providing an expectation for when the estimate will be completed. Estimates should be written the same day of the inspection whenever possible.
- If the insured is not home at the time of the inspection a phone call must be placed to the insured providing an expectation for when the estimate will be completed.
- Review the scope of damages discovered and what your estimate will include
- Once the estimate is completed the insured must be contacted to discuss the final estimate and settlement amount.
- Explain the claims process including RCV, ACV, non-recoverable and recoverable depreciation.
- Explain various coverages applicable to the loss.
- Confirm the proper mortgage company and why they will be included on the settlement check.
- Explain the insured's next steps. Ask if they have already obtained a contractor. If they have, they can provide your estimate to the contractor for review. If the contractor

has any questions, encourage them to reach out directly to you to discuss. If the insured has not yet decided on a contractor explain they can use the contractor of their choice, however, if the pricing obtained is higher than our replacement cost value we will need to review and additional estimates may be required.

- An explanation of the settlement in written form and copy of the estimate should be given to the insured
- Ask the insured if they have any questions or concerns

#### **CUSTOMER SERVICE**

#### Approaches to negotiating hail claims

*Objection*: Your estimate is too low or my contractor's estimate is higher than your estimate.

Solution: Explain to the insured your first priority is reaching an agreed scope. Once scope is agreed upon explain Xactimate pricing is used on all settlements which is updated monthly and specific to their region. If the contractor is unwilling to work within the Xactimate pricing or negotiate a reasonable settlement, then the insured may need to obtain additional estimates.

Objection: I believe that the value of my home has decreased as a result of the storm damage and you are not helping me restore the value.

Solution: I understand how you feel; however, let me explain to you the coverage available under your insurance policy. Proceed to explain that the policy provides coverage for direct physical damage and that we will work with them to bring their home back to its pre loss condition.

Objection: I don't agree with your findings and want a reinspection.

Solution: Explain to the insured that they should obtain a contractor to inspect the claimed damages. If the contractor disagrees with our assessment then they should complete an estimate for what they feel is hail damaged and we will be happy to meet the contractor onsite for a reinspection.

Objection: You can't allow for a repair because it will not match the rest of my house. Solution: Explain that the policy provides coverage for direct physical damage and that if a repair is possible that is what the policy will provide coverage for. Provide the insured with the option to utilize ITEL to help them locate a matching product if available. You should also discuss different repair options to help hide product differences such as using siding or roofing from undamaged areas of the home.

Objection: My neighbor got a new roof from their insurance company. How can they have damage and I don't?

Solution: Explain that while you cannot speak to the damages that may or may not have been sustained to the neighbor's roof, there was not any damage discovered on their roof. Explain that there are many variables that come into play with hail damage. These include type of roofing, age of roof, directionality of home, tree coverage, etc. Show the insured the photos you just took of their home to show that no damage was sustained.

Objection: I am going to replace my roof, why can't you issue the full amount to me now?

Solution: Explain that what you put together is only an estimate and the actual repair cost may vary slightly. The recoverable depreciation is withheld and released on an incurred cost basis.



# PHOTO EXAMPLES

Hail Test Sq



Hail Close up



Mechanical damage -Knife damage





Staple Pop



# Blisters



Repeated patterns





# Hail Damage to vinyl siding





**DEFECT & WEAR** 

**Defective Shingle** 



Wear & Tear



# **Foot Traffic**













**Non Storm Damage ORGANIC SHINGLES** 

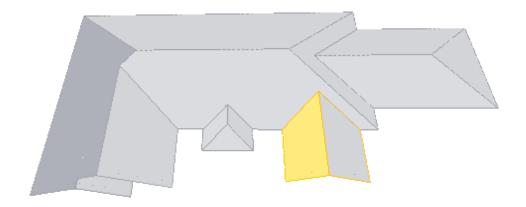






# Code Upgrade Estimating Version 1, October - 2013

Roofing



The following will discuss how to write an estimate for roof repair/replacement that requires code upgrade. First, you must confirm that the policy provides ordinance and law coverage. This coverage can be found in various areas such as a stand-alone endorsement or the in state special provisions. Please review with your manager for further assistance if you are not able to locate the coverage.

This is based on the 2012 International Residential Code for One and Two Family Dwellings <u>only</u>. Please note that you should identity what code your state, county and city/town follows as it can be changed or modified.

As outlined in the Hail Guidelines, you should document your loss with photos to support repair vs. replacement. The following items should be documented as part of your inspection and all can be affected by ordinance and law (Code Upgrade) requirements.

- 1. Type of Shingle
- 2. Pitch of roof
- 3. Roofing Layers
- 4. Drip edge
- 5. Type of decking
- 6. Existence of Felt paper or Ice and Water Shield

## **Sheathing/Decking: (Asphalt Shingles)**

During your inspection, you determine a roof requires replacement and have identified that the asphalt roof has a wood shake shingle as a second layer. If you are not able to identify what type of decking exists, you will need to access the attic space of the home to document if ladder spaced decking exists.

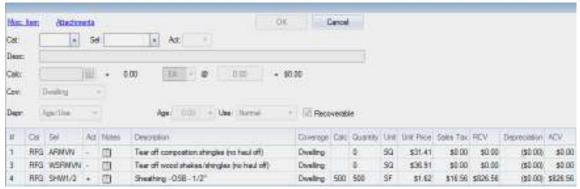
IRC states the following:

#### R905.2.1 Sheathing requirements.

Asphalt shingles shall be fastened to solidly sheathed decks.

The code does not specify the thickness of the decking. For this we refer back to the manufacturers of the shingles. The acceptable thickness is  $\frac{1}{2}$  OSB Sheathing. In different regions, spacing between plank sheathing can be considered to still be code.

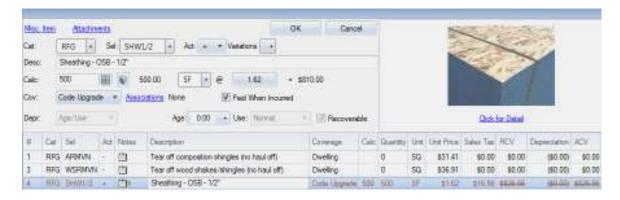
When writing your estimate, you are to strip the top and  $2^{nd}$  layer of roofing materials to the spaced decking. Since code requires a "solidly sheathed deck" you only need to "replace" with ½" OSB sheathing/decking over the existing ladder decking. You do not need to remove the existing ladder decking. Some regions vary in snow load capacity, check with local building code department.



\*Please note the Xactimate line item for ½ " sheathing/decking is RFG SHW1/2

Since this is a code upgrade, code upgrade coverage is an incurred cost. This means that the insured must actually complete the work before we will reimburse for the code upgrade.

You should include the line item in your estimate; however you are to mark it as CODE UPGRADE Coverage. Please see appendix B for directions on how to complete this task. This will still show the total dollar amount you have allowed but reduce the overall settlement until they have the work completed.



#### Ice and Water Shield: (Asphalt Shingles)

During your inspection and photo documentation you learn that the homes roof doesn't have ice and water shield, you must then identify if ice and water shield is required in that area. In the areas highlighted in yellow on page 58, you should pay ACV for ice & water shield as those are areas that have been identified already to have a code requirement. You should also document the soffit overhang as this can affect how much ice and water shield will be required.

IRC states the following:

#### R905.2.7.1 Ice barrier.

In areas where there has been a history of ice forming along the eaves causing a backup of water as designated in Table R301.2(1), an ice barrier that consists of a least two layers of underlayment cemented together or of a self-adhering polymer modified bitumen sheet, shall be used in lieu of normal underlayment

and extend from the lowest edges of all roof surfaces to a point at least 24 inches (610 mm) inside the exterior wall line of the building.

**Exception:** Detached *accessory structures* that contain no *conditioned floor area*. (This means that if the space below the roof is not heated, ie, garages and porches they do not require ice and water)

Since ice and water shield is only required where there is historical ice damming, we have selected the following states to automatically require ice and water shield as a code upgrade.

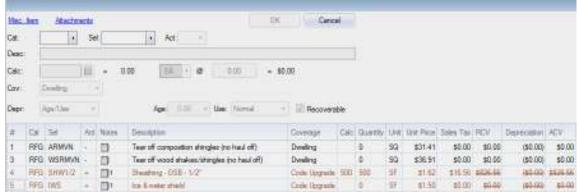
Washington	Montana	Oregon Idaho	Wyoming	Colorado	New Hampshire
North Dakota	South Dakota	Nebraska	Minnesota	lowa	Wisconsin
Michigan	West Virginia	Pennsylvania	Maryland	New Jersey	New York
Connecticut	Rhode Island	Massachusetts	Vermont	Maine	

Illinois, Indiana and Ohio: North of highway 24 and 30 Ice and Water is allowed. South of 24 and 30 will require code enforcement in the file.



If you are in a state that is <u>not</u> Yellow or listed above, you must check with the local building inspector for how they enforce the code requirement. The enforced code needs to be documented in your file.

When writing your estimate, you should select the line item RFG IWS. IRC states that the ice and water shield is required to extend within 24 inches inside the exterior wall. This is why you need to know how much soffit overhang exists. You then need to determine if you will need to use 1 or 2 rows of ice and water shield (rolls are 3 feet wide). Ice and water shield should only be placed on the eve edges of heated interior space.



\*Please note the Xactimate line item for ice and water shield is RFG IWS

If this is a code upgrade for a state highlighted in red, code upgrade coverage is an incurred cost. This means that the insured must actually complete the work before we will reimburse for the code upgrade.

You should include the line item in your estimate; however you are to mark it as CODE UPGRADE Coverage. Please see appendix B for directions on how to complete this task. This will still show the total dollar amount you have allowed but reduce the overall settlement until they have the work completed.

## **Valleys**

During your inspection and photo documentation you learn that the homes roof doesn't have a valley lining. There are 2 types, open valleys which have a visible metal flashing and closed valleys that have a woven or cut shingle valley.



IRC states the following:

#### R905.2.8.2 Valleys.

Valley linings shall be installed in accordance with the manufacturer's installation instructions before applying shingles. Valley linings of the following types shall be permitted:

- **1.** For open valleys (valley lining exposed) lined with metal, the valley lining shall be at least 24 inches (610 mm) wide and of any of the corrosion-resistant metals in Table R905.2.8.2.
- **2.** For open valleys, valley lining of two plies of mineral surfaced roll roofing, complying with ASTM D 3909 or ASTM D 6380 Class M, shall be permitted. The

bottom layer shall be 18 inches (457 mm) and the top layer a minimum of 36 inches (914 mm) wide.

**3.** For closed valleys (valley covered with shingles), valley lining of one ply of smooth roll roofing complying with ASTM D 6380 and at least 36 inches wide (914 mm) or valley lining as described in Item 1 or 2 above shall be permitted. Self-adhering polymer modified bitumen underlayment complying with ASTM D 1970 shall be permitted in lieu of the lining material.

When writing your estimate, you should select the line item RFG IWS. IRC states that in a closed valley you need to install 36" inches of a "Self-adhering polymer modified bitumen underlayment." Your roof sketch will provide you with the valley lengths which can be added together and multiplied by 3 to determine the amount needed.



