

# Claims Adjustment Procedures

**TABLE I. – Textile Life Expectancy Rates in Years**

| MEN'S & BOYS' WEAR                 |    | WOMEN'S & GIRLS' WEAR              |   | CHILDREN'S WEAR                  |   | HOUSEHOLD FURNISHINGS        |    |
|------------------------------------|----|------------------------------------|---|----------------------------------|---|------------------------------|----|
| • Bathing Suits.....               | 2  | • Slacks & Shorts                  |   | • Blouses, Dress & Sports        |   | • Sweaters .....             | 3  |
| • Coats & Jackets                  |    | - wool or wool blends.....         | 4 | - white cotton.....              | 3 | • Underwear                  |    |
| - cloth, dress & sport.....        | 4  | - cotton & synthetic blends....    | 2 | - white synthetic & coloured.... | 2 | - slips.....                 | 2  |
| - pile (imitation) .....           | 3  | • Socks .....                      | 1 | • Choir Robes .....              | 5 | - foundation garments.....   | 1  |
| - fur.....                         | 10 | • Sport Coats                      |   | • Coats & Jackets                |   | - panties.....               | 1  |
| - leather & suede.....             | 5  | - wool & wool blends.....          | 4 | (see Men's Rainwear)             |   | • Uniform.....               | 1  |
| - plastic.....                     | 2  | - cotton & synthetic blends....    | 3 | • Dresses                        |   | <b>CHILDREN'S WEAR</b>       |    |
| - imitation suede.....             | 3  | - imitation suede.....             | 3 | - casual.....                    | 1 | • Coats & Coat Sets.....     | 2  |
| • Formal Wear.....                 | 5  | • Suits                            |   | - dressy.....                    | 2 | • Dresses .....              | 2  |
| • Gloves                           |    | - summer weight.....               | 3 | - evening                        |   | • Playclothes .....          | 1  |
| - fabric.....                      | 1  | - wool or wool blends.....         | 3 | - high fashion.....              | 3 | • Suits .....                | 2  |
| - leather.....                     | 2  | - cotton & synthetic.....          | 2 | - basic.....                     | 5 | <b>HOUSEHOLD FURNISHINGS</b> |    |
| • Hats                             |    | - winter weight.....               | 4 | - imitation suede.....           | 3 | • Bedspreads .....           | 3  |
| - felt & straw.....                | 2  | - wash suits.....                  | 3 | • Gloves                         |   | • Blankets                   |    |
| - fur.....                         | 5  | - imitation suede.....             | 2 | - fabric.....                    | 1 | - heavy wool.....            | 10 |
| • Leather Jackets & Coats.....     | 5  | • Sweaters                         |   | - leather.....                   | 2 | - synthetic fabrics.....     | 10 |
| • Neckties.....                    | 1  | - wool & synthetic.....            | 3 | • Hats                           |   | - lightweight.....           | 5  |
| • Sleepwear.....                   | 2  | • Underwear.....                   | 2 | - felt.....                      | 1 | - electric.....              | 5  |
| • Plastic Apparel.....             | 2  | • Uniforms.....                    | 1 | - straw.....                     | 2 | • Curtains                   |    |
| • Rainwear                         |    | • Vests.....                       | 2 | - fur.....                       | 5 | - shear.....                 | 3  |
| - film & plastic coated fabrics..  | 2  | • Windbreakers                     |   | • Housecoats & Robes             |   | - glass fiber.....           | 3  |
| - fabrics, lined and unlined ..... | 2  | (see Rainwear)                     |   | - lightweight.....               | 1 | • Draperies                  |    |
| - rubber & plastic.....            | 3  | • Work Clothing                    |   | - quilted & heavy.....           | 3 | - lined.....                 | 5  |
| • Robes                            |    | (Customarily shows noticeable      |   | • Sleepwear.....                 | 2 | - unlined.....               | 4  |
| - wool.....                        | 3  | signs of wear to greater or lesser |   | • Rainwear                       |   | - sheer.....                 | 3  |
| - other.....                       | 2  | degree depending on amount of      |   | (see Men's Rainwear)             |   | - glass fiber.....           | 4  |
| • Shirts                           |    | use. Colour may be expected to     |   | • Scarves.....                   | 2 | • Sheets & Pillow Cases..... | 2  |
| - dress & sport.....               | 2  | appear rubbed off in areas)        |   | • Skirts.....                    | 2 | • Slipcovers.....            | 3  |
| - sports (fancy)                   |    | <b>WOMEN'S &amp; GIRLS' WEAR</b>   |   | • Slacks & Shorts                |   | • Table Linen                |    |
| - cotton & blends.....             | 3  | • Bathing Suits.....               | 2 | - lounging & active sport.....   | 2 | - fancy.....                 | 5  |
| - wool or silk.....                | 2  | • Blazers                          |   | - dress.....                     | 3 | - other.....                 | 2  |
| • Ski Jackets                      |    | - wool.....                        | 4 | • Suits                          |   | • Towels.....                | 2  |
| (see Rainwear)                     |    | - cotton blends.....               | 3 | - basic.....                     | 4 | • Upholstery Fabrics.....    | 5  |
|                                    |    | - imitation suede.....             | 3 | - high fashion.....              | 3 |                              |    |
|                                    |    |                                    |   | • Socks.....                     | 1 |                              |    |

