

Textile Restoration: It's Not Your Father's Drycleaning

By Wayne Wudyka

For years, when a homeowner suffered a property loss that included damaged clothing and other textiles, the items were either written off as a total loss or dropped off at a nearby retail drycleaner. Today, insurance carriers are realizing the significant indemnity savings of restoration compared to replacement, and specialized service providers offer a viable option for reducing severity while improving customer satisfaction.

As contents has become a large, fast growing claim category, textiles—including garments, window treatments, bedding, shoes, purses, hats, belts, rugs and stuffed animals—have grown to encompass 23% of the number of items in a home, the largest component (electronics account for 19%; furniture comes in at 18%, along with toys, food and miscellaneous household goods; tools and equipment comprise 14%; and luxury goods equate to 8%). Homeowners' textiles can be surprisingly valuable; a typical family of four easily can accumulate \$25,000 in clothing within a few short years. According to the U.S. Bureau of Economic Analysis, Americans spent \$345 billion on shoes and clothes in 2005. Additionally, heirloom-quality and one-of-a-kind specialty textiles have a high sentimental value for the insured.

The potential impact is enormous. In 2005, the property claims spending exceeded \$50 billion industry-wide, with \$35 billion attributed to the homeowner category. At an average cost savings of

80% compared to replacement, textile restoration can be very cost effective and enable the insured to use more of their content coverage on other areas. Yet, to make a meaningful impact, textile restoration must be conducted in a highly professional, efficient manner that makes it worth an adjuster's valuable time. After all, the last thing a property claims adjuster needs is more work.

Initially, the fear of an increased workload and the need to manage disparate resources can be daunting. But through technology and other efficiencies (insurance company direct repair programs, third party administrators), claims adjusters truly can have the best of both worlds. As the pool of experienced adjusters shrinks, workload increases have gained attention as an area for improvement. By implementing an ever-increasing array of technological advances, carriers can achieve a win/win result, which will become more important in the years ahead.

First, service providers must adapt to the specific needs of adjusters, focusing on interaction with the insured and setting expectations based on the direction of the adjuster while handling questions or challenges that arise.

Just a few short years ago, the typical process for the restoring textiles that were damaged by a covered peril was handled in an inconsistent and often haphazard manner. Affected items that were dropped off at a local drycleaner were

marked just like any other retail item. An inventory would be developed from the cleaner's internal "point of sale" system. The inventory became the invoice. Unfortunately, there was no documentation for what was taken or not taken from the property and what condition it was in, resulting in a potential for disputes. Today, a much more detailed and thorough service-oriented process is what separates retail drycleaners from textile restoration specialists who serve the insurance industry's specific needs.

As a result, a textile restoration company's service standards must follow those of contents companies. Specifically, around-the-clock access, on-site room-by-room inventories, non-salvageable lists, control sheets for valuables, textile protection for transportation, pack-out materials, secure temporary storage, photographic documentation of the loss, rush orders (to reduce Additional Living Expense), customized cleaning equipment and ozone rooms all are vital components of textile restoration. The textile niche even encompasses third-party administrators, electronic interfaces to pricing specialists and Internet-based claims assignment similar to the structural side. Ultimately, the quicker and more professional the response, the more the indemnity can be minimized and customer satisfaction can be improved.

Formalized arrangements with a textile restorer, either directly with the carrier or

through a third party administrator, can add another layer of accountability and ensure proper credentialing of the service provider. Service level agreements make certain that measurable parameters are in place for contacting the insured and initiating service through to the close of the claim. The advent of call centers has provided a single point of contact, streamlining the process. Electronic claim assignment and tracking of metrics enhance service and provide meaningful data for evaluation, allowing insurers to inspect what they expect, through third-party sources. In some cases, an organized program will include batch billing for payment of estimates. A significant advantage for carriers, batch billing reduces administrative work for adjusters and lowers costs for the insurer, as the collective cost of producing a check for a single invoice can reach beyond \$100.