- \* Please note the Xactimate line item for valley lining is the same as ice and water shield **RFG IWS.**
- \* In states that require ice and water shield, you should use separate line entry but add a note indicating that the total amount allowed is for both the eaves and valleys.

Since this is a code upgrade, code upgrade coverage is an incurred cost. This means that the insured must actually complete the work before we will reimburse for the code upgrade.

You should include the line item in your estimate; however you are to mark it as CODE UPGRADE Coverage. Please see appendix B for directions on how to complete this task. This will still show the total dollar amount you have allowed but reduce the overall settlement until they have the work completed.

#### **Drip Edge**

During your inspection and photo documentation you learn that the home's roof doesn't have drip edge.

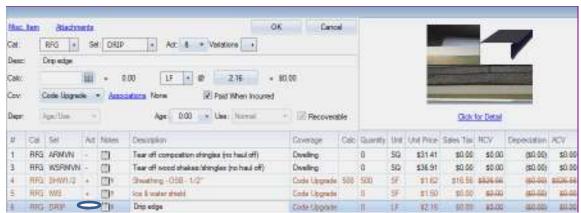
IRC states the following:

#### R905.2.8.5 Drip edge.

A drip edge shall be provided at eaves and gables of shingle roofs. Adjacent pieces of drip edge shall be overlapped a minimum of 2 inches (51 mm). Drip edges shall extend a minimum of 0.25 inch (6.4 mm) below the roof sheathing

and extend up the roof deck a minimum of 2 inches (51 mm). Drip edges shall be mechanically fastened to the roof deck at a maximum of 12 inches (305 mm) o.c. with fasteners as specified in **Section R905.2.5**. Underlayment shall be installed over the drip edge along eaves and under the underlayment on gables. Unless specified differently by the shingle manufacturer, shingles are permitted to be flush with the drip edge.

When writing your estimate, you should select the line item RFG DRIP, replace only as it didn't exist before but you are installing it.



<sup>\*</sup> Please note the Xactimate line item for drip edge is **RFG DRIP** 

Since this is a code upgrade, code upgrade coverage is an incurred cost. This means that the insured must actually complete the work before we will reimburse for the code upgrade.

You should include the line item in your estimate; however you are to mark it as CODE UPGRADE Coverage. Please see appendix B for directions on how to complete this task. This will still show the total dollar amount you have allowed but reduce the overall settlement until they have the work completed.

#### Settlement

Once you have completed your estimate to repair/replace the roof, you will need to discuss the settlement to the insured. It needs to be explained to the insured that **IF** they have coverage for the Ordinance and Law, they must incur the cost of the upgrade before we can pay for it. The estimate will acknowledge that we have allowed for this additional coverage however there will be no upfront payment. This may require you to adjust your settlement letter to the insured with the policy language that will reinforce your conversation with the insured.

Should the roof already comply with the current code requirements (meaning the roof has solid sheathed decking, ice and water shield, valley lining and drip edge) your file must be supported with photos. However, you will only need to depreciate per our normal practices as it is not a code upgrade.

In states that do not require ice and water shield but the insured's home does have ice and water shield installed, you must document this in your photos or require a contractor to submit photos should you not be able to support it with your inspection.

The following is a link that will provide a full listing of the International Residential Code for One and Two-Family Dwellings.

http://publicecodes.cyberregs.com/icod/irc/2012/index.htm

## Other Code upgrade items

Confirm the code is in force and review the bid, or include in your estimate, on an incurred basis. Examples such as electrical, house wrap, insulation and plumbing.

# **Roof Inspection with Tarps**

#### **Protocol**

- 1. After receiving a loss that involves roof damages, you should contact the customer and ask if the roof requires an emergency tarp. If **NO**, stop here.
- 2. If YES, ask if it has been covered at the time of your statement. If no, ask if they can take photos of the damages or inquire if the contractor can take photos of the roof damage prior to the tarp being placed.
- 3. If the tarp is down and no photo was taken, ask if their roofer can meet you at the inspection to detach and reset the tarp so the damage can be inspected.
- 4. If a joint inspection cannot be coordinated, proceed with your inspection but <u>do</u> <u>not remove</u> the tarp. Depending on the installation of the tarp you may be able to view the damages without removal of the tarp. Photos should be taken and notes indicating the extent of the damages to support your written estimate.
- 5. If you discover shingle debris in the yard and you are unable to document the damages to the roof because of the tarp, please write for a roofing repair with a base service charge only. If you are unable to confirm any damage, please leave it as an open line item in your estimate pending more documentation. You will need to explain to the insured that since you cannot inspect the roof damages, you may need to re-inspect the roof with the contractor at a later time or require photos from the contractor with the tarp removed showing the damages to the roof.
- 6. During your inspection you are required to measure the roof and or the affected areas so that you may be able to revise your estimate to reflect the appropriate repair once documentation is supplied.
- 7. If you are able to support collateral damage to the roof that is outside the tarp area which warrants a slope repair or replacement, proceed per best practices.

However if there are any question on what to do, please review with your manager.

\*\*\*If there is an additional charge to detach and reset the tarp we will agree to pay a reasonable fee for this service.

# WATER MITIGATION

# Important Definitions IICRC S-500

Throughout this document the terms "shall," should," and "recommend" are used to compare and contrast the different levels of importance attached to certain practices and procedures. It is impractical to prescribe procedures intended to apply to every water damage situation. In certain circumstances, deviation from portions of this Standard and Reference Guide may be appropriate. Carelessness is unacceptable and common sense and professional judgment are to be exercised in all cases.

**shall:** when the term *shall* is used in this document, it means that the practice or procedure is mandatory due to natural law or regulatory requirement, including occupational, public health and other relevant laws, rules or regulations, and is therefore a component of the accepted "standard of care" to be followed.

**should:** when the term *should* is used in this document, they mean that the practice or procedure is a component of the accepted "standard of care" to be followed, while not mandatory by regulatory requirements.

**recommend(ed)**: when the term *recommend(ed)* is used in this document, it means that the practice or procedure is advised or suggested, but is not a component of the accepted "standard of care" to be followed.

In addition, the terms "may" and "can" are also available to describe referenced practices or procedures, and are defined as follows:

**may:** when the term *may* is used in this document, it signifies permission expressed by the document, and means that a referenced practice or procedure is permissible within the limits of this document, but is not a component of the accepted "standard of care" to be followed.

**can:** when the term *can* is used in this document, it signifies an ability or possibility open to a user of the document, and it means that a referenced practice or procedure is possible or capable of application, but is not a component of the accepted "standard of care" to be followed

# **Water Category**

Water, under the IICRC's S-500 Standard and Reference Guide for Professional Water Damage Restoration, has been broken out into three categories. These categories are based upon the level of contamination present, or presumed present, in the source water.

**Category 1** is water from a clean or sanitary source. These **can** include water from broken clean water supply lines; clean water from toilet tank or bowl; faucets; and bottled water. Although the source **may** be from a clean source, category 1 water **can** quickly degrade into category 2 or 3 depending upon such factors as time, temperature, and contact with contaminants.

**Category 2** is water with some level of contaminants that could cause discomfort or illness if ingested. Sources for category 2 water **may** include washing machine overflow; toilet overflow on the room side of the trap with some urine, but no feces; dishwasher overflow. Category 2 water **can** quickly degrade into category 3 depending upon such factors as time, temperature, and contact with contaminants.

**Category 3** water is grossly unsanitary, and could cause severe illness or death if ingested. Sources for category 3 water include, but are not limited to, sewage; flooding from rivers or streams; Wind driven rain, water that originates from beyond the toilet trap regardless of visible content and color; water from the toilet bowl with feces; and standing water that has begun to support microbial growth.

Changes in the category do occur, a note must be included in HCS to document why the change and to which category.

# **Water Classes**

Water damage is classified into one of the following classes:

Class 1 Water Damage - Slow Evaporation Rate: Water losses that affect only
part of a room or area, or losses with lower permeance/porosity materials (e.g.,
plywood, particle board, structural wood, VCT, concrete). Little or no wet carpet

- or padding is present. Minimum moisture is absorbed by materials, releasing moisture slowly.
- Class 2 Water Damage Fast Evaporation Rate: Water losses that affect an entire room with carpet/pad. Water has wicked up walls 12" 24". There is moisture remaining in structural materials (e.g., plywood, particleboard, structural wood, concrete).
- Class 3 Water Damage Fastest Evaporation Rate: Water may have come from overhead. Ceilings, walls, insulation, carpet, cushion and sub-floor in the entire area are saturated. Typically heavy saturation of the materials above the flooring.
- Class 4 Water Damage Specialty Drying Situations: These consist of wet
  materials with very low permeance/porosity (hardwood, plaster, brick, concrete,
  stone). Typically, there are deep pockets of saturation, which requires very low
  specific humidity.

## **Initial Investigation**

#### **Initial Contact with Insured and Handling Adjuster**

Although First Call protocols outline calls to the insured within 24 hours of the claim being received, water claims demand more urgency and we should strive for **first contact within 4 hours**.

The adjuster making initial contact should attempt to secure the following information:

Review of applicable coverage

Sump coverage

The need for emergency services

Source of water and has it been stopped, elapsed time of leak

Scope of the damaged area

Rooms/levels affected

Explanation of what will transpire when emergency services are dispatched

The role the insured has with mitigating the damage (What has the insured done to mitigate the damages)

Discussion with the insured on which vendor we have selected to complete the water mitigation. Adjuster should select vendor from the current process and use of vendor list available: note file of this choice

When the insured refuses water mitigation assistance the HCS Letter should be sent - **Decline for Water Mitigation** 

Whether assigned by Hanover or the insured has already contacted a mitigation vendor, be sure to note the company name, contact person and contact phone number

\*Refer to the Water Mitigation Job Aide document for further actions

## **Vendor/Service Expectations**

Contract/program vendors should be utilized in all cases where mitigation services are referred by Hanover. When an insured has contracted a vendor, your file notes must

indicate who the vendor is, are they a program vendor, who you spoke to regarding the assignment and their contact information. All mitigation vendors need to be advised that within 24hrs you require a phone call after their first inspection/set-up has been completed.

The following questions should be reviewed and documented in your file after speaking with the vendor.

- Verify source of water and cause of loss
- Verify Water Category: outline why the loss meets the category definition
- Verify Water Class
- Date and Time of vendor arrival
- Was water extracted?
- Was a drying chamber or chambers created?
- Ask the contractor which rooms are associated with the drying chamber
- Expected time for complete dry out; factors to determine when dry
- Scope of loss to include affected rooms and personal property/inventory
- Expected tear out and why
- Affected materials
- Verify type of equipment being used and quantities; for extraction and drying

The above information is very important, it allows you to determine if the vendor is qualified to perform the services and will help you determine if the mitigation estimate is accurate.

\*The inability or unwillingness of a contractor to provide answers on any of the above questions should be considered carefully by the adjuster, as it may be an indicator that the contractor is unfamiliar with correct Water Mitigation techniques.

