



Common Causes and Solutions to Insurance Restoration Claims Delays

A Wolgast Restoration White Paper

By Richard Droste, Gary Holt, and Michael Bellor



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Any delay in an insurance restoration claim can lead to cost overruns, compounded damage, dissatisfied customers, and possible legal action. The purpose of this paper is to identify some of the most common causes of insurance restoration claims delays, and provide insight and solutions on how we prevent or resolve them.

Scope of damage

Determining the scope of damage for a large loss insurance restoration project is perhaps the most important aspect of executing timely repairs. It requires an experienced insurance restoration estimator with extensive knowledge of building materials, engineering requirements, and reconstruction processes.

Depending on the scope of damage, large loss insurance restoration projects often require a sizable work crew and numerous man hours to complete. It is imperative that the estimator considers the labor requirements for all phases of the restoration project, including: mitigation; cleanup; demolition; planning; and reconstruction.

To further ensure that the scope of damage is accurate, an experienced restoration estimator will work collaboratively with the insurance adjuster assigned to the job. This collaboration will benefit all parties involved by minimizing the risk of missing important details that may cause extensive delays and cost overruns. It also helps the estimator and adjuster come to a mutual and decisive agreement on a supplemental estimate to perform additional work when hidden damage, not identified in the original estimate, becomes evident.

Work schedule with timelines

Developing a thorough work schedule is imperative to establishing an accurate timeline to complete a restoration project. An experienced restoration project manager will create a detailed schedule utilizing Microsoft Project, or similar program, to manage the project and the variables that affect the critical paths and milestones associated with the project. There are many variables that need to be considered and evaluated, including: availability of materials and lead times for procurement; sub contractor availability; capacity; equipment availability; and even weather conditions.

Work in process variables

Not every restoration project goes according to plan. There are controllable variables, such as errors and redos, and non-controllable variables, such as bad weather, and additional hidden damage, that can delay the project schedule and increase costs.

As an experienced restoration company and general contractor, we implement a systemized approach to every project, virtually eliminating the possibility of errors caused by our crew. If an error is made, we have systems and processes in place to react quickly to correct the error and minimize any delay in the schedule.

Our business is located in Michigan, so we are no strangers to inclement weather. There are very few weather occurrences that can slow us down. But when bad weather does hamper our progress, it is only temporarily. Our systemized approach allows for weather delays, because we have the capacity to allocate additional resources to make up for any lost time.

Coverage issues

Many policy holders don't always know or understand exactly what is covered by their insurance policy. Because of this, they think that any damage to their home or business will be covered, no matter the circumstances. When this misunderstanding occurs, and the insured realizes they have to pay for the repairs out of their own pocket, it can cause work stoppage and long delays. In some cases, like flooding, it can further compound the extent of the damage, due to lingering moisture and mold growth. Obviously, any delays caused by coverage issues will also increase the cost of the restoration project. While it is ultimately the insured's responsibility to know what is covered under their insurance policy, up front and open communication between all parties involved can be key to resolving any coverage issues.

Dispute issues

The most common disputes between the policy holder and the restoration contractor involve a misunderstanding on the part of the insured as to which repairs were approved by the insurance company. If the policy holder doesn't fully understand the scope of the project, they might assume that certain things will be repaired or replaced, regardless of the extent of their damage. When these disputes arise, it requires the restoration contractor to take immediate action to resolve the dispute, delaying the work in progress, and adding to the labor hours involved in reconciling the issue.

Up front and open communication between all parties involved can be key to resolving any issues related to the scope of property repairs or replacement.

Many insurance restoration claim disputes are the result of perceived inflated restoration service costs, or work performed that wasn't approved. The insurance company can refuse to pay the restoration

contractor until the issue is resolved, further delaying the restoration process, or even leading to litigation proceedings. The outcome of these disputes typically result in lost revenue for both parties, a damaged relationship, and a dissatisfied policy holder.

These types of disputes can easily be prevented through open communication and collaboration between the restoration estimator, the insurance adjuster, and the policy holder (customer). The restoration estimator can dramatically decrease the possibility of any cost disputes by providing a thorough, itemized estimate using estimating software required by the insurance industry.

Non-loss related issues that cause claims delays

Change orders: Any time a customer makes changes to the scope of the project, it affects costs and the project schedule. More often than not, when a customer makes a change request, it is usually in the form of an upgrade in building materials and appearance, incurring additional expense and labor hours. When this occurs, the project estimator needs to generate a new estimate for the changes and submit it to the customer for approval. Obviously, this process can slow the progress of the project, especially if the changes interfere with the original project scope and work schedule. Since change orders are requested by the customer, they have no impact on the original insurance settlement, and are a contract between the customer and the restoration contractor, only. To avoid any problems as a result of a change order, the restoration contractor should inform the customer that the changes may extend the original project deadline, and that they will be responsible for any additional costs.

Non-payment: In today's economy, policy holders can have difficulty making up front payments for repairs not covered under their insurance policy. As insurance restoration contractors, it is our job to arrive on site and mitigate as much damage as possible and secure the site before the insurance adjuster is able to determine if the damage is actually covered under the policy. Occasionally, the customer will not be able to pay for these repairs up front, so the restoration contractor will have no choice but to hold off on mitigating the structure, increasing the risk for further damage to occur during the delayed period. Again, up front and open communication between the customer, the insurance adjuster, and the restoration contractor is key to resolving this issue before it escalates.



1494 N. Graham Road • Freeland, MI 48623
Office: (989) 781-0173
4141 Davis Creek Court • Kalamazoo, MI 49001
Office: (269) 585-4220
www.wolgastrestoration.com