

Why “Third-Party Auditors” Are Paid to Discredit Your Contractors Invoice

When you file a water damage claim and submit your contractor’s invoice to your insurance company, you expect a fair and timely payment.

Instead, what often happens is this:

A so-called “independent third-party auditor” is brought in to “review” the charges.

But what most homeowners don’t realize is — these auditors are paid by the insurance carrier and have a clear financial incentive to minimize your claim.

Here’s the truth behind the third-party review game:

1. Who Are Third-Party Auditors?

Third-party auditors are companies hired by insurance carriers to “analyze” invoices submitted by restoration contractors.

They review photos, invoices, and documentation — without ever visiting your home — and then generate a “comparative” invoice that recommends paying far less than the actual cost.

Their true purpose?

Protect the carrier’s profits by undervaluing your loss.

2. Why Their Reviews Are Not Independent

Although carriers call them “independent,” they are anything but.

- They are paid by the carrier — meaning they have a vested interest in keeping payouts low.
- They rarely speak to the contractor or visit the site.
- They use industry-biased software like Xactimate to generate lower numbers.
- Their entire business model depends on “saving” insurance companies money.

In short, they exist to dispute and minimize your invoice — not to advocate for you.

3. The Real Impact on Homeowners

When a third-party auditor slashes your contractor's invoice:

- The insurance company uses their report as an excuse to pay you less.
- You may be forced to pay the balance out of pocket.
- You could be stuck with unfinished repairs or secondary damage if funding is delayed.

This tactic creates stress, financial hardship, and often forces homeowners to accept less than what they are legally owed.

4. How to Fight Back

- Understand the game — realize these reviews are biased tools, not neutral evaluations.
- Demand to see everything in writing — request the auditor's credentials and methodology.
- Document your project carefully — photos, daily logs, scope of work, and signed contracts are critical.
- Stay firm — your contractor's legitimate invoice defines customary and reasonable charges, not a hired reviewer's opinion.

If necessary, you may need to file a complaint with your state's Department of Insurance or seek legal counsel specializing in insurance bad faith.

Important Reminder:

Your right to full reimbursement is based on the work completed and the contract you signed — not the carrier's internal cost-saving strategies.

At Restoration Doctor, we help homeowners fight back — and win.