If there is no call from the vendor within the first 24hrs, the adjuster is expected to follow up with the vendor for the needed information. Update the insured as well as to the progress and plan of action. If a vendor is non-compliant with our expectations, the adjuster needs to inform their unit manager for further review.

Water mitigation services will be performed by industry standard certified personnel. In-Place Drying techniques will be utilized, coupled with current extraction tools, dehumidifiers and fans where vendors have this equipment available.

Daily monitoring of equipment is required. The readings from these monitoring sessions will be recorded on the Psychometric chart and uploaded to the adjuster after completion of the dry out.

**Monitoring charges** will not be paid without supporting documentation.

- Removal of equipment from the vehicle on the initial inspection and placement back into the vehicle on the final day of drying, not to exceed 20 minutes per piece of equipment.
- The initial set-up, placement and initial readings.
- Obtaining daily readings and any machine adjustments, not to exceed 1.5 hours per day of monitoring.
- All entries require detailed line item documentation to support time allocations.
- Exceptions for missing drying calculations require detailed notes.
- Dryout that exceed 3 days require additional details supporting the duration.
- No decontaminating equipment on losses other than Cat 3 water affected equipment without justification.

All estimates will be completed in Xactimate and assignments uploaded into XactAnalysis. A Sketch is required on all building/dwelling exposures.

The current Xactimate price list will be used, determined by ZIP code and date.

#### **Photos Requirements:**

- A minimum of five digital photos are required with your estimate.
- A photo of the front of the risk must be included.
- A photo of each area of damage including a photo of any High or Premium quality items must be included.
- Photos of equipment type and placement; dehumidifiers should be identified by manufacturer and model.
- Photos should be labeled, include room name, location, date and time.
- Any questionable or unusual items need to have additional photographs.
- The photos should be uploaded through Xactimate as a Photo Work Sheet.

Overhead & Profit is not allowed on water mitigation estimates.

Emergency service charge only applies for after-hours situations documented

- Business hours will be defined as 8:00 AM to 5:00 PM Monday through Friday Weekends and holidays will be considered as after hours. After hours services will be defined by the time the assignment was received by the vendor.
  - Example: Vendor arrives on site at 5 PM, no After Hours Service Charge should be applied for call, however time spent on set up and demo after 5 PM can be billed at after-hours rates.

**Carpet/Flooring** will be restored when appropriate. When replacement is necessary, the flooring guidelines should be followed.

Carpet/Flooring will be restored when appropriate. However, in some instances damage will require replacement. When replacement is required (CAT 2 - pad only, CAT 3 - pad and carpet), a piece of flooring and padding will be secured prior to disposal and sent to ITEL for analysis and pricing. As valuation services are available for the full range of flooring materials, this is required on all flooring replacement claims. You are also required to keep an appropriate sample (per ITEL specs) for this purpose. When writing for flooring replacement two line items should be used, one for removal, one for replacement. Waste should only be added to the replacement line item. All ITEL reports should include claim number and adjuster name.

Antimicrobials should not be used on Category 1 water losses unless documented rationale is included in notes; realizing that the Category may change with time After the work is completed, the vendor will submit, via Xactnet, the following:

- Final, complete estimate/invoice
- Signed Work Authorization, Authorization to Pay and Certificate of Satisfaction
- Psychrometric charts and moisture maps

\*All within 10 days of completion unless otherwise justified and noted

## Field Assigned Claims

Though a water mitigation adjuster is being assigned to the mitigation portion, the handling adjuster should attempt to include the following in their onsite inspection to document the presence of moisture and where:

moisture readings to identify area of water damage

- joint inspection with the mitigation vendor, when possible, to identify agreed scope, dry out plans and period of drying
- photograph equipment when present to identify what is being used
- write reconstruction estimate; paying close attention to no duplication of tear out being done by the vendor

An activity should be set by the water mitigation adjuster for 24hrs after the expected date of the completion of the dry out. This is to confirm job completion, or not, and why.

## **Inside Assigned Claims**

Inside adjusted claims present a unique challenge in that there will be no onsite presence. As such, the adjuster will need to document more of the loss via insured and vendor feedback. After the initial contact, the vendor should be reaching out to the adjuster to discuss the scope of damage and course of mitigation. Once the information is identified, the loss should be referred to the water mitigation adjuster to take over the handling of that portion of the claim.

There may also be a need for a reconstruction estimate to be prepared. In such cases, the adjuster should determine resources needed, i.e. flooring vendor or general contractor.

## **Determining Dehumidifier Requirements**

**Step 1**: Calculate the cubic footage (ft³) of the room or area to be dried

Example:  $30' \times 50' = 1,500$  square feet (ft²) x 8' = 12,000 ft³

Step 2: Identify the Class

#### **Division Factors\***

\*This chart is recommended figures used to determine initial dehumidifier requirements. They may change based on psychrometric readings and types of materials present.

Type of Dehumidifier	Class 1	Class 2	Class 3	Class 4
Conventional Refrigerant	100	40	30	N/R
Low Grain Refrigerant	100	50	40	50
Desiccant	1 ACH	3 ACH	3 ACH	2 ACH

Step 3:	Determine the pints needed to be removed per da	ay.
Cubic fee	t/ Evaporation (Division) factor	_ = pints removed per day

	Dehumidifier	Pints @ AHAM	Type	Grain Depresion
	WTRDHM Low Cap	oacity - AHAM rating	= 70 Pints	S
	Drizair 110	58	Standard	Won't pull Grains below 55
Regular	Drizair 1200	64	Standard	Won't pull Grains below 55
	Dri-Eaz Evolution	70	LGR	32-35 range
	WTRDHM> Mid-rai	nge capacity - AHAN	l rating: 60	0 - 120 pints
	Drizair 1200	64	Standard	Won't pull Grains below 55
Large	Phoenix 175	92	LGR	32-35 range
	Drizair 2000	110	LRG	32-35 range
	WTRDHM>> High-	capacity - AHAM rati	ing - 110 -	160 pints
	Drizair 2000	110	LGR	32-35 range
	Dr-Eaz 2800i	130	LGR	32-35 range
	Phoenix 200 MAX	133	LGR	32-35 range
XL	Phoenix 200 HT	140	LGR	32-35 range
	Drizair 2400	140	LGR	32-35 range
	Ultimate 340	146	LGR	32-35 range
	Phoenix 250	150	LGR	32-35 range
	WTRDHM>>> Extra	a-high capacity - AH	AM rating	- > 150 pints
XXL	Phoenix 300	176	LGR	32-35 range
AAL	Phoenix 270 HTX	161	LGR	32-35 range

**Step 4**: Determine how many and what size of dehumidifier is needed. Example: Total pints needed divided by type of dehumidifier = total number of units

To calculate the required fans, you take the floor perimeter and divide it by 12-16(lf) based on moisture levels. Additional fans may be required due to corners, offsets, closets and large amount contents. 14 lf should be used for calculations under normal conditions, should 12-13 lf be used, adjuster should document the file as to why.

Example: 190 lf / 14 = 13.57 or 14 fans

## **Water Mitigation Adjuster Estimate Review**

When a vendor estimate is not completed in Xactimate, an adjuster should complete and upload a comparison estimate (separate from recon estimate) using Xactimate based on the required drying requirements. When information is limited the following should have pricing verified and documented in HCS.

- Dehumidifiers
- Fans
- Water extraction

The following note needs to be added to HCS to reflect your review.

## **HCS Water Mitigation Review Note**

An appropriate water mitigation note must accompany each water mitigation file review. The following information must be included on all files to confirm the validity of the invoice presented by the water mitigation company.

<u>Water Class:</u> (1,2,3 or 4) and <u>Water Category:</u> (1,2 or 3) should be noted by the mitigation adjuster and explained as necessary.

#### **Equipment Quantity and Quality**

Use of fans and dehumidifiers must comply with IICRC standards. Adjusters will verify the appropriate use of air movers and sizing of dehumidifiers is in accordance with these standards set forth in the IICRC S500 Standard and Reference Guide for Professional Water Damage Restoration. Calculations should be shown in the file note.

#### **General Scoping:**

Standard guidelines accepted by preferred vendors must be reviewed on all losses and if any variation is allowed must be noted accordingly

- Emergency Service Charges are not allowed during business hours, M-F, 8am-5pm, non-holidays
- After hours charges must be verified if allowed
- Correct Xactimate price list must be used
- Anti- Microbial on Category 1 loss is not allowed
- Monitoring Time should be calculated and noted
- 1.5 hours of monitoring per day is standard allowance
- Equipment set up/take down
- 20 minutes set up/take down per piece of equipment (10 mins set up and 10 mins takedown)
- Demo required appropriate per supporting documents
- Supervisory hours are not allowed
- No labor minimums should be applied
- Overhead and Profit is not allowed on water mitigation estimates
- Specialty equipment must be explained in estimate or HCS notes
- Non-Mitigation Services should be in separate estimates: (reconstruction, mold, asbestos, pack outs, cleaning, tarping, etc.)

#### **Supporting Documentation**

Water mitigation adjusters must request the appropriate documentation on every file including category & class of water, photos of equipment on site, floor plan with moisture tracking, estimate, estimate Authorization documents

(Authorization to dry and direction to pay), equipment list including makes and models of dehumidifiers & fans, and psychometric logs. Program vendors will upload this information into Xactanalysis and need not be attached to the file provided the upload is verified.

## **Writing Water Mitigation Estimate for Homeowner**

When a customer has declined the use of professional water mitigation services but has dried the loss on their own, the *Decline for Water Mitigation* letter must be sent immediately. The labor rate should be at the Homeowner rate for any action taken prior to the inspection.

LAB LBR – General Laborer – per hour (Homeowner Rate)

If the insured has dried their loss using their own personal equipment the above line item should be used at the homeowner's hourly rate for the work they performed. A note must be added to support the labor allowed.

If the insured has declined water mitigation services and we have confirmed with a Declination for Water Mitigation letter, there may be a need to address drying in your estimate. It should meet the vendor requirements as shown on previous pages. Your file must reflect the equipment and quantity calculations and what type of water extraction will be necessary. Drying time should not exceed 3 days. Use of an average size dehumidifier is appropriate. A note in HCS to outline your thought process is necessary when scope is beyond minimal extraction. Make sure you have written confirmation to the insured regarding this additional scope of mitigation in the estimate when no vendor is hired.

\*If you need clarification on how this estimate should be written, please reach out to the water mitigation adjusters for assistance. The water mitigation hotline number is (508)855-MIT1(6481)

# **Appendix**

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## Appendix A

#### How to create the Code Upgrade and Sub Limit coverage

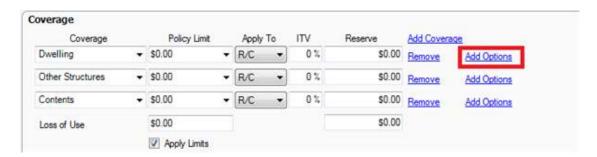
The Code Upgrade functionality allows you to include additional coverage for replacement costs required by ordinance or law. Some of the typical ordinance and law (building code upgrade) scenarios involve increased restoration building costs required by current building codes. Examples include, building codes requiring more expensive energy efficient window to replace the window that was damaged, or additional smoke detectors installed that were not present at the time of loss.

