



Business

Software maker lifts short cut

DECISION: The firm's Quick Quote tool led to some fire victims being underinsured, critics say.

09:06 PM PST on Tuesday, November 2, 2004

By LESLIE BERKMAN / The Press-Enterprise

Marshall & Swift/Boeckh, a leading provider of software to the insurance industry, said Tuesday it has withdrawn from its products a short-cut tool that some blame for inadequate insurance to rebuild many Southern California homes destroyed in last year's wildfires.

Officials of the Los Angeles-based company said the Quick Quote function of their home valuation program was intended to help insurance agents give initial over-the-phone "ball park" estimates. Quick Quote, they said, was only the initial phase of a more thorough computerized data entry program agents can use to determine adequate coverage when writing homeowners policies.

MS/B Senior Vice President Peter Wells said although he does not believe Quick Quote has been widely used, "there was enough misunderstanding of what Quick Quote was that we decided not to provide the input module any longer."

Wells said the company also would send notices to owners of its systems that will strongly recommend that they discontinue using Quick Quote. He said clients soon would no longer be able to input Quick Quote data into the company's calculation system.

Wells said Marshall & Swift/Boeckh decided to take action even though the company does not have evidence that Quick Quote caused the under insurance problem.

"Any insurance-to-value software that allows 'short cut' estimations, including those that incorporate significant assumptions, appears too prone to misuse to remain viable in today's marketplace," MS/B chief executive Bob Dowdell said in a prepared statement.

Quick Quote came under scrutiny at a recent hearing in San Diego by State Insurance Commissioner John Garamendi on how many fire victims were underinsured.

Gary Gartner, a spokesman for Garamendi, called MS/B's decision to pull Quick Quote out of its program "a step in the right direction."

Gartner said all the insurance companies that testified at Garamendi's hearing contended they don't use

Quick Quote. "But we don't know if that is true," he said. "We are still examining how cost calculation fits into the huge underinsurance problem in California."

George Kehrer, executive director of the Community Assisting Recovery Inc., a nonprofit group that helps communities recover from disasters, testified that he had applied the Quick Quote to 64 of the 3,200 insured homes that were destroyed in last year's fires.

Kehrer said he discovered that Quick Quote consistently generated a figure within \$2,000 of the structure coverage stated in the policies. However the policy coverage was 59 percent less than the actual cost of replacement, he added. By contrast, he said he discovered that the full Marshall & Swift program, which takes into account many more construction cost variables, was extremely accurate.

Wells said Marshall & Swift/Boeckh also is not sure why insurance policies are undervalued. "We still think remodeling goes under-reported and companies may not have upgraded their policies," he said. "It is in everybody's interest to keep current."

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