



## Restoration vs. New Construction Databases... What's all the Hoopla about?



Starting with Isabel last year, all of a sudden there has been a great deal of hoopla discussion about 'new' versus 'restoration' construction databases. Please allow this seasoned adjuster and software vendor to use this forum to render his humble (but educated) read on the issue.

For over 10 years, SIMSOL's core database data has been supplied by Craftsman Publishing's National Construction Estimator (NCE). The NCE cost book has been around for over 50 years and is widely used by adjusters, contractors and managers to get a general idea of what a construction operation should cost. The data is supplied in a labor, material and equipment breakdown - all combining to develop into a unit cost. The unit cost, once calculated is factored, using a zip code system, for the general area where the construction operation is being performed under normal, everyday circumstances. NCE data was used by professionals prior to the dawn of computers and now is being enjoyed by thousands of estimators due to the efforts of our company and the CD found in the back of the cost book.

That being said, let's get to the heart of the matter. In my opinion there is no such thing as a "new construction" or "restoration construction" database. There is only a "CONSTRUCTION" database. The art of construction estimating is a dynamic and complex animal. The SIMSOL/NCE CONSTRUCTION databases contain thousands of line items for the construction and re-construction of structures which are either partially or completely destroyed. The only major difference between estimating for new construction (totaled losses) and restoration construction (partial losses) is the number and type of line items needed to prepare the estimate.

For example, when estimating (for insurance purposes) a totaled loss (e.g. house destroyed by tornado, hurricane, flood), once the estimator has paid to remove all remaining debris the only thing left is to build a "new" house. All line

items in a unit cost-based estimate for a total loss might all start out with the word "Install" before each line item description. When estimating (for insurance purposes) a partial loss where some or all of the structure still remains, some line items will begin with the words "Tear-out", "Remove", "Remove, Protect and Re-install" and "Prep" just to name a few. Adding these types of line items to all of the "Install" items will result in an accurate, restoration estimate. It is up to the estimator to see that both of these types of estimates are prepared using all of the correct line items needed. As a software vendor, we have no control over the type of estimates created by the system.

The SIMSOL/NCE databases contains all of these descriptions and allows estimators and adjusters to make whatever types of unit cost concessions needed to allow the contractor to perform the work. It is this incredible flexibility which makes our databases complete construction databases for all types of construction jobs. And that's why they are the databases of choice for thousands of estimating professionals in all fifty states.

Since the advocates began their mission during Isabel and now have come down to Florida, estimating systems have come under fire for "not paying enough". What are the reasons for this? They are almost too numerous to number here but here are my top five:

1. Improper scopes of damage (adjuster or contractor)
2. Improper use of unit costs (adjuster or contractor)
3. Insurance policy limitations, exclusions, depreciation and deductibles.
4. Greed (any party involved in the loss)
5. Fraud (any party involved in the loss)

Adjusters that are trained to properly scope a loss and understand how unit costs are developed will prepare accurate estimates. That takes care of my first two reasons. Adjusters and software vendors have no control over the last three (there are higher powers and human nature to contend with there).

The victims' advocates advocate all insurance companies use "accurate unit costs". What exactly does that mean? How many of us have needed work done around the house and being reasonable and prudent individuals contacted two or three contracting firms for a bid. Last year when I needed my pool screen enclosure rebuilt I solicited three estimates. They ranged from \$16,000.00 to over

\$24,000.00 for the same enclosure (size and materials). Keep in mind, this is for a non-insurance, non-catastrophe estimate! It is common knowledge that contractors and their estimates will differ as so will adjusters and contractors estimating the same loss. When you add in catastrophe circumstances, policy limitations, exclusions, depreciation and deductibles into the mix, it is no wonder uninformed policyholders feel cheated by their insurers (and by uninformed I mean policyholders who have not read or understand what their insurance policies cover).

At the end of day the vast majority of claims are settled amicably. Our catastrophe adjusting company, with the help of some of you, has closed thousands of flood and wind claims successfully during and since Isabel. Virtually all of these losses were settled somewhere around the scopes and unit costs generated by our software or in agreement after negotiations with the contractors performing the work. I am very proud of our service to both the software and adjusting communities. In my opinion, our software and adjusters provide our clients' policyholders with the best level of service in the business.

I feel deeply for those Isabel and Florida storm victims that are still having problems with their insurance companies. With so many claims in Florida, it is easy to see why settlements might be delayed. But for those Isabel victims still living in FEMA housing, there is more than an estimate preventing them from going home. It is my hope that reason with prevail in these cases where other forces may be at fault.

John Postava  
Simsol Software, Inc.