There are two ways in which the Code Upgrade functionality can be used; one is by adding an item that is not associated with a replacement item; the second is to add an item that is associated with the replacement item.

The Additional Coverage SmartList gives the ability to add an additional amount of insurance that is excluded from the primary insurance coverage.

To add an Additional Coverage:

<u>Step 1</u> - From the Coverage/Loss tab, select **Add Option** next to the associated primary coverage.



The Coverage Option window is displayed.



**Step 2** - Under Class, select the Additional Coverage SmartList drop down.



#### Step 3 - Choose Code Upgrade.

Step 4 - Add Single

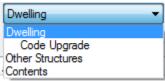
and Aggregate Class Limits.

Step 5 - Select OK to save and close.

Once the Code Upgrade coverage has to be set up, that coverage type can be added to a line item.

**Step 1** - From Estimate Items tab, select an item to add to the room.

<u>Step 2</u> - From the Line Item Entry pad, select **Code Upgrade** from the Coverages drop down list.



When Code Upgrade is selected, additional options are enabled (i.e. *Associations* and **Paid** *When* **Incurred**).



- a. The Associations link allows you to associate one or more items to the code upgrade item.
- b. The **Paid** When **Incurred** checkbox allows code upgrade items to be included in the settlement or identified as payable only when **incurred**.
- i. When the **Paid** When **Incurred** checkbox <u>is</u> selected, the total and depreciation amounts are lined through and will not be included as part of the settlement.
- ii. When the **Paid** When **Incurred** checkbox <u>is not</u> selected, the item(s) will be included as part of the settlement.

Step 3 - Hit OK to add the line item.



Note: Code Upgrade line items will be displayed in an Orange font, and include a line item note.

**Sublimits:** Please note that the above steps are also applicable when creating a sublimit in the estimate to create separate totals within the estimate.

Example: Mold coverage with a specific limit

## Appendix B.i.

#### **Best Practices for Performing Reconstruction Estimate Reviews**

**NOTE**: This is a "living" document, designed to be modular in approach. It is intended to be global in nature and will provide the framework for the Best Practices for performing Estimate Reviews. This is a draft and is not intended to be acted upon in any way other than review and comment from interested industry colleagues.

Note: All Best Practices noted below are general guidelines only. State/Local laws governing these specific areas of performance should always be considered when applying any business rule or guideline.

## Definition: Best Practice

A best practice is a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark, or methodology that, through experience and research, has proven to reliably lead to a desired result. A commitment to using the best practices in any field is a commitment to using all the knowledge and technology at one's disposal to ensure success.

#### **General Reviewer Guidelines**

- For each question determined by the reviewer not to meet expectations, the reviewer must provide comment specific to that question.
- Whenever possible, when entering a comment to any of the questions, the reviewer should reference and utilize specific language from the Estimating Guidelines.
- It is critical for the reviewer to carefully consider where the estimate has not met expectation and correctly record that information within the correct question of the Estimate Review.

#### 1. Sketch

The use of Xactimate relies upon the adjuster creating rooms/roofs/etc with accurate layout and dimensioning/measurements. All estimate quantities must be based on a Sketch for all interiors. Roofing must be submitted within Sketch or via a report from an Aerial dimensioning service (such as Geomni). Siding may be dimensioned at Sketch or Dimensioning.

#### Common Causes of Errors:

- Improper Sketching, not being able to blend rooms/roofs together (i.e, intersections of roofs)
- Not including windows, doors in sketch, even if not deducting.
- Not including a label properly naming each room. Rooms must be named

- Separating rooms instead of attaching them to show the proper flow of the floor plan.
- Dimensioning exterior elevations as an interior room.
- Not deducting openings by either failing to include them in the sketch or failing to properly have them deduct (at Properties).
- Not setting the height of a room correctly (leaving the default at 8') or the wrong type of ceiling.
- Selecting the wrong type of roof. Example: Using multiple flat roofs instead of a properly dimensioned gable.
- Replacing moldings without deduction of openings.
- Not deducting all openings greater than 30 sf from wall surfaces.
- Not deducting flooring under cabinets.
- Squaring rooms off instead of including closets, offsets, etc.
- Including appliances when measuring base cabinets.

#### Rules for Reviewers:

1) Any calculation for potential overwrite that begins in dimensioning or sketch and affects the quantity will be identified as Sketch.

#### 2. Photos Consistent with Best Practices

The adjuster uses photo-documentation to archive what was observed and evaluated while performing an on-site inspection of the loss and damages. If there is any question about that property or the damage sustained, the adjuster uses the photo-documentation to demonstrate what was observed at the time of the inspection

Sufficient images must be captured by the adjuster and sufficient description is necessary to enable subsequent correlation between the images, the adjuster's notes and the estimate of damage. Photographs must support the theory of what happened/caused the loss and damages.

Photographs need to be taken of all property alleged to have been damaged, including photographic evidence if no damage is apparent to claimed property.

Photos should be arranged in a logical sequence and uploaded using the Photo Worksheet. Photos should be date stamped and sufficient descriptions provided to verify the location of the photo within the project site.

Common causes for Best Practices not to have been met, include;

#### General

- No Photographs documenting all damages, and no explanation provided by adjuster
- Photo do not adequately portray damages sufficient to require replacement or repair
- Photos that do not clearly show damages and those that are not clear or are distorted (out of focus, blurry, dark, etc)
- Photos with incorrect dates appearing on photos
- Photos with no description provided

- Names used in description of photos not matching names of rooms in sketch, incorrect labeling of photos
- Photos not uploaded as part of Xactimate estimate/photo worksheet
- No manipulation of photo image should be allowed. No special lenses or editing of photo can be allowed.
- high grade items need to be photographed (the overwrite should be attributed in high grade question)

#### Exterior/Roofs

- Front of risk photo not included
- Inadequate number of photos to document roof damage to all slopes.
   Photo for each slope of roofing damaged is required.
- Hail Damage to Roof(s) need to include photo of test squares and closeups of hail damage to shingles with correct count and chalk markings to identify hail impacts
- No photos to demonstrate hail damage to "soft metals"
- Photos need to demonstrate use of roof tools/readings obtained
- Photos do not document 2<sup>nd</sup> layer or roofing that required removal
- Photos do not document the presence of roofing materials including drip edge, metal roof valley, roof underlayment
- Roof photos taken from ground with no explanation
- Roof overhangs at eaves and gables are not being documented. Incorrect roof overhangs result in errors for RFG IWS, RFG FELT15 and roofing materials.
- Photo of roof damages that were obscured by temporary tarping or snow.
   Adjuster needed to arrange removal for inspection of damages.

#### Interior

- Kitchen/Bathrooms- photos need to demonstrate if flooring extends beneath cabinets
- Photos of interior room(s) need to be taken at sufficient distance to show overall of room and then additional close-ups to document the damage
- For soot loss, adjuster needs to include photo of test area to demonstrate

#### Rules for Reviewers:

- 1) Photographs need to "tell the whole story", when they fail to do so the reviewer must consider as potential overwrite.
- 2) If photos or the lack of photos is the driver for potential overwrite, the amount of overwrite will be identified within Photos.
- 3) If documentation doesn't support replacement of entire roof, potential overwrite would be based upon the undocumented portion.
- 4) For wind damaged shingles, lifted does not demonstrate damage. Photo should show creased to shingle for it to be damaged.

#### 3. Scope Accurate

The scope is an essential element of any property loss adjustment. Some property adjusters use other terms to describe the scope, such as take off, survey, specifications, or field notes. Regardless of the name, the scope is the first and most critical step in preparing an estimate. Scope definition involves identifying damages and evaluating what will be necessary to repair or replace those damages to restore the customer to a pre-loss condition. The scope establishes the tone for the remainder of the planning efforts and therefore should be sufficiently detailed. It allows the adjuster to assign clear-cut responsibilities and track resources utilized. An accurate estimate is impossible to obtain without a proper and complete scope.

**Failure to prepare a comprehensive adjuster scope of damage** – Some adjusters simply prepare a rough notes scope of damage, intending to refer to this document when reviewing a contractor's estimate. A rough scope is worthless! The adjuster cannot reach agreement with the insured regarding the value of their claim without first reaching agreement regarding the exact damage to the insured property. Approximations of damage suggest that an approximation of the claim value will be acceptable. Although estimating is an inexact science, it is not subjective. Most repair contractors can account for the exact cost of any given repair job. After completion, they compare actual costs to their estimated costs.

Common causes for Best Practices not to have been met, include;

- Cause of Loss related examples
  - Cause of loss not identified or other than covered cause
  - Missing or misidentified cause of loss
  - Including items damaged as result of long term exposure/repeated
  - Incorrect identification of cause of loss (i.e, for roof shingles animal, footfall and mechanical damages being identified as Hail damage)
- Failure to develop an effective scope of damage examples
  - Omission of items from scope/failure to reach an agreed scope with insured and or contractor ( not including ridge shingles, 100% replacement of plaster ceiling when limited repairs were possible)
  - Allowing for replacement when repairs appear possible/reasonable (i.e.
    one 3 tab shingle damaged but full roof replacement had been allowed,
    undamaged roof vents can be reset and do not require replacement)
  - allowance for multiple finished floors in same room
  - Inclusion of additional rooms not documented as having been damaged
  - Inclusion of allowances for undamaged surfaces, ceiling has limited area of stain but adjuster included painting of all walls.
  - RFG IWS allowance was unsupported/undocumented and is considered excessive (should have been 3' not 6')
  - Baseboard not damaged, only base shoe would require removal for flooring
  - Errors that result from adjuster finishing recon estimate prior to receipt of Water Mit estimate (record the amt of overwrite in OverlapDuplicates)
  - Misidentification of materials (ceiling tiles stapled to furring are not suspended)

- Incomplete inspection of damages and no reinspections by adjuster or contractor prior to increase in scope. Estimate changed from repair to full replacement with involvement of insureds contractor
- Allowance for roof shingles 'lifted' but not creased/bent back
- Inadequate or lack of knowledge on repair process/operations. (replacement of power vent when only cover requires replace)
- Painting of gutters to make them white, lack of adjuster knowledge of available materials
- Allowance for drying equipment when all that would be needed is removal of wet drywall and closing a door
- Insulating interior walls when, except on rare occasions, only exterior walls contain insulation.
- Overscoping as result of use of Computer system examples
  - Error in selection of action, adjuster intended to use detach & reset but selected remove & replace.
- Unexplained/undocumented settlement based on 'Line of Sight' or direction from Unit Manager.
- Unexplained/undocumented allowances for code upgrades

#### Rules for Reviewers

1) The use of CLN FINALR should be limited to rooms in which repairs generate dust.

#### 4. Correct Price List used

Xactimate runs off of a cost database that is the resource for all unit costs, labor and material costs used in the estimate. On the cover of the estimate there will be an alpha-numeric code by the heading "Price List." This pricelist should match the correct pricelist for the region the loss is located based on the date the claim is assigned to the adjuster.

