

Understanding the Hidden Truth Behind Xactimate Pricing in Insurance Claims

If you've ever filed a property damage or repair claim with your insurance company, chances are you've heard the phrase: “We follow Xactimate pricing.” This might sound like a universally accepted standard, but in reality, Xactimate is not a neutral or independent pricing system. Instead, it is a platform closely tied to the very industry that determines how much you get paid. Recognizing this connection is essential if you want to ensure your claim is fairly evaluated and paid.

The Corporate Influence Behind Xactimate

Xactimate is operated by Verisk Analytics—a corporation whose roots and profits are heavily interwoven with the insurance world. The majority of Verisk’s clients and investors are, in fact, insurance companies. That means those responsible for compensating you also benefit from limiting those payments through the pricing controls Xactimate offers.

This setup creates a troubling conflict of interest. The same businesses that owe you a fair settlement are helping set the pricing tools used to cap those payouts.

Xactimate Pricing is a Starting Point, Not a Rule

Dig deeper into Xactimate’s terms (notably, Section 12.3 of the user agreement), and you’ll see that its pricing data is meant to serve as a reference—not a rigid rulebook. Contractors are encouraged to adapt their estimates based on a number of real-world factors, including:

- Regional costs for labor and materials
- Ongoing supply shortages
- Complexity of the work involved
- General business overhead
- Market demand for services

Simply put, Xactimate provides rough averages—not enforceable rates. No insurer can lawfully demand that your contractor stick strictly to what Xactimate lists. Pushing for that could even be interpreted as a form of illegal price manipulation.

The Risk of Relying Solely on Xactimate Numbers

Insurance adjusters often try to anchor payments to what Xactimate reports as “reasonable.” But real contractors running legitimate operations—with licensed employees, insurance obligations, and business expenses—often find that Xactimate rates fall far below sustainable levels.

Here's what can happen if you accept those rates without question:

- **Underfunded Repairs:** You may receive insufficient funds to complete proper restoration.
- **Cut-Rate Work:** Low payments often result in subpar repair work, risking future issues.
- **Skilled Labor Shortages:** Competent professionals are unlikely to work for below-market wages.
- **Out-of-Pocket Expenses:** You may be forced to pay the difference yourself.

Empowering Yourself as a Policyholder

Insurance contracts are meant to restore your home or property to the condition it was in before the loss—not just as cheaply as possible. Here's what you need to remember:

- Your insurer is required to cover the actual cost of restoration—not just what Xactimate suggests.
- You're free to choose your own contractor; you do not have to settle for the carrier's preferred vendors.
- You deserve full compensation based on current, local market rates for proper repair.

The Bottom Line

Xactimate should be seen for what it is: a pricing tool developed with heavy insurance industry influence. It is not an objective authority. At Restoration Doctor, we help clients recognize this distinction and take action when insurance carriers rely on Xactimate to minimize legitimate payouts.

Know your rights. Push back when necessary. Don't settle for less.