**TABLE II. – Calculation of Claims Adjustment Values**

| LIFE EXPECTANCY RATING OF ARTICLE (FROM TABLE I ABOVE) |       |       |       |       |                         | Adjustment Values     |                 |              |
|--|-------|-------|-------|-------|-------------------------|-----------------------|-----------------|--------------|
| 1  | 2     | 3     | 4     | 5     | 10                      | % of Replacement Cost |                 |              |
| Age of article in months                               |       |       |       |       | Age of article in years |                       |                 |              |
| 0-4  | 0-4   | 0-4   | 0-4   | 0-4   | Less than 1 year        | Excellent<br>100%     | Average<br>100% | Poor<br>100% |
| 4-7  | 4-7   | 4-10  | 4-13  | 4-16  | 2-4 years               | 75%                   | 75%             | 60%          |
| 7-9*   | 7-13* | 10-19 | 13-25 | 16-31 | 4-6 years               | 70%                   | 60%             | 45%          |
| 9-11*  | 13-19 | 19-28 | 25-37 | 31-46 | 6-8 years               | 50%                   | 40%             | 30%          |
| 11-13*   | 19-25 | 28-37 | 37-49 | 46-61 | 8-11 years              | 30%                   | 20%             | 15%          |
| 13+  | 25+   | 37+   | 49+   | 61+   | 11 years & older        | 20%                   | 15%             | 10%          |

\* Use only with "Average" column in figuring Adjustment Value.

Note: Ages are given to, but not including the 1st day of the month or year shown.

## Step by Step Use of Tables

1. Determine cost of replacing the article. This is the Replacement Cost.
2. Determine the Actual Age of the article in months (in years for "ten year" items).
3. Determine the condition of the article as Excellent, Average, or Poor.
4. Select from Table I the life Expectancy rating of the article.
5. Refer to the column in Table II at the top of which is shown the Life Expectancy rating selected in Step 4. Read down in this column to the box showing the Actual Age and across to the Adjustment Value.
6. In Table II select the box under "Adjustment Values" which applies, according to condition of the article.
7. Multiply the percent figure given in Table II by the Replacement Cost figure determined in Step 1. This will be the Adjustment Value.

### *Example 1*

High fashion cocktail dress. Replacement cost -\$200. Life Expectancy -3 years (Table 1) Actual age -30 months (Table 11) Condition - Excellent. Adjustment Value -30% or \$60. (Table II)

### *Example 2*

Man's leather coat. Replacement cost -\$180. Life Expectancy -5 years. Actual Age -5 months. Condition -Excellent. Adjustment Value -75% or \$135.

### *Example 3*

Man's wool slacks. Replacement Cost -\$35. Life Expectancy -3 years. Actual Age - 60 months. Condition -Poor. Adjustment Value -10% or \$3.50.

### *Example 4*

Custom-made, lined draperies. Replacement Cost -\$250. Life Expectancy -5 years. Actual Age -48 months. Condition -Average. Adjustment Value -20% or \$50.

