

SUBSTANTIVE INFORMATION AND FOLLOW-UPS FOR CONTRACTOR CLAIM TOPICS

Scope Disagreements with Carriers

Substantive Information

Scope disputes usually involve missing line items, undermeasured quantities, omitted code-required repairs, or failure to account for hidden damage.

The contractor's job is to document the loss clearly, compare the estimate line by line, and identify exactly what was left out.

Useful support includes photos, moisture readings, measurements, a supplement estimate, and any engineer or specialist report.

Follow-Ups

Follow-up: Send a side-by-side scope comparison with marked omissions.

Follow-up: Request a joint reinspection and confirm the next step in writing.

Follow-up: Attach photos, measurements, and any third-party findings to the email.

Code Upgrade (Ordinance & Law) Disputes

Substantive Information

Code upgrade disputes arise when repairs must comply with current building codes, but the insurer treats those costs as optional or unrelated to the loss.

In Colorado, code upgrade coverage must be offered at least at 10 percent of the dwelling limit, and additional coverage may be purchased beyond that.

Contractors should document the exact code provision, explain why the upgrade is mandatory, and identify whether the policy includes ordinance or law coverage.

Follow-Ups

Follow-up: Identify the specific code section requiring the upgrade.

Follow-up: Ask the carrier to state in writing why the code cost is being denied.

Follow-up: Provide an estimate separating standard repairs from code-driven costs.

Pricing and Labor Rate Disagreements

Substantive Information

Pricing disputes usually involve labor rates, material pricing, disposal costs, overhead and profit, or regional market adjustments.

The most effective response is to support the estimate with local pricing, supplier invoices, and any job-specific complications that affect the labor burden.

A contractor should be prepared to explain why the carrier's pricing is not realistic for the local market or the actual scope of work.

Follow-Ups

Follow-up: Send current supplier invoices and labor market support.

Follow-up: Ask the adjuster to identify the pricing source used for the estimate.

Follow-up: Request written confirmation if the carrier refuses to match local rates.

Appraisal Participation and Guidance

Substantive Information

Appraisal is typically used when the parties disagree on the amount of loss, not on whether coverage exists.

The process usually involves one appraiser selected by each side and an umpire who resolves disagreements if needed.

For contractors, the practical value of appraisal is helping document scope and pricing with enough detail to support a binding loss determination.

Follow-Ups

Follow-up: Preserve the policy appraisal clause and any demand letters.

Follow-up: Share the appraiser's credentials and proposed timeline.

Follow-up: Confirm in writing whether the carrier agrees to proceed with appraisal.

Assignment of Benefits Questions

Substantive Information

AOB issues focus on whether the insured validly assigned claim rights to the contractor and whether the contractor can directly pursue payment.

Colorado law has recognized that repair vendors can have standing in some situations, but contractors should still use carefully drafted forms and confirm policy language.

The contractor should preserve a signed assignment, proof of services, and all correspondence showing that the claim benefits were transferred.

Follow-Ups

Follow-up: Attach the signed AOB and proof of work performed.

Follow-up: Ask the carrier to identify any objection to the assignment language.

Follow-up: Keep a clean paper trail showing the claim was assigned before payment was disputed.