#### Common causes for errors:

- Writing an estimate without first downloading an assignment. Without the assignment from Xactanalysis, the adjuster will have to verify what the correct price list should be manually.
- Accepting a contractor estimate without verifying that the correct pricelist was used. Contractors frequently will utilize the pricelist with the highest cost in a region, rather than the correct one for that location.
- Copying or data transferring an estimate into the Adjuster's assignment and failing to re-price the estimate. Xactimate will not apply the correct pricing unless directed to do so.

#### Rules for Reviewers

1) Use of an 'incorrect' pricelist list will result in variations and potential overwrites. The potential overwrite should be based on the variation report in Xactanalysis or manually calculated if no assignment was sent.

#### 5. Price List Changes Explained

Overrides often occur when a material is selected from the database and the price is changed. These deviations are undesirable without a detailed estimate note written by the adjuster to explain the deviation. In some cases, the price change is justified based on specific loss conditions. However, in many cases, the price change signals a missed opportunity for negotiation with a repair vendor. Additionally, when a price is changed, it is imperative that the adjuster edit the price detail to ensure that dollars are properly allocated to labor, material, or equipment costs. Failure to do so may result in the improper calculation of taxes, overhead, or profit.

#### Common causes for errors:

- Altering a price and not including a line item note explaining the reason for the change.
- Accepting a contractor estimate without verifying why price changes have been made by the contractor.
- Incorrect changes to pricing that affect the proper calculation of depreciation, tax, overhead and profit, etc.

#### Rules for Reviewers

1) The potential overwrite should be based on the variation report in Xactanalysis or manually calculated if contractor estimate was used without an assignment being sent.

#### 6. Lump Sum items explained or documented

It is not Hanovers' general practice to accept contactor or other estimates as the means to determine property damage values as the Claims Adjuster has a responsibility to determine the cost of repairs. However, if a Hanover Claims Adjuster (this includes IA's) writes an estimate and finds that an estimate submitted by a contractor or other is in line for the same scope of repairs, settlement may be made based upon the submitted estimate. The comparison estimate must be clearly labeled and uploaded into the file to document the basis for the settlement.

Estimate line write-ins are items entered by adjusters that were not found in the data set. The price details are often based on an adjuster experience and/or interpretation of a contractor's estimate. Write-ins may also indicate that an adjuster is unfamiliar with the data set and simply unable to locate the actual pricing and line item detail within Xactimate. In this case, additional training or help desk support is recommended. However, write-ins that go unnoticed can have a negative impact on an estimate total, as these prices are not researched or validated.

Lump Sum Estimates generally provide no detail beyond the bottom line with a brief description of the work to be done. No breakdown of costs by line item is provided.

Lump Sum Estimates can be misleading, and adjusters should avoid resolving claims on these types of figures unless a labor and material analysis is performed.

<u>NOTE-</u> The use of photographing contractor estimates/sub bids to serve as documentation should be discouraged. Photos often have been unreadable

Types of damages frequently represented by 'Lump Sum' include;

- Temporary repairs
- Tree/debris removal
- Specialty type repairs (HVAC, foundation repairs, electrical, masonry, duct cleaning, garage doors, etc...)
- Other Structures (sheds, pools, driveways, fencing, etc...)
- Personal Property including Food Loss
- Permits

Common causes for Best Practices not to have been met, include;

- It's not uploaded. Supporting documentation was not uploaded or attached
- It's not explained. Lack of or inadequate explanation for the allowance. Sub bid/contractor estimate is a lump sum and was not broken out (Could include items other than what should be included. Example only 30lf of gutter damaged but lacking info additional likely included). No contact with contractor/originator of the sub bid to verify scope of items or needed repairs/replacement. Adjuster indicates pricing based on web research but failed to provide a copy of the web page or the results obtained, other than recording a price.
- It's not sufficiently detailed. No break out of labor and materials. No comparison estimate or detailed explanation provided by adjuster
- Verbal quote with no explanation for basis of payment
- It differs from what was damaged. Allowance was for other than Like Kind Quality and no explanation provided by adjuster
- It includes items not identified by adjuster as damaged. Contractor quote or sub bid includes items not addressed by adjuster (example- estimate includes for new roof hatch and no indication of a hatch having been damaged or present at time of loss)
- It overlaps with other allowances (example materials may be included in other line items)

#### **RULES FOR REVIEWERS:**

- 1) Any lump sum/sub bid not documented will be taken as a 100 % overwrite
- 2) Adjuster must specifically identify what item(s) are being included. This information needs to include quality and quantity information
- 3) for line items that are added to an estimate for a Lump Sum or Bid, the adjuster needs to edit the Unit price information to Exempt the taxes.
- 4) Suspected differences in pricing resulting from the adjuster not comparing to Xactimate should be recorded in Pricing. Pricing of sub bid not compared to Xactimate
- 5) Use of BID ITM or similar by adjuster when Xactimate has an existing unit price for the item, need to be recorded in Incorrect Line Item. (Example-

adjuster uses BID ITM for temporary tarping and Xact has TMP TARP available)

#### 7. Correct item selected

The correct Xactimate line item should be used whenever possible. Use of time and materials should be reserved for cases where an appropriate line item does not already exist. The item most closely related to the scope of repairs should always be selected based on the description provided in Xactimate.

#### Common Causes of errors:

- Choosing a line item that has additional scope items. Example: Detach and reset of a door (including trim) when the slab only would suffice.
- Choosing a line item with the wrong material component
- Entering labor and/or material line items instead of the appropriate line item based on unit cost.

#### **RULES FOR REVIEWERS:**

Calculation of potential overwrite should be based on subtracting the correct line items from what was originally written. The difference would be taken as a overwrite.

## 8. High Grade/Premium line items explained or documented

Any use of items greater than Average grade should be supported both with photos and a line item note explaining what that item was selected. Grade of line items are normally designated by either the descriptions High, Premium, Deluxe, etc. or with a number of "+" at the end of the Selector codes. If a receipt was provided to substantiate an increase, the price should be correctly modified at the component screen at the Estimate Items tab.

#### Common Causes of errors:

- Selection of a quality of material without documenting.
- On site settlements using High or premium flooring without an Itel being taken.
- Not recognizing that the quality chosen is better than average grade.

#### RULES FOR REVIEWERS:

1) Calculation of potential overwrite should be based on subtracting the correct quality line item from what was originally selected. The difference would be taken as a overwrite.

## 9. O and P Utilized correctly

Overhead and profit are percentages typically added to the bottom line to compensate a general contractor for business costs that are not usually included in an estimate line (e.g. vehicle costs and insurance costs). The property insurance industry traditionally applies 10% overhead and 10% profit to the bottom line of the estimate when general contractors are used.

As our company utilizes the estimating software Xactimate, adjusters are obliged to review and evaluate the Labor Summary which is generated within every Xcatimate repair estimate. Our guide of three eligible trades is intended to qualify when it is likely that a repair will necessitate the involvement of a GC. However, as there are tasks, espcially supporting tasks, that can be fulfilled by more than a single trade, it remains the adjuster responsibility to evaluate the actual trades necessary to complete a repair.

Exceptions to the guideline of three eligible trades and allowances that exceed 10% and 10% must be explained by the adjuster.

#### Common causes for errors, include;

- Insufficient count of eligible trades (with no explanation)
- Three or more eligible trades identified but O&P was not allowed
- Ineligible trades have been counted towards O&P without explanation
- Sub trades should not be counted separately
  - (example; FLR would install both FCC & FCV)
- Supporting trades should not be counted separately in every estimate
  - (example; FCW would install base shoe)
- Adjuster needed to evaluate suggested Trades as it was likely another trade already included that would have performed
  - (example; RFG could install common style gutter guards (SDG)
- Should not be allowed when likely due to limited amounts, a single trade would complete repairs
  - limited damage bath ceiling with drywall, paint, ceiling trim
  - Limited Window Screens should not be counted as separate trade
- O&P allowance was calculated/allowed to be cumulative (21%)
- O&P allowance was in excess of 20% without explanation provided by adjuster
- Incurred work/repairs should not have been included in considerations of O&P
  - (example; Tree removal already incurred to drop tree from house)
  - (example; Plumber invoice already incurred to stop water leak)
  - (example; Electrician invoice for work already provided)
- Incorrect item selection results in identification of additional trade and adjuster needed to consider that repair likely would have been completed by a trade already on site (example- ELS for dish when it would be completed by roofer)

#### Recommendation

 Adjusters need to include a note of explanation summarizing their review of the Xactimate Labor Summary and any additional factors they considered to impact the determination of allowance for O&P

#### Rules for Reviewers:

- Identify and acknowledge area(s) in which O&P is accepted as being more than 20%
- O&P should not be allowed on single trade type items requested by the adjuster of a GC, This includes items such as temporary protection, snow removal or tree removal. O&P allowed on these type items will be considered as not meeting expectations and would be an overwrite.
- Siding and Gutters are a single trade, however this may be supplemented into separate trades after work is performed and documentation submitted to support separate contractors were involved to provide the necessary repairs.
- When the adjuster engages a GC for items such as tree removal or, temporary board up to address the aspect of O&P prior to work being performed. O&P should not be allowed

#### 10. Base Service Charges broken out and applied correctly

Factored In pricing is often the setting contractors use. Estimates faxed or emailed in should be checked to verify the proper Labor Efficiencies setting was used. Assignments in Xactanalysis can easily be verified to ascertain what the setting is at the documents page. Xactimate estimates printed in the Rough Draft format will clearly show items with an 'F' indicating Factored In pricing.

#### Common causes for errors, include:

- Applying BSCs to trades not eligible in our guidelines.
- Applying BSCs to trades that have Total Labor hours exceeding 4 hours.
- Applying BSCs to trades that have tasks being performed by others.
- Manually adding 'mobilization' charges that exceed the hours allowed in BSCs.
- Importing an estimate via Data Transfer or copy/paste and not changing the Factored in setting.

#### Rules for Reviewers:

- 1) Trades not eligible should have the entire BSC as an overwrite. BSCs applied in excess of the standard should have the difference taken as an overwrite.
- 2) Factored In setting should have the following percentages taken on the entire cost of the estimate as an overwrite, unless the estimate can be obtained via Data Request and calculated by applying the correct setting:

7% percent on water mitigation estimates.

11% on reconstruction estimates.

18% on estimates that are majority cleaning.

## 11. ITEL utilization consistent with guidelines

Replacement flooring is one of the highest expenses insurance companies incur on a yearly basis. For years, insurance companies did their best to determine value at the loss site. Unless the homeowner or contractor indicated that the flooring was of greater value, the loss was settled for one of several average prices provided by

estimating systems. Disputes would often arise if the settlement price was questioned

ITEL assists the insurance carrier and homeowner in arriving at a fair price point for the closest available flooring of Like Kind and Quality. For roofing and siding, ITEL provides accurate matches to repair or replace damaged material and locates distributors for matching products.

