

The Truth Behind “Standard Pricing” in Water Damage Restoration

When dealing with a water damage insurance claim, many homeowners are told that restoration work should adhere to “industry standard pricing.” This phrase is commonly thrown around by insurance carriers as though a universal pricing rulebook exists and must be followed. The reality? No such enforceable standard exists — and falling for this myth can leave you seriously undercompensated.

1. No Central Authority Governs Pricing in This Industry

Unlike industries such as auto repair, where manufacturers often dictate fixed prices for services and parts, water mitigation doesn’t operate under a regulatory body that sets pricing. Instead, restoration companies base their fees on market conditions — including labor rates, material costs, risk factors, overhead, and regional economics.

2. Pricing Software Is a Guideline, Not Gospel

Insurance adjusters often cite prices generated by software like Xactimate or Symbility. While these tools are widely used in the industry, they are meant to provide reference points — not enforceable prices. In fact, these software providers themselves clarify in their user agreements that the prices are meant to be adjusted based on actual job conditions. Contractors are not only allowed to deviate from the software pricing — they often must in order to reflect the true costs involved.

3. Your Contract Defines Fair and Customary Pricing

The most accurate definition of what is “customary and reasonable” comes from the agreement you’ve signed with your chosen restoration company. That contract, along with the actual scope of work completed and documented costs, carries legal weight. The price you and your contractor agree upon matters more than what your insurer deems to be typical or lower cost.

4. Local Market Conditions Shape Pricing

Water damage restoration costs can differ drastically between locations like New York City, Miami, and rural towns in Ohio. Labor markets, material availability, taxes, and logistics all vary — and those variations impact what restoration services reasonably cost. Attempting to apply a flat, nationwide “standard” price fails to account for these vital differences.

5. Insurers Use the “Standard Pricing” Narrative to Reduce Payouts

When an insurer disputes your contractor’s invoice by claiming it exceeds the supposed “industry standard,” it’s often just a tactic to reduce how much they have to pay. Insurance companies are financially motivated to minimize claim settlements. However, their contractual

obligation to you is to restore your property fully and fairly — not simply to pay the lowest amount possible.

What You Should Remember

- Restoration rates are determined by actual market conditions, not dictated by software-generated numbers.
- Your agreement with your contractor — backed by documented work and receipts — sets the bar for reasonable reimbursement.
- Insurance companies are required to pay for the real and necessary costs of returning your home to its pre-loss condition, not a discount based on software pricing preferences.

How to Protect Yourself

- Ask your insurer to show exactly where in your policy it states that pricing must align with Xactimate or any specific software.
- Demand payment based on the signed agreement, actual scope of work, and invoiced costs.
- Get informed — or work with trusted professionals like Restoration Doctor — to ensure your claim is handled fairly and you receive the full value of restoration services performed.