

Addressing Fuel Cost Increases

April 1, 2026



Overview

Fuel prices affect both direct and overhead costs for every trade involved in insurance mitigation, repair, and restoration work. Accounting for volatility in fuel prices becomes a challenge when increases outpace the speed at which hourly rates and unit pricing can be adjusted.

According to energy-cost reporting agencies, average U.S. prices have increased approximately 29% for gasoline and 39% for diesel fuel over the last month. In Canada, over the same period, prices have increased around 28% for gasoline and 39% for diesel fuel.

Overhead cost impact

Verisk's pricing methodology includes a combination of strategies to identify pricing changes in individual trades and markets. However, lags sometimes exist between fuel price changes and the unit-price rates that contractors charge, as well as the measurable effect on the overall pricing trends within a given market.

During periods of high volatility, contractors will often include contingency clauses in bids to allow for fuel cost changes. Ultimately, how the cost of fuel impacts unit pricing will also be influenced by the current local balance of job supply and demand.

The Verisk pricing team understands that the contractor/service provider market may not have had sufficient time to incorporate increased fuel costs into their typical unit pricing, and it remains uncertain whether sudden increases represent a short-term spike or a longer-term market adjustment.

We continue to monitor the market closely through our surveys and other research sources, and we will make appropriate changes in line item unit costs as warranted. In the meantime, estimators can use the fuel surcharge item (FEE FLSRCHG) in Xactimate® to address abnormal fuel cost increases.

The following is one possible method for calculating a surcharge per vehicle per day:

- Fuel surcharge rate **per vehicle per day** = (average daily miles driven / average miles per gallon) × fuel cost increase (\$ amount per gallon more than the baseline price).

Or for metric calculations:

- Fuel surcharge rate **per vehicle per day** = (average daily kilometers driven × average liters used over 100 km / 100 km) × fuel cost increase (\$ amount per liter more than the baseline price).

Here are examples of this method using miles and gallons as well as kilometers and liters:

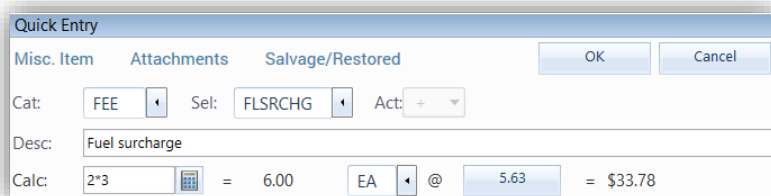
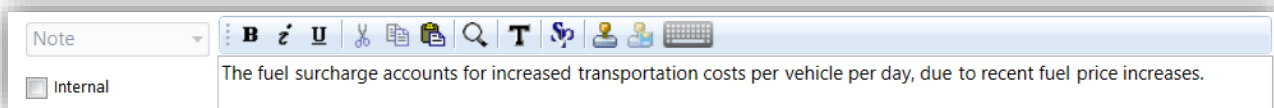
Item	Quantity	Calculation	Results	Results Note
Average miles driven per day per vehicle	45			
Average MPG per vehicle	12	45 miles/12 MPG	3.75	Gallons of fuel per vehicle per day
Increased cost of diesel fuel per gallon from baseline (\$USD)	\$1.50	3.75 gallons × \$1.50	\$5.63	Increased \$USD per vehicle per day

Item	Quantity	Calculation	Results	Results Note
Average kilometers driven per day per vehicle	75			
Average L/100 km per vehicle	20	75 km × 20L/100 km	15	Liters of fuel per vehicle per day
Increased cost of diesel fuel per liter from baseline (\$CAD)	\$0.67	15 liters × \$0.67	\$10.05	Increased \$CAD per vehicle per day

Including fuel surcharges in Xactimate estimates

Users can add fuel surcharges using the FEE FLRSCHG – “Fuel surcharge” line item. After entering the item into the entry pad, the user can modify the description, unit price, and quantity to represent the calculated increase in fuel costs. If desired, the user can add a note to detail the charge for the parties receiving the estimate.

Using the examples above, if 2 vehicles were deployed to a job for 3 days, the FEE FLRSCHG line item calculation would be 2*3 = 6 units with \$5.63 USD or \$10.05 CAD as the unit price, which would result in a total fuel surcharge of \$33.78 USD or \$60.30 CAD. Adjustments can be made to these calculations by entering the specific average miles driven and fuel economy for the vehicles being used.

Potential impact on material costs

Some materials are directly affected by petroleum costs in the manufacturing process. These costs are captured and reported when increases in fuel costs impact the price at the point of sale. Such increases will be reflected in our published prices as updated material component costs. Below are some general correlations between popular building product categories and the effect of oil price increases, as well as the lag times often involved.

Affected building product category	Expected effect due to manufacturing costs	Expected effect due to transportation costs	Expected lag time
Asphalt-heavy (Asphalt roofing: shingles, built-up roofing, modified bitumen, felts)	Very High – Bitumen is a direct crude oil derivative; manufacturing costs closely track oil prices	High – Heavy, bulky products with significant exposure to freight costs	1–4 months
Plastics-heavy (PVC pipe/siding, polyolefin house wrap, EPS/XPS, foam insulation)	High – Made from petrochemical feedstocks derived from oil and natural gas	Moderate – Moderate freight share of delivered cost; products are lighter but still volume-driven	Weeks to months (often affected by months-long supply contracts)
Freight-heavy (Long-haul delivered materials, such as concrete, masonry, lumber, drywall, etc.)	Low – Limited direct petroleum input in manufacturing (for other products not already captured in the categories above)	Very High – Transportation costs are highly sensitive to fuel prices, with rapid surcharge pass-through	Days to weeks

Verisk continues to monitor fuel pricing and its downstream effects closely. As cost increases are reflected in our market research, we incorporate them into our models and subsequently into the line-item prices in Xactimate. As with any estimate, specific job conditions and real-time factors should be taken into account when arriving at an agreed-upon scope and cost.