**Simsol's long awaited web-based evaluation tool now a reality!**

In September of this year Simsol announced the release of it's first ever web based solution. After many months of research and a few years of market pressure Web I-2-V is now a reality. To clarify for our adjuster client users, there are several reasons why Simsol Web I-2-V came to be. The consolidation of the property valuation market (Marshall & Swift/Boeckh) created a need for a reliable alternative that Personal lines agents and underwriters could turn to. Enter Simsol.

Simsol Web I-2-V is designed to assist agents, underwriting departments and insurance inspections services to quickly estimate residential I2V (Insurance to Value). A simple estimate can be completed with as little as six data elements. Equally as important Simsol WebI-2-V is fully equipped to produce highly accurate replacement values for the most complex residential structure allowing it's users to select the exact percentages of the building components that are in fact "the house".

Simsol President John Postava says that "Several years ago we recognized that it would not be long before the property insurance industry would be desperately seeking an alternative to what is perceived as the only I2V tool available. Simsol has provided a reli-

able I2V estimating module with its property claims solution for quite sometime. However, the adjuster has been the main user. Although we have consistently enjoyed positive reviews of this system from our adjuster users, we recognized it was less agent/underwriter friendly. Simsol Web I-2-V was designed with their needs in mind."

We hope to garner a great deal of invaluable feedback from our new web users. To encourage this, Simsol Web I-2-V is now a free service through the end of 2004. So we ask our claims users to share the good news with the agents and their underwriting counterparts Tell them to register today, check it out and use Web I-2-V free. Of course we are asking you the adjuster to also register. After all, much of the market pressure came from frustrated adjusters like yourself who found themselves dealing with undervalued risks all too often.

**...FREEBIE...**

**Try Simsol's Web-Based Evaluation Tool FREE until the end of 2004!**

**Go to [www.simsol.com](http://www.simsol.com) and click on the link entitled:**

**"Simsol WEB I2V"**

Now residential replacement cost estimating is quicker, easier and more accurate. Whether using the quick model based method or detailed component based method, with Web I-2-V™ your estimates will look more professional and reflect the latest construction cost values.



### 2005 Atlantic Hurricane Season

Here are the 2005 Atlantic hurricane storm names.

**Arlene - Bret - Cindy - Dennis - Emily - Franklin - Gert - Harvey - Irene - Jose - Katrina - Lee - Maria - Nate - Ophelia - Philippe - Rita - Stan - Tammy - Vince - Wilma**

## SIMSOL INSURANCE SERVICES AND THE AFTERMATH OF FLORIDA 2004



### BEING BETTER AT YOUR TRADE EARNS YOU MORE MONEY!

This past hurricane season has been a very busy one to say the least. Adjusters, adjusting firms, insurance carriers and policy holders have all been pushed to their limits. No one ever expected to get hit with four major hurricanes in less than two months time.

After reviewing hundreds of completed estimates we have identified a list of estimating errors made by adjusters in the field when preparing property estimates.

Here are just some of the mistakes adjusters make when using computers to write their estimates. All of the errors described below are correctible with some additional training of the adjuster with respect to estimating features found in most adjusting software as well as the art of estimating in general.

To be a better adjuster and to write a more accurate estimate you must seek out continuing education. The additional advance education will not only make you a better adjuster but it will also help you earn more money by being more efficient. It is a win-win situation for everyone involved when the adjuster is armed with the knowledge and technology to get the job done correctly and properly the first time and every time.

### LEARN HOW TO USE YOUR ESTIMATING SOFTWARE

In the off season take the time to learn everything you can about your estimating software. Get to know the basics and the special features. Get familiar with the database and know where and how to find the repairs items you may need. Look over the different format and reporting features.

### LACK OF ADEQUATE FIELD NOTES AND PHOTOGRAPHS

Before you can begin to enter any estimate into a computer you must first have an accurate scope of damage. In many cases the adjuster just does not have a system in place that allows them to scope all the covered damage and document that damage with photographs. Good field notes matched with photographs make for an excellent blueprint to be used in writing your repair estimate.

### REPAIRING ONLY AFFECTED DAMAGED AREAS

Most estimating programs default to replacing an area's entire floor, wall or ceiling area as items are selected for an estimate. In many cases only partial areas are affected and estimators fail to make the proper allowances.

For example, in the typical flood loss when only part of a wall is damaged, estimator replaces all walls of the affected

room. This is not necessary. Most computer programs allow their users to select specific walls or use some type of percentage entry method to reduce the affected area of the repair. User may also elect to manually calculate the area to be repaired and enter it directly into the system.

### NOT EXPLAINING UNUSUAL REPAIRS

Most estimating software has a feature where you can enter a footnote to give further explanation about a repair items. This is very useful when you have a repair that may not be obvious to a file examiner.

### NOT DEDUCTING LARGE WALL OPENINGS

Adjuster's often forget to enter large door and window openings in the rooms when estimating. The additional wall square footage amounts resulting from the failure of entering wall opening information increased the cost for most wall repair line items such as drywall, paint, baseboards and wallpaper.

