



# PERSPECTIVES

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## **Damage Assessment & Scope Development in the Property Claims Management Process**

Our perspectives feature the viewpoints of our subject matter experts on current topics and emerging trends.

## INTRODUCTION: OVERVIEW OF SITE INSPECTIONS & SCOPE DEVELOPMENT

Construction consulting experts are often engaged by insurance companies, attorneys, or others to assess reported damage to property and determine the scope of repair required, the repair associated costs, the period of repair, and to evaluate potential delays for impacted construction sites. Site inspections play a pivotal role in this process, ensuring accurate assessment and validation of claims. Detailed estimates are recommended using the information gathered during the damage assessment inspection.

This article delves into the significance of site inspections and scope development, the challenges faced, and the solutions that can enhance efficiency and accuracy. Our aim is to explain the general approach, providing insights into the inspection process to offer fair and reasonable recommendations that will assist the client in settling claims or resolving disputes accurately. The following information may be of particular interest to adjusters, attorneys, general contractors, building owners, and homeowners.

## COMPREHENSIVE SITE INSPECTIONS FOR DAMAGE ASSESSMENT AND PROPERTY CLAIMS MANAGEMENT

Site inspections involve a thorough examination and evaluation of a property or site for insurance companies, attorneys, and/or their representatives. These inspections are conducted to assess both the reported damaged and undamaged conditions of the property. They also assist in determining the value and potential risks associated with the reported loss. The findings from these inspections are documented in detailed reports, which play a crucial role in the insurance claims process. These reports help provide

accurate, fair, and timely settlements to policyholders and aid in the insurance company's management of risk exposure.

When a new project is assigned, and prior to the inspection, it is important for the site inspector to gather as much information as possible to understand the loss and ensure a smooth inspection process. Typically, a description of the reported loss and its type are needed (such as reported fire damage, water damage, construction defect, etc.) and whether it is a property damage or builder's risk (during the course of construction) loss. Additional details should also be provided including the location, conditions of the project/property prior to the loss, and reported extent of damage. It is important to discuss what type of PPE gear will be needed by the experts conducting the inspection. Other items that could be provided or discussed to help expedite inspection processes include building plans, potential unknown issues, whether the cause and origin of the damage have been identified, whether the insured or owner engaged others to assist with the loss or to make repairs, and whether there are any other non-physical losses such as business interruption, schedule delays, or relocation costs that should be considered. It is critical to fully understand what the client needs from the experts. In other words, what are the expected deliverables, and are there any policy provisions that the expert needs to know?

In preparation for the initial inspection, it should be established that expert consultants will need sufficient time to document the site conditions and fully understand the reported loss. The anticipated duration of the inspection should be communicated with other relevant parties, informing them that it may take several hours or even several days to complete. Specific equipment or other requests such as boom lifts, swing stages, equipment operators, or access to restricted areas may also be required for the inspection. These requirements should also be communicated to and coordinated with the relevant parties prior to scheduling the inspection. Additionally, it should be confirmed whether access to the loss area has been restricted by authorities having jurisdiction and, if so, when those restrictions will be removed or when experts will be allowed into the loss areas.

During the inspection, it should be noted what emergency services have been coordinated and/or completed since the loss occurred. These may include air testing, security, mitigation, abatement, board-up/protection, equipment checks, cordoning off specific areas, and hazard removal. In most cases, there will be an initial job walk with a contractor, owner, and/or others, providing attendees with a good understanding of the reported loss event and the resulting damage. These individuals should also provide a description of the property's pre-loss condition and, in builder's risk claims, a general description of the construction status at the time of the loss. During this meeting or job walk, it is important to discuss and understand constraints or logistics to overcome during the repair process. Some of these include access to the project and repair area, long lead material items, unique material finishes, labor resources, engineering requirements, and whether there have been subsequent losses.

After establishing what has occurred on the project and the extent of the damage, experts begin to document any damage and determine the scope of any necessary repairs. It is important to keep inspection processes consistent and detailed. The goal is to document, measure, and quantify damage and the scope of repairs. Photographs, videos, and documentation of the loss-related areas are imperative to capture the extent of the damage. However, on a construction project, it is equally important to document other areas of the property not damaged by the loss event to help establish the non-loss condition of the property and the status of the project construction schedule.

While traditional methods of documenting losses with photographs, videos, and physical measurements are still valuable and necessary, newer tools and methods are also available. These include the use of spherical or 360-degree cameras and correlating software, [such as Matterport™ and Holobuilder™](#), which can capture not only images of the loss but also obtain measurements of the documented areas. These products increase the efficiency of capturing data and developing photographic reports and quantity surveys. Drone technology is also a valuable tool that can enhance the efficiency of capturing photographs of building sites and inaccessible or restricted areas.

