



Survey Results: Suggested Definitions for Job Start, Customer Contacted, Date of Completion and Overhead & Profit

Problem Statement:

There are dozens of terms used in the industry, many of which are defined differently depending upon who you ask. Many of these terms are incorporated into Service Level Agreements, software platforms and are used in other meaningful discussions and negotiations between market participants. Most notably, these are used for compliance purposes within 'claims programs'. As these terms directly affect performance measurement, job assignment, payment, customer satisfaction and other critical business outcomes, it is prudent that all market participants share a common definition/understanding for each of these terms.

The below information is the result of an initial internal survey of participants, for discussion purposes at the PIRC meeting. This is not intended to be fully encompassing, but rather to begin meaningful dialogue towards a possible solution.

Term – “Job Start”

CoreLogic response: “This is usually agreed by all as the date the reconstruction job starts (or in the case of a mitigation vendor, the date the mitigation starts)”

Input:

- “The date they start the ‘job’”
 - “Acceptance of the ‘job’”
 - “When the customer signs the Work Authorization”
 - “Initiation of the contract scope of repairs”
 - “When production starts taking place”
 - “The day the contractor arrives on site to start the actual repairs”
 - “The day that you actually start the work on the home - hammer and nail”
 - “When physical work begins on site”
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- (1) The beginning of a remediation or restoration project once the contract is signed. (2) The first day of scheduled work. (3) The assigned work given to technicians or subcontractors. (Jordan – I think it’s important to know where this one comes from. It sounds like it’s from a ‘reference’. If so, and even if not, this response highlights the issue – (1), (2), and (3) and very likely three different calendar dates.

Committee perspective – There is widely different interpretations of what Job Start means. If Job Acceptance is defined at the date the contractor formally agrees to pursue the work opportunity with the customer, the majority feedback suggests that Job Start is when the contractor arrives on site to commence production efforts.

Term – “Customer Contacted”

CoreLogic response: “The date the carrier contacts the policy holder AND the date the vendor contacts the policy holder. Dates may be different and both are tracked by the carrier. If we are talking about the contractor, then it would be the date the contractor contacted the policy holder.”

- “When the first attempt to reach a customer is made”
 - “The first date/time someone calls and speaks to or leaves a message with the policy holder”
 - “The first contact by any means after the claim information has been received”
 - “Spoke with &/or left message for possible Customer”
 - “An exchange of communication with the policy holder.”
 - “The date and time insured has responded to your call/text/email.”
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- (1) The process of handling a customer inquiry or emergency service phone call and either resolving customer issues over the phone or in person. (2) The center point of the company which provides interaction between the contractor and customer. (3) The processing center that maintains open communication between the calling individual and field technicians, until technicians arrive at the job.

Committee perspective – The broad agreement that Customer Contacted is when the Contractor makes a bonafide effort to reach the contractor via the primary communications method identified in the assignment.

Term – “Date of Completion”

CoreLogic response: This is a bit vague. Most likely intended to be the date the “job” was completed – mitigation or reconstruction. Could be from the carrier’s perspective when the estimate was completed or claim was paid. Again, these dates differ from the vendor’s “job” completion. It really depends upon who is using this term and in what context but my guess is my first statement – the date the mitigation or reconstruction was completed.

- “When all majority work is completed and the COS is signed by the client”
 - “One is the ‘assignment’ from the carrier is completed. Another date of completion could be for the ‘job’ being done by the contractor.” *(Important issue – assignment may be to do claim-related work, but contractor signs contract to do additional work that is not claims-related.)*
 - “Date of completion is set as a signed Completed Per-spec by the customer. The difficulty is when a customer refuses to sign this leaves a job in open state. The other method used is when all equipment is removed and ready for client billed regardless of a signed spec.”
 - “Date of Substantial Completion is when the contract work is sufficiently complete that the customer can occupy or utilize the building or space.”
 - “The date that the repairs have been completed and the policy holder is satisfied.”
 - “When all work is completed and COS is signed.”
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- In looking in my fire damage glossary, here is what I found: (1) Based on the contract’s obligations between the customer and contractor, the data of completion is the last day of work. (2) The date business is transacted and finalized. (3) The last finishing date of a project.

Committee perspective – There are a few notable issues identified with this term:

- The capture of a COS can often be challenging – absent customer (work travel, vacation, otherwise unreachable), customer acknowledging work ‘complete’ but not to ‘satisfaction’
- The difference between ‘assigned’ work (claim related) vs. ‘all work’ (total job)
- Customers can usually occupy the building or space while a punch list is being completed.

That said, there is general consensus that for the purposes of this exercise, Date of Completion is when all work identified in the assignment scope, including punch list items, is completed, and a COS is presented to a customer for their signature in good faith.

Term – “Overhead & Profit”

This is for suggested definition purposes ONLY and not to determine specific percentages or amounts

CoreLogic response: Just that. The term for the cost above and beyond the materials, equipment and labor costs. Each vendor will usually have some level of O&P built in. Some carriers have rules around how much O&P they’ll allow on a job.

- “Overhead costs are those incurred to keep the business operating and will be incurred regardless of whether the company does one job a year or 300 jobs. This contrasts with ‘non-Overhead’ costs which are those directly related to the provision of services at a specific job site, and are thus variable in nature. Profit is defined by the competitive market as a suitable return on revenue for competitors in that particular business.”
 - “Overhead costs are operating expenses for necessary labor, equipment, and facilities. Profit is what allows for a contractor to stay in business and further invest in growth. “
 - “Defined by the contractor - in terms of their margin on the job.”
 - “The amount added to a subcontractor invoice or service to cover the Overhead of the office staff to manage and to contribute to the general profit of the business.”
 - “Overhead is the cost of doing business excluding any/all job costs. Profit is the amount of revenue remaining after all job costs and overhead costs have been paid.”
 - “The cost to cover a contractor's time and expenses.”
 - “Overhead and Profit should be eligible on all jobs that are performed by a licensed General Contractor.”
- (1) Billing of the estimated percentage for overhead and operating expenses and a percentage the contractor requires for making an expected reasonable profit. (2) The percentage required to cover materials, labor and employee burden, administrative costs, insurance, tools and equipment and miscellaneous direct costs of a project and the percentage of profit the contractor requires for business operation and savings. (3) Regular company expenses occurred as part of doing business and expenses that come with each project, along with a profit margin which allows the company to grow.

Committee Perspective – There is insufficient feedback to offer a consensus definition for Overhead, however there is agreement that anything that is referred to as a “cost of doing business” is in practice being referred to as “overhead”.

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