XactContents® Pricing Methodology

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Introduction

In 2004, Verisk released XactContents®, an estimating solution designed for contents claims adjusters and contents-replacement service providers. While its companion product, Xactimate®, has historically provided pricing data for thousands of items to estimate the cost of cleaning personal property, XactContents was designed to fulfill the need of valuing the replacement of personal and business property.

Today, with a database of millions of vendor-specific items from major retailers, hundreds of thousands of discontinued items, and thousands of general quote items, XactContents is the best in the industry. It's used by eight of the top ten insurers in the United States.

In addition to its large, detailed database, XactContents provides direct access to major national retailers from which replacement products can be directly ordered. When connected to the web, direct searching of products through other major retail Internet sources is also available.

Methodology

Replacement information by publishing millions of items with specific brand, model, and store prices as well as "good," "better," "best," or general quote pricing information.

Source levels of pricing information

Users can choose whether to search for and utilize vendor-specific or general quote information:

- **Vendor-specific** (**SKU level**) – Items that retailers are currently selling online. Each contains specific brand and model information, searchable features and characteristics, and current "store-specific" pricing. Vendor-specific pricing data is available from nationally known merchants and, when connected to the Internet, via direct links to merchant websites.

- **General quote pricing** – Generic items that fit into a "good," "better," or "best" format of pricing. General quote prices are extremely beneficial when the specific brand and model number are unknown, or when a regular merchant data feed isn't available for the specific item (e.g., specialized equipment) yet. General quote items are updated using aggregate data from the direct merchant feeds and supplemented with additional research by the Verisk pricing team.

General quote and vendor-specific items are linked, which allows users to toggle between whichever pricing tool best fits the specific need. In other words, users can search for a specific brand and model of an item at a specific retailer, or they may search for a general quote item (e.g., high-grade single disc Blu-ray player). In addition, general quote items can be used to find vendor-specific items. Once users have located the general quote item, they can drill further down to find multiple brands and models of players from various merchants.

Frequency of updates

Due to the frequency of potential price and product changes, the vendor-specific pricing data is updated nightly. Users who access XactContents online have the database update automatically, while users who work primarily in a disconnected desktop version of XactContents need to download or schedule an automatic download on their system at the frequency they desire.

General quote prices are updated monthly and are downloaded (or scheduled for download) in a desktop state or available automatically in the online version of XactContents.

Localized pricing

XactContents' goal is to provide access to the same prices one would see if they were to shop online via a merchant's website. Unlike building materials, the prices that online merchants charge for personal property products typically do not vary by location within a country. As such, prices within the XactContents price list are aligned with that industry practice.

Shipping costs

Shipping costs can vary significantly from one merchant to the next. Most merchants will bundle shipping costs for multiple items into a single charge, while others may provide free shipping on orders that exceed a predefined dollar value. Additionally, many of the merchants who supply data to Verisk have local "brick and mortar" stores that are readily accessible in most areas of the country. As such, XactContents does not include shipping costs for products. Estimators can certainly add their own estimated shipping costs if desired.

Life expectancy and depreciation

Every vendor-specific item within the XactContents database also includes built-in life expectancy information. This, coupled with the ability to designate the condition of the item, provides a consistent, reliable method for determining actual cash value simply by entering the original item's age and use type (heavy, normal, light, etc.).

More information on depreciation and life expectancy data within XactContents can be found in the Abbreviated Depreciation Information white paper in the eService Center.

Sale items

XactContents strives not to include sale-priced items within its price list. That said, some merchants differ on the definition of a "sale price." XactContents' definition for a sale price is a "temporary reduction in an item's price."

More information on XactContents and sale prices can be found in the XactContents Estimating: Sale Prices white paper in the eService Center.

Discontinued items

Electronics, computers, appliances, and other consumer items are constantly changing and upgrading. Within a year, it may not be possible to replace an item with the exact same model. To assist with this problem, Verisk maintains a database of discontinued items. Items are continuously reviewed and

critical attributes — features or characteristics that help determine a product's quality and value — are added and updated. The contents pricing team gives each attribute a score, and the total score of the item is derived from the sum of the attributes. This score is used to suggest current like, kind, and quality (LKQ) replacement matches for items no longer in production. The estimator can select XactContents' suggestion or compare attributes to find a more preferred replacement item. Attribute scores make it easy to compare items across manufacturers and vendors with minimal research.

Contents pricing

Using vendor-specific items, discontinued items, and general quote items, the XactContents price list provides a highly effective and accurate solution for valuing personal property. If you have any questions or concerns, email us at pricing@Verisk.com.

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