Detailed notes from the inspection should also be taken to aid in scope development. These notes should include important items such as quantities, sizes, material and equipment specifications that will allow for a thorough analysis of the repair scope. Inspections should be conducted in a consistent and systematic manner. A good example would be starting near or at the cause of loss area and/or working from top to bottom, left to right, or in a clockwise/counterclockwise direction. It is also critical for those conducting the inspections to allow sufficient time to perform a thorough and organized inspection and not to be rushed or redirected by those in attendance.

At the conclusion of the initial site inspection, follow-up site inspections should be discussed with the relevant parties. Experts should note whether additional service lines' experts are needed to assist with further inspections, testing, and the recommendation process. This may include services related to builder's risk, property damage, equipment investigation, fire investigations, forensic architecture and engineering, forensic accounting, forensic meteorology, and industrial hygiene. Any additional documentation required from the insured should also be discussed, along with a brief explanation of what to expect in the subsequent steps of the claims process. The client should be contacted after the initial inspection has been completed to provide a brief update and summary of the inspection.

After the site inspection, there may be additional items or questions that need to be addressed. It is recommended that a formal request for information (RFI) be submitted to gather any remaining information that will help provide recommendations. Follow-up research may also be needed, including a review of building code requirements and solutions for unique repair items.

## SCOPE DEVELOPMENT FOR ACCURATE DAMAGE ASSESSMENT & REPAIR ESTIMATES

When the site inspection is completed, depending on the type and size of the project and the client's needs, two types of estimates may be required. The first is a rough order of magnitude (ROM), which is typically needed if the client requires an immediate approximation of costs to establish a reserve for insurance purposes. A ROM can also help set expectations and facilitate decision-making. It is a high-level estimate developed in the early stages of the claims process that provides an approximate cost and timeline for the understood repairs. The ROM should be detailed enough to capture the general scope of work and associated costs. It is not uncommon to request a ROM from consulting experts as well as the insured or contractor, which can be obtained through discussion or an RFI. However, it is not recommended to use the ROM for settling a claim or disagreement; instead, it should provide general information to establish the scale of loss and, possibly, at the Insurer's discretion, make advance payments.

The second type of estimate is the detailed scope and recommended costs to repair the damage to a pre-loss condition. The scope of work for a detailed estimate can be fluid and may need to be updated as future site inspections document demolition and repair progress. The scope can increase or decrease as mitigation, demolition, or remediation work is completed, existing conditions are re-evaluated, or new conditions are revealed. The scope should be detailed and clearly define the areas to be repaired, the quantities required, and the recommended costs to repair those items. Using site inspection information, this scope should be easily definable and supported by documentation from inspections or received from the insured. Depending on the size of the scope of repairs and the available information, detailed estimates can take many days or as much as weeks to develop. Often on builder's risk losses, the insurer will not require an estimate but instead will perform a review of actual costs in accordance with the pre-loss construction contract terms

and costs. There are also instances where recommended scopes with costs can be provided to multiple contractors to provide competitive pricing.

When developing the scope, much like the site inspection process, it should be organized, consistent, and include all areas with damage. There is no single correct way to write a scope, nor is there one specific estimating program that must be used. However, the result should clearly establish what scope of work is included to complete the repairs and their associated costs. It may also be necessary to specify what is not included to ensure all parties are on the same page and to reduce misunderstandings.

Several types of estimating software can be used to help develop the scope, including RS Means, Xactimate®, and Buildxact. Other software, such as Microsoft Excel, can also be used to customize the estimate. When developing the scope and recommending costs, it is imperative to include rates that are competitive or comparable with the market and in line with the construction contract. It is also recommended to break the project into smaller pieces, such as trade categories, levels, rooms, or areas, and to use specific and understandable descriptions. This approach will help all parties reviewing or utilizing the scope to understand what needs to be addressed.

## CONCLUSION: HOW DAMAGE ASSESSMENT CONSULTANTS CAN HELP

Site inspections and recommended scopes are crucial components in the claims and project management process, setting the stage for the entire project. Completing and documenting a thorough site inspection and developing detailed estimates will help ensure a smoother claims process throughout the life of the claim for all parties involved. If you or your organization is in need of site documentation for claims processes, estimates for property or building damages, cause and origin for damages, analysis of claimed damage costs, recommendations for period of repairs scheduling, schedule delay analysis, engineering or environmental



recommendations, or other analysis of costs associated with claimed damages be sure to reach out and enlist the help of consulting experts early on in the process to ensure accurate documentation, expert analysis, timely recommendations, specialized knowledge, and improved negotiation and claim or file settlement.

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