Some common reasons 'ITEL utilization' have been determined not to meet, include;

- Flooring in excess of 144sf and no ITEL taken/obtained
- ITEL information on pricing was entered incorrectly into the estimate, this includes use of wrong selector codes and incorrect entry of ITEL value information.
- While noted as onsite settlement, payments portray later settlement and ITEL should have been obtained
- ITEL information was received by not used or explained by the adjuster
- Carpet samples taken but not submitted and not in field settlement
- Insufficient number of ITEI samples submitted. Multiple types of flooring or multiple rooms with different materials (example- carpet & vinyl)
- Inadequate information/documentation to support use of other than Average grade during onsite settlement
- Onsite settlement used Standard grade (<u>should this be expanded to separate for each of</u> <u>the grades other than Average</u>)
- ITEL should have been obtained for Matching issues (<u>while several reviews with this, no current expectations identified</u>)
- First call settlement and adjuster subsequently submitted for ITEL

#### **RULES FOR REVIEWERS:**

- 1) ITEL supplied pricing must be used in the estimate or the adjuster needs to provide explanation for any variance
- ITEL samples must be obtained when more than 144sf allowed for replacement

## 12. Waste applied correctly

Within Xactimate price lists, the majority of items already include waste as part of their calculation for the unit cost. There are only three area in which Xacimate doesn't already include waste: vinyl sheet flooring, carpeting and asphalt roof shingles. Waste percentages higher than 15% for vinyl flooring or carpeting must have a cut diagram included (not sketch). Roofing waste greater than 10 or 15% should have an explanation included. Any other line items include was, and any increase in quantity should refer to the quantity provided in the components, as that will reflect the quantity with the built in waste factor.

#### Common Causes of Errors:

- Adding waste to a line item that already includes it.
- Adding waste to the next nearest carton size. Example: Rounding siding to the nearest square. The quantity at components should be referenced at any note when this type of action is considered.
- Adding increased waste factors to Vinyl flooring, carpet or asphalt shingles.

#### Rules for Reviewers:

1) Calculation of overwrite should be based on subtracting the correct quantity from the additional waste added in.

#### 13. Minimum Charges Used

Hanover doesn't encourage the use of Minimums as they are intended for use with the Price List Factored in setting, and portions of the allowance could be redundant if other repairs in that same trade elsewhere within the estimate.

Page 22 of Estimating Guidelines: Estimates will not include Minimum Charges.

Some common reasons 'Minimum Charges Used' have been determined not to meet, include;

• Estimate contains allowances for Min Charges

#### RULES FOR REVIEWERS:

- 1) Reviewers should not refer to or compare an allowance to a Minimum charge for calculation of an overwrite
- 2) Base Service Charges or additional labor hours may be selectively used on small repair estimates and should be explained with a line item note

## 14. Labor Hours Explained

Labor hourly line items should only be used when unit cost line items do not exist for that task. A note should follow each use of labor only line items explaining in detail what the line item covers.

In cases where the insured performed labor to repair, clean up or prevent further damages, the labor rate should always be the General Labor set to the Homeowner rate.

#### Common causes of errors:

- Failing to place a note after each labor hour written for.
- Accepting contractor estimates without asking for explanations to be added to the labor hours.
- Not using the homeowner labor rate when compensating an insured for labor they have performed.

#### Rules for Reviewers:

1) All labor hours not documented with a note shall be recorded as an overwrite at 100%.

2) When a unit cost exists for an item that has been allowed as labor hours, if calculation of overwrite is based on the difference to unit cost, the overwrite should go to Item Selection.

#### 15. Overlap/duplicate items

The effects of Overlap/duplication are undesirable in an estimate and result in an excess or redundancy of some or all of a repair allowance within the estimate that results in an overpayment.

Some common reasons 'Overlap and Duplicate Items' that have been determined not to meet, include;

- Adjuster allowance demonstrates a lack of thought during estimating process
  - Painting behind cabinets that are not being removed
  - Wallpaper removal and separate drywall removal
  - Ridge Vent/ ride shingle overlap when ridge vent is aluminum and adjuster allows both 100% of LF of venting and 100% LF of ridge shingles
  - Allowance to replace paneling and then to paint the paneling
  - Overlap with labor allowances for insured to perform cleanup to water damage including tearout of drywall, carpeting etc and then additional line items/unit costs which also allowed for removal of those items.
- Adjuster failed to read description of what was included in unit pricing
  - Allowance for replacement of doors for which Xactimate Unit cost includes casing, yet adjuster separately allowed additional casing without explanation
  - Sprayed on acoustical ceiling, adjuster allowed additional Scrape when already included in removal of the line item.
  - Spray texture ceiling most frequently includes paint, a note would be needed to make clear adjuster awareness and intent to match an existing surface
  - allowance of vinyl corner posts when siding is being replaced, as the corner posts are already included in the SF price
  - Allowance for additional labor when another line item already includes as part of it unit cost.
  - Vendor change to a unit price, vendor modified to have it appear to be only detach but price remains the same for detach and reset, then adjuster when back into recon estimate and allowed for reset, this resulted in duplication. (the recon would not have shown a variation and it would be overlap with water mit)
  - Adding waste to replacement operations that already include waste in the unit cost
- Data Entry errors/Erroneous line entry-
  - line item(s) entered twice
  - Manual entry of multiple line items for labor for erection of shed resulted in duplicate allowance for labor, possible error that adjuster may have intended first allowance for demo and second for erection of shed
- Adjusters Judgment Errors
  - Allowance to move contents out of room and then cover them with plastic

- Actual damage to one garage door, estimate allowed for two doors without explanation.
- Allowing for more than 150% of area to be PNT S
- Excessive number of boxes for moving items within kitchen
- High and steep charges are per sq basis- not per sq X number of layers
- Overlap/duplicate with work performed by Water Mit (flooring and other building item removal) also overlaps when performed by others as emergency or incurred (removal of recessed light when electrican invoice already included) (tree removal- adjuster allowed additional hours even when separate invoice for same already included)
- The additional amount allowed for roofing Waste was allowed to be included with removal of roof
- When entire wall being masked, there is no need to separately allow mask of PC or PF
- Duplicate payment- although estimate included WTR MIT items, adjuster issued a separate payment for water mitigation and then issued additional payment for entire estimate which include water mitigation.

#### **RULES FOR REVIEWERS:**

- Door opening and shower stall trim not subtracted from baseboard lineal feet.
   Also shower opening not subtracted from SF of walls (<u>this is Sketch)</u>
- Adjuster selection of roofing item includes haul off, this was duplication with dumpster charges (<u>this is Correct Item Selected</u>)
- Incorrect dumpster size ( this is Correct Item Selection)
- SF of tub & vanity not subtracted from SF of floor replacement (this is Sketch)
- Additional charges for Steep roof were allowed for slope(s) which were not Steep. (this belongs to Correct Line Item)
- Unfamiliarity with unusual line item selections- Overlap/duplication that occurs between separate line item. Unit allowances (example; PNT XS and PNT SDG, both allow prime) (this is Correct Item Selected)
- Manual entry of miscalculated amount for walls, based on room sketch the amount was not possible (this should have been sketch)
- Incorrect room/roof dimensions that resulted in room/roof being larger than actual resulted in overlap/duplication (this should be in Sketch)
- RFG IWS allowance was excessive (this appears is should be a scope) should have been 3' not 6'
- Gambrel style roof and adjuster allowed ridge and hips for ridge caps, but photos show hips are just shingles laid normally and not ridge (this should be Scoping, adjuster didn't understand the process for repair)
- Allowance of additional RFG HIGH & STEEP charges to 100% of roof when entire roof was not eligible
- Multiple allowances for dumpsters (and pickup trucks) as result of multiple roofs, exterior damages and interior damages, separate structures
- Overlaps in trims resulting from not deducting doors or cabinets (sketch)
- Xactimate Inspection Rules Must be addressed, adjuster either needs to correct any finding or must provide clear notes why that finding is not applicable

## 16. Depreciation Applied Properly

Depreciation is the devaluation of an item based on a number of variables for which Hanover adjusters need to document and consider on the basis of age and use. The adjuster needs to demonstrate that Depreciation has been calculated on every estimate, including those created by contractors and others. Any exception, such as work already completed, must be explained by the adjuster either within the estimate or within claim notes.

Most Policies, as we know, have or offer "replacement cost" coverage and provide that, until replacement occurs, payment will be on an actual cash value basis. Payment issued at Replacement Cost for work not yet performed would likely be considered an overpayment. While the determination of actual cash value of Insured property varies by jurisdiction, it is necessary that the adjuster documents the basis for their calculation for depreciation.

Some common reasons 'Depreciation Applied Properly' have been determined not to meet, include;

- Depreciation was not calculated. Also when not all items have been depreciated
  - estimate contains six rooms, depreciation was applied to only one room
- Depreciation Method (%, AMT, AGE/USE) incorrect or not explained.
- Depreciation Age Incorrect. Adjustment information identifies age as 10 yr, but adjuster uses different age without explanation.
- Depreciation Use is incorrect. Existing physical conditions are present that suggest Use other than Normal have not been applied or explained by the adjuster.
  - roof covering with advanced deterioration
  - signs of heavy use or previous existing damage to items such as flooring
  - deck stain mostly gone prior to loss
  - pre-existing prolonged presence of moisture issue
- Coverage (Recoverable/Non-recoverable) has been incorrectly identified
- Preferences for Depreciation Defaults are incorrect (i.e., set to 50% Max)
- Depreciation was calculated but not applied or withheld, no explanation provided (? this would seem to be more than estimate review)
- Fencing repairs paid at RCV even though total materials exceeded \$100
- Acceptance of estimate other than Xactimate requires use of % for depreciation and additional line item note for adjuster to explain how depreciation was calculated.
- Incorrect line item selection resulted in depreciation being calculated incorrectly

## Appendix B.ii.

## **Water Mitigation Estimates Revision**

#### Sketch:

All interior rooms and basic roofs should be dimensioned in Sketch For Siding, dimensioning may be used. On complex roofs, Geomni or Geo-estimator should be in the documents

All missing walls/openings regardless of size should be dimensioned in Sketch. This will help determine the location of necessary drying equipment and determine drying chambers for water mitigation services as well as the necessary amount of dehumidification and fans required for each chamber.

#### Photos:

Photos should include the risk, the source, the affected area(s), any contents that were affected and the Mitigation equipment.

#### **Scope Accuracy:**

The scope of repairs should be reviewed here. Did the adjuster/estimator write for appropriate repairs?

Was the scope of damages obtained during First Call/Contact with Insured? Was the scope shared with the vendor to develop a mitigation plan of action? Scope of loss should include affected rooms, types of building materials damaged, personal property/inventory involved, cause of loss, and any unusual circumstances. Does the scope of mitigation match the scope of damages? Did the adjuster/estimator write for the appropriate repairs?

#### **Price List:**

The Pricing Variation report should be reviewed when the estimate is uploaded in Xactanalysis. Estimates received outside Xactanalysis whether written in Xactimate or not should have the pricing verified by using the current Xactimate Price List for the loss location. Any price changes need to be justified with a note or supporting documentation.