This is especially true when entering garages, entry ways, kitchens, and closets with large sliding doors all of which have either missing walls or large door openings.

### TAKING ACCURATE ROOM MEASUREMENTS

With today's software there is no need to "round-up" your room measurements. The software will give you an accurate calculation of the room's floor, wall and ceiling area. By using exact measurements you get a very accurate estimate with no additional work on you part.

### MIS-APPLICATION OF FINISHES

In a large number of estimates, we have found the misapplication of finishes. Items such as pre-finished wood flooring, paneling and cabinetry are installed with a finish already applied to the material. Hence the term "pre-finished". Most modern cabinets, wall paneling and even hardwood flooring now come in a "pre-finished" form and there is no need to add for paint of finishing.

### CHECKING YOUR ESTIMATE FOR MISTAKES

Probably the single biggest error we find is that adjusters do not take the time to adequately review their estimate for errors. When an adjuster is writing estimate after estimate and working late into the night it is easy make simple computer input mistakes. A simple 5 minute line item review of the finished product will clearly reveal these mistakes to the adjuster. Have a check sheet to make sure all the required parts of the file are included before you submit the file. By correcting the mistake BEFORE the file is sent in the adjuster can save so much time and money. Not to mention you will earn the respect of all those who view your work. After all, your name is all over your work product.



**IMPORTANT HOLIDAY NOTE FOR ALL USERS:**

Please Note: we will be closed for the Holidays starting Friday, December 24, 2004 and will not reopen until Monday, January 3, 2005. Please make sure you call to extend your program prior to December 24th. There will be no one available to extend programs during the holiday break. While tech support will be available for emergency calls only, they cannot handle registrations or program extensions.



**Training Dates:**

Jan. 20-21 Advanced Class

Feb. 17-18 Beginner Class

Mar. 10-11 Advanced Class

*contact us at 800-447-4676 to learn more about our training seminars.*

**SIMSOL INSURANCE SERVICES**

**HELP WANTED!**

SIMSOL INSURANCE SERVICES is always looking for experienced (flood certified) adjusters to become part of their progressive team. Please feel free to forward your resume to [jrm@catadjuster.com](mailto:jrm@catadjuster.com) or call us at 407-583-0025

[www.catadjuster.com](http://www.catadjuster.com)



**5000!**

**SIMSOL SOFTWARE IS PLEASED TO ANNOUNCE THAT WE HAVE SURPASSED THE 5000 USER MARK!!!**

**THANK YOU FOR YOUR CONTINUED SUPPORT AND WE TRULY APPRECIATE EACH AND EVERY USER THAT HAS BECOME A PART OF THE SIMSOL FAMILY!**



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# Training and Support

## Training Tip - Tracking Mold

The new SIMSOL Version 2.5 gives the adjuster the ability to track mold related repairs and print out estimates and total pages for mold related repairs and non-mold related repairs.

The first step in setting up SIMSOL to track mold in a claim is to check the box on the Building Estimate Information Page. On the Claim Enclosures Tree select the Building Estimate (below the capital BUILDING ESTIMATE heading). Just above the Estimate Cover Page Notes section is the ESTIMATE BREAKOUT section. Check the box in this section and select MOLD as the item you would like to track. SIMSOL will now allow the adjuster to identify line items or portions of line items that are related to mold damage.

In the Virtual Scope Sheet (Scope of Damage on the Claim Enclosures Tree/Scope Area) enter a scope by clicking on the appropriate scope button. In the mini-override screen at the bottom of the page the new Mold field is available. The adjuster then enters the appropriate amount of the damage that is mold related. If the repair is being completed entirely because of mold, double click in the field and the total amount of the quantity for that line item will be entered. If the amount relative to mold is less than the total quantity, enter the amount relative to mold in the Mold field.

Example: All wall sheetrock is being replaced. Only one wall is being replaced because of mold damage. Enter the amount equal to the area of one wall in the field.

The amount related to mold cannot exceed the Item Quantity of the line item.

Once the estimate is complete move to the Total Page. The Add-ons screen has a check box to include the Add-on in the Mold Totals. If a particular Add-on is due to mold, check the box. It will be included in the Mold Related estimate and total page. On the Total Page there are two speed buttons that will display the Mold Related and Non-Mold related totals.

On the Global Print Screen select the Building Estimate. In the Print Options Appendices section there are two check boxes that will cause the Mold and Non-Mold related estimates to be printed. These are checked by default when the adjuster selects the Track Mold box on the Building Estimate Information screen in the beginning. If those estimates are not needed, simply deselect the check boxes.

If you have discovered a time saving tip that is helpful and would like to share it with other users, please email our training department and we will consider your tip for an upcoming newsletter. Send to [training@simsol.com](mailto:training@simsol.com)