

The key to valuing power tools

Jan 21, 2015 | By [Jonathan Place](#)



Since the invention of such simple machines as the wheel, the wedge and the screw, human beings have been searching for ways to do it bigger and faster.

For more than 2,000 years, people have relied heavily on these simple machines and elbow grease to get the job done. And while we often hear the expression, “Things were built to last back then,” it also took an unimaginable amount of time to build anything.

Tools have come a long way. Whether it’s a small business owner who finds his favorite brands at a local hardware store or an industrial contractor purchasing equipment from commercial grade sources, we see the role that power tools play in all of our commercial lines.

The key is recognizing this class of content and understanding the key value drivers and identifiers to properly locate an accurate replacement.

Power tools as we know them today truly saw their advent in the late 19th century with the invention of the electric motor, but its connection with other major industries is what helped catapult its mass acceptance and usage.

The car industry and power tools have always been connected, and while Black & Decker may have invented the portable drill, it was Henry Ford who challenged A.H. Peterson to come up with a compact, lightweight quarter-inch drill for deployment at the Ford Motor Co. The result

was the Hole-Shooter; which eventually became the signature item for what became the Milwaukee Electric Tool Co.

Of course, there had already been in existence the larger table saws operating in saw mills and drill presses since the Industrial Revolution at the turn of the 20th century. And while most industries took a hit during the Great Depression, it was World War II and the years immediately after which carried the world of power tools into a different stratosphere. Many companies that we know today started up in the 1940s and '50s; most in the Midwest and in proximity to the major auto manufacturers.



Today there are more tools than you can imagine and just as many companies and brands representing them.

Like the car industry whose growth paralleled the rise of power tools, the market expands each year with different models, grades, competitors and hybrids. Consumers enjoy individual preferences and price points. With innovation and expansion follow items that are expensive and highly coveted.

Oftentimes these things become the result of insurance claims. Theft losses, especially for tool claims comprise the largest percentage of commercial losses; in some cases upwards of 33% of the total tools claim.

Although hundreds of tools exist on the market, portable power tools can be segmented into three categories: corded, cordless and pneumatic (or air tools). There are also four classes of your handy hand saw: circular, reciprocating, continuous band, and chainsaws

A [webinar](#) sponsored by Enservio on Jan. 22 will look at the best practices for valuing portable power tools, including the common brands favored by do-it-yourself homeowners such as Craftsman and Makita, and the more durable brands used by professionals.

In cases involving high-end equipment, some commercial tools and equipment must be purchased online or directly from the manufacturer. Top models sold at local hardware stores are often available only at full retail, while tradesmen or companies may be able to purchase items at discounted rates.

Having a frame of reference around these types of items and businesses helps to not only highlight items that are questionable, but to also question if a common item is missing from an insured's list. Is someone claiming a cordless drill, but not the driver, drill bits and accessories?

Certain trades require and commonly use specific tools. Some use hand tools more often while others may only use powered tools. Some trades do most of their work on job sites, while others primarily work out of a shop.

All of these points can factor into what items are claimed or insured for a variety of trades including woodworkers, plumbers, mechanics, landscapers, and electricians.