Pricing and Validation Procedures
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Introduction

360Value® produces a detailed estimate of the cost to completely rebuild a structure using information related to the location, site/lot conditions, structure size, construction type, and features.

360Value is a true component-based estimating system. Rather than using the square foot pricing model used by other software providers, 360Value uses the data input by the user to create a stick-by-stick and brick-by-brick estimate to rebuild the home or structure. Costs compiled to create the 360Value estimate are provided by building cost databases published by Xactware. Xactware has been providing building cost data to the property claims industry since 1986. Insurance carrier clients using that data today are responsible for one of every two property claims in the USA and Canada. It is also used by more than 80% of insurance repair contractors/service providers who use a computerized estimating system. Simply put, in the USA and Canada, Xactware’s pricing data is used more often than all of its competitors’ data combined.

What is a building cost database?

Xactware’s building cost databases are published quarterly. 360Value’s servers are automatically updated, and all newly created valuations use the current component costs. Valuations created during a previous quarter may be updated by opening them in 360Value and selecting the option to “Re-Calculate”. This will apply the most current building cost data to the valuation.

How are building costs researched?

Xactware uses three methods for updating prices:
1. Top Down method
2. Bottom Up method
3. Real-time feedback / independent verification

Top Down

Top Down refers to the collection and analysis of active estimates/bids written for the purpose of settling property claims. Thousands of estimates are returned to Xactware via our secure network (XactNet®) each day, enabling “real-time” analysis on the usability of pricing information.

Additionally, information gathered from live estimates and bids is combined with market surveys performed regularly with industry professionals. Market surveys are performed using email, phone, and fax with both general and sub-contractors on a regular basis.

On average, Xactware acquires over 2 million unit price data points each month using the real-time and survey processes from over 24,000 Insurance Carriers, 50,000 Contractors, and 18,000 Independent Adjuster users.
**Bottom Up**

The **Bottom Up** method refers to the independent research of all costs associated with labor, material, equipment, etc. needed to perform each task. This research is performed daily with over 15,000 material and equipment suppliers and over 8,500 contractors across the USA and Canada who have agreed to provide Xactware with pricing information on a regular basis.

In addition to the many sources used in the Bottom Up pricing method, 360Value’s Manufactured/Mobile module uses data provided by NADA Appraisal Guides, Inc. NADA Appraisal Guides, Inc. is the leading publisher of manufactured and mobile home valuation data.

**Real-Time Feedback/Independent Verification**

On occasion, Xactware receives notice from a customer that a published price may need further review. When this occurs, the Xactware Pricing Team begins a process called an Independent Verification Request and Response.

Requests can be submitted to Xactware via an email to pricing@xactware.com or a phone call. Once received, the Pricing Team analyzes the submitted price, and makes contact with contractors and subcontractors in the area to independently verify that a price issue exists, and makes appropriate changes if necessary.

Regardless of the outcome of the independent verification process (whether a price is changed or not), the results are always communicated back to the individual(s) who submitted the original Independent Verification Request.

**360Value Validation Procedures**

As 360Value is a replacement cost calculator, it not only uses the building cost data itself but also determines the proper quantity and quality of items to be included in a valuation. This creates the need for a much more detailed level of validation.

Xactware’s Pricing Research team is comprised of a number of individuals with professional estimating and trade level experience in the construction industry. These individuals, along with several other external consultants, use their expertise on a regular basis to validate the calculations produced by 360Value.

Validations are performed by comparing active bids, or completed project costs of residential, commercial, and agricultural structures to the values produced by 360Value. This analysis/validation is performed often on a variety of structures.

**Recent Validation Results**

*Residential - 2013:*

To date, the study has evaluated more than 3,000 total-loss claims submitted from 2006 through 2013. The analysis includes claims ranging from $57,316 to $2,833,732 in all 50 states, and Washington, D.C.
Dwelling characteristics were manually extracted from each total loss claim file by Xactware's trained specialists. The manual extraction and entry process ensures a true comparison of claim estimates with valuation results and provides a high level of data scrutiny and valuation accuracy. The data demonstrates that valuation amounts that 360Value generates are remarkably accurate — within a few percentage points — when compared with Xactware total-loss reconstruction claim estimates.

Validation Team

The Xactware Pricing Team is comprised of a number of individuals with experience in the construction and restoration industries, monitored by an Econometrician who holds a Ph.D. in Economics from Harvard University (an Econometrician is someone with a Ph.D. in economics with a Master's degree in statistics). While each team member has a background in one or more of the construction trades, together they have over 400 years of combined construction experience. Their specific experiences range from framing and finish carpentry, to drywall, painting, siding, roofing, HVAC, and more. Several are also licensed general contractors.

- 3 licensed general contractors
- 2 ASCR Certified Restoration Technicians
- 1 IICRC Certified Journeyman Fire & Smoke Restorer
- 7 IICRC Certified Water Damage Restoration Technicians
- 3 IICRC Certified Fire & Smoke Damage Restoration Technicians
- 1 IICRC Certified Odor Control Technician
- 1 Mold & Sewage Remediation Technician
- 3 IICRC Certified Upholstery Cleaning Technicians
- 3 IICRC Certified Carpet Cleaning Technicians

Manufactured/Mobile Pricing

360Value’s Manufactured/Mobile module allows the user to provide specific details to develop a more refined estimate for a Manufactured/Mobile structure.

Base Structure Value

360Value uses information regarding Location of the home, Year Built, Manufacturer Name, Trade/Model Name, Floor Plan, Size of the Home, Expandos/Tip-Outs, and the size of any Tag-A-Longs to determine the Base Structure Value. The values are based on pricing data published three times a year by NADA Appraisal Guides, Inc. Adjustments are then made based on Quality, Condition, and other included additional features to calculate a final estimated replacement cost.

The Base Structure Value for Manufactured/Mobile homes is based on reliable sales data from the open marketplace. Sales from repossession, foreclosure, or auctions are not included. This analysis produces an estimated value for the unfurnished structure according to its initial cost per square foot and current regional activity. If the Manufacturer, Trade Name (Model), or Total Width are unknown or are not listed, 360Value offers the ability to calculate the Base Structure Value using the Supplemental Value Section.
Standard Items Included in the Base Structure Value

The Base Structure Value includes the following components:
- Traditional Retailer Mark-Up
- Installation and Set-Up Costs
- Bath and Kitchen Modules
- Drapes, Curtains and Rods
- Furnace and Heating System
- Running Gear and Chassis Frame
- 3/12 Roof Pitch (Multi-Wide Homes)
- Water Heater and Plumbing System
- 30” Freestanding/Drop-in Range
- 12 C.F. Single Door Refrigerator
- Roofing and Siding – Standard Metal Type
- Windows and Doors – Standard Type with Screens
- Floor Covering Linoleum with Average Quality Carpeting (in Living Room, Hall and Master Bedroom Only)

Additional Structures

Additional Structures such as Garage/Carport, Decks/Balconies, Patios/Porches, Breezeways, Site Built Additions, Detached Structures, and Other Attached Structures, are calculated using Xactware’s Building Cost Database and are component-based estimates.