#### **Lump Sums:**

Specialty items such as mechanicals should be explained with a line item note and supporting documentation attached to the file.

Specialty items such as mechanicals should be explained with a line item note and supporting documentation attached to the file. Non-Xactimate reconstruction and water mitigation estimates must have pricing verified vs. Xactimate pricing. Was a note added to HCS comparing the prices to Xactimate or was a comparison Xactimate estimate written by the adjuster/estimator?

#### Line Item

Did the adjuster/estimator use the correct line item for repairs? Examples: number of coats of paint, quality of material, etc.

#### **Overhead & Profit:**

Water Mitigation / Mold Remediation estimates do not qualify for O&P and should never have them applied. A separate estimate needs to be written for these losses, as well as a second assignment if handled in Xactanalysis.

#### BSC:

BSC's should never be applied to water mitigation estimates. Estimates written in Xactimate but not uploaded in Xactanalysis should have the pricing verified to assure that BSC's are not Factored In.

#### **ITEL**

Did the adjuster/estimator take submit an ITEL report on flooring that exceeds 144 square feet or better than average grade? If not, was this either a first call or on site settlement? (Both should result in average grade if yes)

#### Waste

Was waste added only to the following items: roof shingles, carpet or vinyl sheets goods? All other line items include a built in waste factor.

#### Minimums:

Line items for Minimum Charges should not be used in any estimate.

#### **Labor Hours**

All labor only charges should be explained with a line item note and supported with photo documentation. These charges should be reasonable for the noted repair and should not be used in lieu of an existing line item.

#### Overlap/Duplicate

Did the adjuster/estimator use line items that have overlapping qualities or quantities? Example: removing a lockset that is being replaced from a door replacement, more finished wall/floor surfaces than is possible in a room.

#### **Timely Payment Discount:**

Was the 10% discount applied if the vendor was a PDR program participant? Was payment made within 30 days of receiving all required documentation?

#### **Psychrometric Charts:**

Did the adjuster obtain the drying logs (Psychrometric Chart) and review them prior to issuing payment? Did the chart show the drying process was effective? Was the dry out accomplished within the average time period, three (3) to five (5) days? Was it noted or documented in the estimate if the dry out exceeded the average time?

#### Antimicrobials:

Did the category of water (cat 2 or 3) justify the use of either an anti-microbial or an air scrubber? Did the adjuster/estimator justify there use?

#### **Appropriate equipment:**

Was the "Calculating Water Equipment" document used or did the adjuster manually calculate the amount and type of equipment required for the loss? Was the inclusion of equipment other than Fans and Dehumidifiers in the estimate verified and documented?

#### **Monitoring Time / Setup Take Down:**

Were the Guidelines followed for equipment Setup / Take Down (10 minutes setup – 10 minutes take down per/piece) and Monitoring (1.5 hours per/trip)? Were the charges verified when reviewing the Psychrometric Chart? Were any deviations from these Guidelines explained (such as, additional time required for setting up and taking down an Injecti-dry system)?

#### **Emergency Service Charge:**

Were after hours/category 2&3 charges justified? Was an Emergency Service charge appropriate?

Emergency Service Charges on a Non-program vendor can be negotiated. Did the adjuster negotiate the Emergency Service Charge with the Non-program vendor?

## **Appendix C**

## HAIL CHECK LIST

This is a list of the more common items encountered in a residential hail claim. Major structural damage is not listed on scope sheet. (truss', joist, cabinets etc)

On separate sheet, show diagram of house Orientation as far as north, south, east, west Orientation as far as front and back Direction storm came from Minor description of house

Front

N
W E
S
Back
Direction storm came from

#### Roofing

Size of area affected	
bundle 25 year $= 1/3$ square	
Total square foot of roof	
1 square = 100 SF	
Type of shingles (3-tab, laminated, other)	

Does not include: Drip edge, step flashing, etc. usually not affected by hail.

Approximate Age of shingles	
If roof is 5-10 years old, it <b>MAY</b> have had Ice and Water shield If roof is 5 years old or newer, code required Ice and Water shield	
Ice and water shield is usually only applied to the bottom 3 feet (area over eaves) and in valleys	
In most areas Ice and Water shield has to be applied per code	
How many layers of shingles	
How many stories (height of roof)	
If over 1 storyadd possible ladder and plankadd possible sca	ıffold
How steep of pitch (angle of roof)	
Are there multiple slopes	
How many slopes are affected	
How many lineal feet of valley	
Antenna or satellite dish	
Add 23.79 remove and reset antenna	
Skylights	
*Always ask if skylight is domed or flat, fixed or venting *Many times flat skylight components can be ordered and repaired	
Fascia, and Gutter	
Was gutter affected	
Aluminum, Plastic, Galvanized, Other	
If height over 1 story add 45.00 for ladder and plank	
How many lineal feet (include downspout)	
Was Fascia affected	
Aluminum, Wood & Paint, Other	
Width	
How many lineal feet (damaged area)	
, (	
Siding	
Side of home and size of area affected	
(see drawing)	

Vinyl, Aluminum, Steel, Wood, Other	
*Does not include detach and reset fixtures	
Brick or stone veneers	
Deduct from total SF of siding (if on affected wal	1)
Shutters (simulated wood)	
Awnings & Carports	
Aluminum, canvas, other	
Size	
With posts?	
Doors & Windows	
Type of door (wood, steel, fiberglass, oth	er)
Is jamb affected	
Was window or door jamb wrapped with aluminum sheet	
Storm Door	
Garage Door	
Type of window (wood, vinyl, other)	
Size of window(s)	
Style of window (single hung, double hun	ng, casement, fixed, etc.)
Make of window if known (many times spacer between glass)	this will be found in one of the corners of glass or on aluminum
If window is Brand name, many times parts can be	replaced
Describe damage	
Screens	
Glass	

F	ences	
Туре	(wood, vinyl, wood sectional, etc)	
	Height	
	How many lineal feet In most cases fences will not be structurally harmed by hail, PVC coul Wood fences may only need to be refinished. Fences listed below do not include posts	<u>d</u> be damaged, (not likely)
Other	structures	
Shed	wood or metal	
	Size	
	Did you assemble shed yourself	
	How long did it take you?	
I. Am		
is stru	In most cases only roof metal or sidewall metal will be damaged	
Was E	Deck affected	
If woo	d, what kind of wood	
Debris	s Removal	
AC C	In most cases only the fins are affected by hail, these can be combed straight with a common hair comb.  If case or cover is dented parts should be able to be ordered	
Trees	or shrubs	

#### Coverage's

**HO3-HOMEOWNERS-** \$500 Total per tree for debris removal <u>only</u> regardless of the number of trees involved. Insureds or neighbor's trees felled by wind, hail, weight of ice, snow, or sleet or peril insured against in coverage C. If the tree damages a covered structure. No coverage for trees themselves. If a tree falls on a covered structure, we pay the cost to remove the tree from the structure to effect repairs. There is no limit for this

cost but we pay only to drop the tree to the ground, not to cut it up. The cost to drop the tree to the ground is in addition to the tree coverage of \$500.

HO 7200-\$1,000 for debris removal only in the aggregate with a limit of \$500 per any one tree.

No coverage for trees themselves.

MOBILE HOMEOWNERS-No coverage at all

MOBILE HOMEOWNERS WITH MH 200- \$300 for trees for wind or weight of ice and snow including debris removal. \$2,500 total for all trees involved.

RDP-No coverage for wind at all. Policy does have lightning coverage with a maximum of \$250 per tree including debris removal with an aggregate of 5% of coverage A. The named perils do not include weight of ice and snow or wind. WE PAY to lay a tree on the ground from anything it has fallen on as an additional

cost. I.E. you owe to get tree off house, fence, pool, etc-then tree removal on top of that.

Exterior Furnishings	
FOOD SPOILAGE	
Homeowners without HO7200-No coverage at all-unless they have HO0498 HO00498-linit \$500 w/100 deductible applying. Deductible is offset if loss is $>$ \$500-	

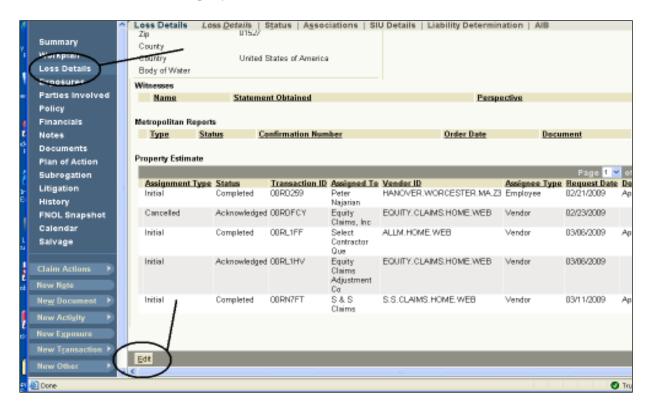
# Appendix D

Job#	Homeowner:		3 TAB 30YR ARCH 4	40YR ARCH 50YR ARCH	OTHER SHAKES: Light	Medium Heavy
<b>STORY:</b> 1 2 3	PITCH	VALLEY	VENTING	FLASHING	CAPS	
	SQ Main: /12	SQ Metal: LF	Exhaust: EA	Chimney: QTY	Chimney:	Size:
	SQ Other: /12	SQ Closed: LF	Power: EA	Counter: LF	Furnace:	Size:
STORY: 1 2 3	ICE SHIELD:	SF PIPE BOOT	CFM	Kick Out: EA	sкушентs	HTS
Remove:	SQ (Total LF times 3)	Neoprene	Ridge: LF	Wall Step: LF	Dome:	Size:
	SQ FELT	Frost Free	ro.	EDGE	Fixed:	Size:
LAYERS: 1 2 3	15#	SQ Lead	Turtle: EA	D-Style: LF	Vented:	Size:
Remove:	SQ 30#	SQ (1"-3") EA	Aliminim Steel DiscHo	Gutter Apron: LF	Antenna: Sate	Satellite Dish:
Replace:	SQ ≥ 9/12 PITCH MUST BE 30#	0# (3"-4") EA	Aldillilliani Ocean Flasac	Sliders Edge: LF	Gutter Screens: LFT	LF Type:
	٠		ROOF DIAGRAM SPACE	ACE		
MEASUREMENTS	EMENTS					
A) ×	II					
B) ×	=					
C) X						
D) X						
E) X						
F) X						
G) ×	"					
н) ×	"					
I) X	"					
) ×	"					
K) X	"					
r) x						
M) ×						
N) X						
ACT	ACTUAL SF					-
10% 15% WASTE	E SF					
10	TOTAL SF					

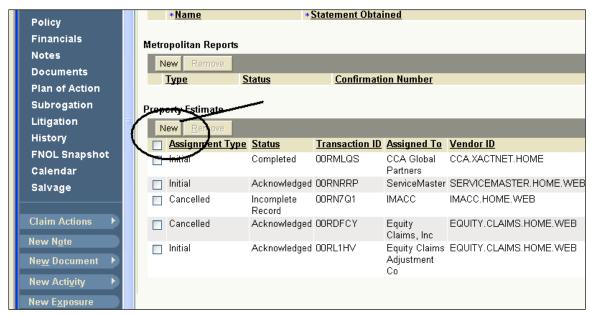
# Appendix E

## **How to Send Property Estimate Assignments in HCS**

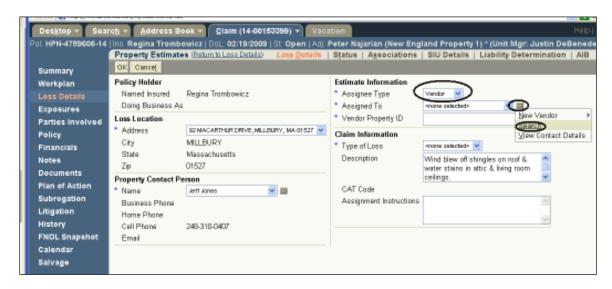
- 1. Once in the claim in HCS, click on the Loss Details tab option on the left side of the screen.
- 2. Scroll down to the Property Estimate section, underneath click the Edit button.



