

The Truth About Xactimate: How Insurance Companies Control Pricing and Why It Matters

If you've ever had an insurance claim for water damage, property loss, or repairs, you might have heard your insurance adjuster say, "We use Xactimate pricing" as though it is an unchangeable, industry-wide standard. What most homeowners don't realize is that Xactimate is not an independent, impartial tool — it is a platform owned and influenced by the insurance industry itself. Understanding this is critical if you want to protect your rights and get fully reimbursed for legitimate claims.

Who Owns Xactimate?

Xactimate is owned by Verisk Analytics, a company that historically built its foundation by serving the insurance industry. In fact, insurance companies are Verisk's largest stakeholders and primary clients. The very entities responsible for paying your claims have a direct interest in maintaining control over the "standard" pricing models provided by Xactimate.

This creates an obvious conflict of interest: the same industry that owes you fair compensation also influences the "standard" pricing tools that are being used to calculate how little they can pay you.

Xactimate: A Baseline, Not a Mandate

Even more importantly, the Xactimate user agreement (specifically Section 12.3) clearly states that its price lists are intended to be used as a starting point for creating estimates. It does not prohibit deviations based on real-world conditions. Contractors are expected to adjust the pricing as needed based on:

- Local market conditions
- Material shortages
- Labor availability
- Unique job complexities
- Overhead and business costs
- Demand

In short, Xactimate prices are guidelines, not gospel. No insurer has the legal right to demand that your contractor only charge what Xactimate shows. Attempts to enforce rigid adherence to Xactimate pricing can amount to price fixing, which is illegal under federal and state law.

The Dangers of Blindly Accepting Xactimate Pricing

Many insurance adjusters will claim, "We'll only pay what Xactimate says is reasonable." However, real-world contractors with legitimate businesses—paying workers' comp, liability insurance, competitive wages, and covering administrative overhead—cannot and should not be forced into outdated or manipulated pricing models.

Here's why blindly accepting Xactimate rates is dangerous:

- Underpayment: You may end up with less than needed to properly repair your home.
- Lower Quality Repairs: Cheap bids often mean cutting corners, leaving you vulnerable to future damages.
- Difficulty Hiring Competent Contractors: Skilled contractors won't work for artificially suppressed rates.
- Personal Financial Risk: You might have to cover the shortfall out of pocket.

What You Should Know as a Policyholder

- Your insurance policy requires them to restore your property to pre-loss condition. That obligation isn't limited by Xactimate or any other software.
- You have the right to hire a contractor of your choice. You are not required to use "preferred vendors" who work under carrier-imposed pricing rules.
- You have the right to full reimbursement for the real, fair market cost to repair your loss.

The bottom line: Xactimate is a tool owned and influenced by insurance interests and should be treated as a rough estimate—not an absolute standard. Restoration Doctor educates our clients to understand these dynamics and to push back against bad faith tactics meant to save carriers money at your expense.

Stay informed. Stay empowered. Protect your rights.

(Coming soon: download our full guide on "How to Challenge Unfair Insurance Estimates" directly from our website!)