A key component is how the claim starts. Highly professional textile restorers commit to dispatching a management-level "first responder" to meet with an insured before on-site services begin. The manager provides a thorough introduction and overview of the textile restoration process, ensuring that the insured has accurate expectations of what can be restored and an understanding of the next steps. In this initial meeting, the insured learns about emergency needs clothing, items that will be restored and returned within 24 to 48 hours, saving on ALE. This enables the insured to focus on other parts of the loss. The insured also appreciates having the manager as the point of contact for any questions or needs that arise during the textile restoration process, which alleviates unnecessary calls to the adjuster. The on-site manager will scope the loss with the insured as well as the adjuster whenever possible to detail affected textile items. This scope forms the blueprint for the customer service representatives who will handle the itemized pack-out, and allows the restoration staff to determine the quantity of items and type of contaminant needed when the textiles are brought to the facility. The scope also provides an initial estimate that allows the adjuster to set reserves in a timely manner.

The textile restorer's pack-out team can then begin an on-site, room-by-room inventory of damaged garments and fabric items. The inventory, which includes special forms for leathers, furs and other high value items, is signed by the insured to acknowledge what was removed from the home for restoration, as is done with furniture, electronics, artwork and other types of contents. The on-site inventory then can be used to confirm the items that are brought back to the restoration facility and entered into an electronic tracking system that monitors each item from restoration to assembly to storage. Such a system is necessary for efficiently locating items in storage, especially when an insured needs access to their belongings before they are ready for the completed order to be delivered. If any items cannot be restored to pre-loss condition—due to excessive damage such as scorching—a detailed non-salvageable inventory provides a checklist for the insured and adjuster.

A textile restoration specialist also has made a significant investment in full-service facilities and equipment (boilers, customized washers, ozone chambers, secure storage, etc.). Highly-trained, skilled professionals operate in the field as well as in the plant; proper appearance and communication—namely uniformed representatives who are courteous, efficient and understand the claims process—are imperative. Knowledgeable experts in the field can better determine what will respond to restoration processes, and skilled staff internally are proficient in knowing what procedures are best suited for each item and the type of contaminant. Understanding when and how to use ozone to remove smoke odor increases the successful restoration rate. Similarly, employing appropriate treatments for specific fabrics and following care labels eliminates further damage that otherwise could occur.

Drycleaning, for example, is a process that uses a solvent instead of water. The solvent contains little or no water, hence the term "drycleaning." While solvents and water both "wet" fabrics, water swells fabric fibers. This swelling action causes shrinkage and dye fading.

Additionally, solvents are superior in removing oily or greasy residues. A solvent flows easily within fabric fibers and penetrates rapidly to dissolve soils, and its high evaporation rate leads to reasonable drying times.

Specialty items often require a higher level of care, such as hand-washing beaded or sequined gowns, as well as shoes, belts and purses. Surface coatings on some items are merely painted on or glued to a fabric's surface, and adhesives can dissolve in drycleaning solvent. Anything beyond the gentlest of hand-washing can ruin the garment. Similarly, sequins may lose coating or change color, and beads (particularly plastic) and buttons can dissolve or dye might transfer to surrounding fabric. Garments made of silk or wool can be particularly complex. Dyes used on some silks are prone to color loss and bleeding. Exposure to sunlight or even artificial light can cause fading. Perspiration degrades silk, and perfumes and deodorants will affect fabric color. With wool, excessive heat and moisture will lead to shrinkage. Though most dyes are durable and stable, ammonia, salt from perspiration, and deodorants can cause color loss. The key is having knowledgeable experts in place to perform the proper care for each item.

Overall, highly professional standards and industry-accepted protocols result in better auditable inventory control, accountability, on-site and off-site efficiencies, and decreased ALE and severity costs, enabling overall excellent customer service and policyholder satisfaction. In summary, it's about balancing carrier needs with adjuster wants.

Wayne Wudyka is CEO of the Certified Restoration Drycleaning Network (CRDN), an international organization of textile restoration specialists highly trained in restoring clothing, textiles and fabric items damaged by fire, smoke, water, mold and other contaminants. CRDN's national claims assignment call center can be reached at 1-800-963-CRDN. The organization's web site is located at www.CRDN.com.