3. This will cause a button on the Property Estimate section to appear. Click on the New button.

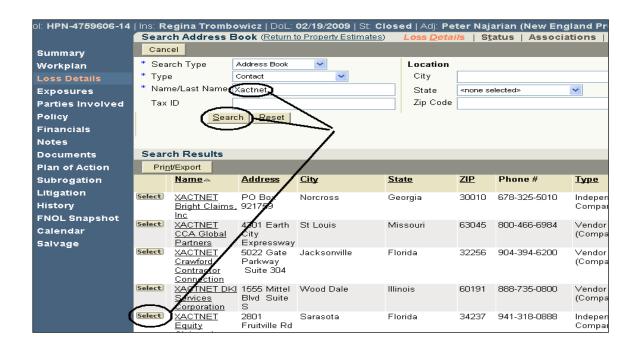


4. This will bring up the Property Estimate screen. Change Assignee type to Vendor. Click on the small arrow box to the far right of \*Assigned To and choose Search.

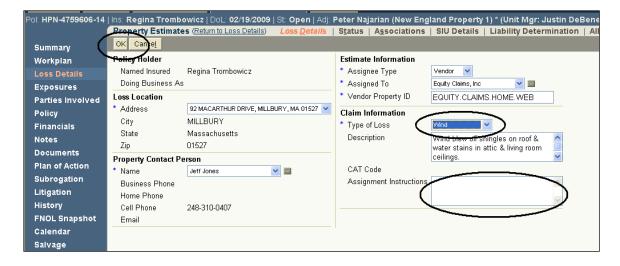


<u>PLEASE NOTE:</u> Please verify service coverage by a particular vendor prior to making an electronic assignment.

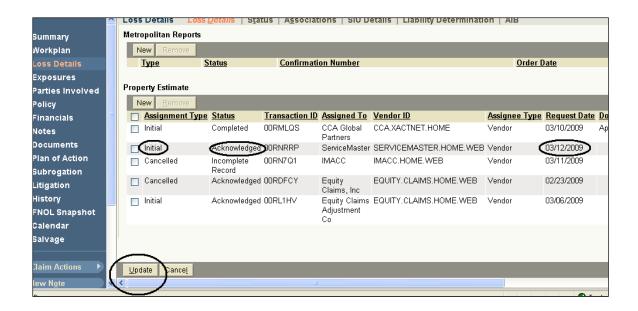
5. The Search Address Book window will appear. In the Name field, enter the word "Xactnet". Click on the Search button. This will bring up a list of vendors that can have assignments sent to Xactanalysis. Locate the desired vendor network and click on the Select button.



6.Now the Property Estimate screen should return. Choose a Type of Loss. Enter any needed Assignment Instructions, \*\*\*\*If a specific contractor is desired with a National Vendor Program, please make a note of it in this location. \*\*\*\* Click on the OK button.



7. You will now return to the Loss Details screen. Scroll to the bottom and choose update. An acknowledgement will be created in the Property Estimate section when a successful assignment has occurred.



## Appendix F



#### Common Units of Measure

## Guide to Understand Your Property Estimate

# Your Estimate Cover Sheet The cover sheet of your estimate includes important information such as: A. Your Hanover/Cifizens daim professional's contact information B. Your claim number Date to the But Co

#### Your Estimate Detail.....

This is where the details about your loss or damaged property can be found.

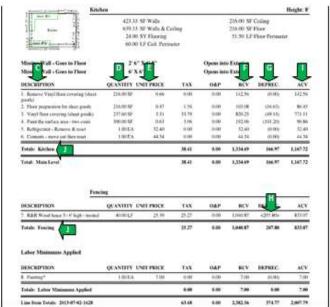
- Description Details describing the activity or items being estimated
- Quantity The number of units(for example, square feet) for an items
- E. Unit Price The cost of a single unit
- F. Replacement Cost Value (ROV) The estimated cost of repairing a damaged itemor replacing an item with a similar one. RCV is calculated by multiplying Quantity x Unit Cost
- G. Depreciation Loss of value that has occurred over time due to factors such as age, wear and tear, and obsolescence. If depreciation is recoverable, the amount shown in ().
- Non Recoverable Depreciation If depreciation is non-recoverable, the amounts hown will be shown in a second second
- Actual Cash Value (ACV) The estimated value of the item or damage at the time of the loss. Generally, ACV is calculated as Replacement Cost Value (RCV) min us Depreciation.
- Are Totals The total RCV, depreciation and ACV for that area.

#### Your Estimate Summary...

For Each type of coverage involved in your estimate there is a summary section that shows the total estimated cost (ROV and ACV) and net daim amount for the coverage type. The example to the right depicts a Dwelling and Other Structures coverage summary.

- Line Item Total The sum of all the line items for that particular coverage.
- Total Replacement Cost Value The total RCV of all items for that coverage
- Total Actual Cash Value The total ACV of all items for that coverage.
- N. Deductible The amount of the loss paid by you. A deductible is generally a specified dollar amount or a percentage of your policy.
- Net Claim The amount payable to you after depreciation and deductible have been applied. This amount can never be greater than your coverage limit.
- P. Total Recoverable Depredation The total amount of depredation you can potentially recover.

Poston Preston Company Business	Sober Adjuster Adjuster Hannver Innerance Ger 440 Lincoln Street Worcester, MA 01615	NO.		(900) 628-0250 jadjuster@hammer.ccom
Claim Number:	15-12345678	Policy Number: HBBI-125456	Type	of Lone: West Damage
Date of Loss. Date Inspected:	7/26/2013 7/30/2013 9/36/2013 11:16 AM	Date Received: Date Entered	7/30/2013 7/26/2013 4 28 PM	









# Using the New Roof Tool

January, 2018

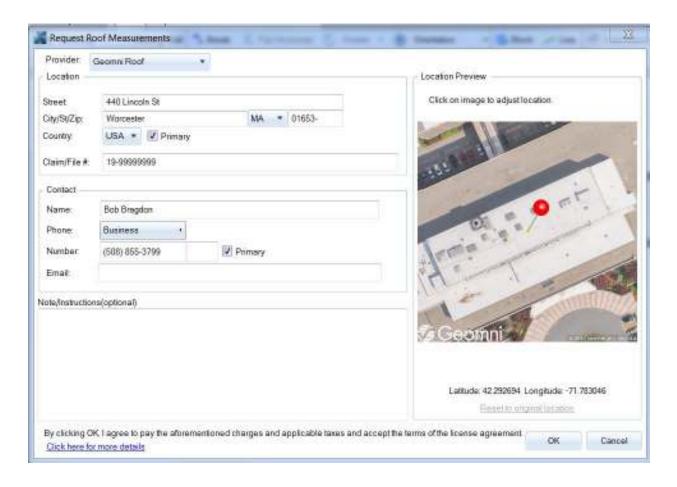
# Geomni Roof – accessing the info

- Four ways to get the report:
  - From Control Center, click on the Projects tab and right-click on the project
  - o Inside the project:
    - ☐Click on the **Xactimate** tab, then select Tools
    - □ Under Claim Info, click on the <u>roof</u> icon in the upper tool bar or under the ZIP code field.
    - ☐ In Sketch, click on the <u>roof</u> icon in the upper tool bar



These icons will appear once your Xactimate is updated to SU26. This update will be sent through the network automatically. Prior to the update, use the TOOLS menu and Request Roof Measurements.

# Geomni Roof – accessing the info



#### REQUEST ROOF MEASUREMENTS

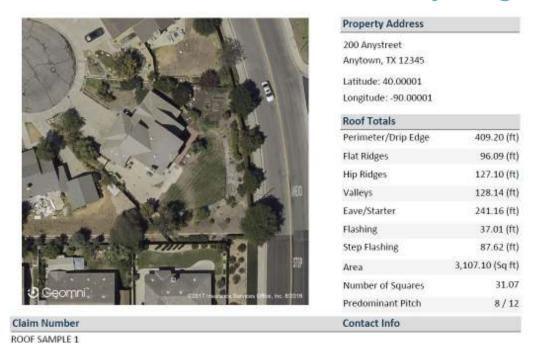
From the Projects tab, you must fill in the location information.

From inside a project, the location is loaded for you, as well as a preview of the building at that location.

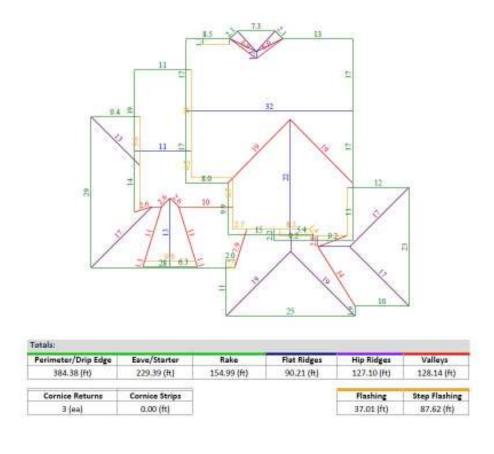
If this is the right location, click **OK**. This takes you to the upload screen in the Control Center. Click CONNECT and your request will be processed. If this is the wrong location, then simply click on the preview to move the pin. You can do this as many times as needed to get the right location. Once you have the correct location, upload your request.

When the report is ready, go to the Control Center and download the report by connecting to Xactanalysis, just as you would download an estimate. An icon will appear in the upper left corner of the Sketch pane. Click on it to import the sketch and measurements.

# Geomni Roof – what you get



With Geomni Roof, you get several aerial views and all the roof dimensions. You also get a Sketch showing all ridge, valley and eave measurements.



# Geomni Roof - when to use it

- 1. The roof is too complex with too many slopes and overhangs. ( a 1-story ranch with 4 slopes is not too complex).
- 2. The roof is too high or steep
- 3. There is a dispute on the dimensions

NOTE: If you need a Geomni Property report (which includes siding information as well), you must have authorization from your UM.

Results are back in 20 – 60 minutes. There is a preview of the property when you request a Geomni Roof.

If you get a report back, and you find out that it is the wrong location, reorder the report and explain the prior report was incorrect in the Notes/Instruction box.