Navigating The Roofing Insurance Claim Process

Helping Navigate Your Insurance Claims with Ease

QUALITY ROOFING

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Realizing that your roof has suffered hail damage can be a terrifying discovery. Fortunately, you are not alone. Quality Roofing can help you navigate the insurance process to get your home’s roof repair finished quickly and professionally. We have over 20 years of experience working with insurance adjustors, and work closely with all insurance companies from Austin to San Antonio to assist each policy holder through the roof insurance claim process.

**Roof Damage Discovery**

When a homeowner discovers roof damage, the clock starts ticking. The roof will need to be repaired soon to prevent further deterioration. It’s important to begin the insurance process as soon as possible as many carriers have time limitations by which a repair must be completed.

The question is: what course of action do you take to solve this dilemma?

**A Homeowner’s Action Steps**

1. **Contact a roofing contractor of your choice**

Make sure that this contractor is a local, reputable roofing contractor. The contractor will perform an inspection from a roofing standpoint, and determine if there is sufficient evidence to file an insurance claim. A qualified contractor should be willing to get up on the roof and provide photos of the damage. Beware of contractors that knock on your door and are not willing to get on the roof.

2. **Contact your insurance agent, notifying them of the damage.**

The insurance company will assign you a claim representative. An adjuster will be sent to your property to investigate and record details of the damage sustained. You will receive an insurance estimate that is dependent on these two major considerations: (1) The type of policy that you have (ACV or RV); and (2) The extent of damage.
It is important to have your roofing contractor meet the adjuster on site during the initial inspection by your insurance carrier. If this does not happen, a great deal of confusion can result, leading to a more difficult and cumbersome process. The insurance adjuster and the roofing contractor need to agree, on your behalf, as to what items will be covered by the claim. A good contractor will work well with your adjuster to make sure the appropriate items get covered and for the appropriate price. The pricing will be set by your insurance company using an industry software system that provides line item pricing. Remember that there is no legal way to make money on the claim for yourself and therefore what is important is that your carrier pays for everything they should and that your contractor agrees to perform the scope of work for the money provided by your insurance carrier.

3. Review the insurance adjuster’s estimate with your contractor

Take time to review the scope of work provided by your insurance carrier with your contractor. Your contractor should provide a contract that summarizes this scope of work.

4. Contact your mortgage company (May not always be necessary).

In many cases, the insurance carrier will make funds copayable to the policyholder and the home lender. Each home lender will have a process you must follow to get them to sign off on the check provided by your insurance carrier so the funds can be deposited in your account. The sooner you can start this the better, as many lenders can take weeks, even months, to complete this process. A good contractor will be able to help you navigate this process.
5. Upon completion of the project, send a completed invoice to your insurance carrier.

When your project is complete, you will need to send a completed invoice to your insurance carrier in order for them to release the remaining funds they are withholding. These funds are called “recoverable depreciation.” See example claim for more information on this.

6. Settle payment with your contractor and request any applicable warranties.

See FAQ (Frequently Asked Questions) for more helpful information.

Figuring out your cost

The total reimbursement for your roof repair/replacement will be paid to you in stages. As you will see in the example claim from State Farm:

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Structural Damage Claim Policy

- We want you to receive quality repair work to restore the damages to your property.
- We will provide you with a detailed estimate of the scope of the damage and costs of repairs. Should the contractor you select have questions concerning our estimate, they should contact your claim representative directly. It is common for us to work directly with your carrier to make sure you are properly compensated.
- Depending upon the complexity of your repair, our estimate may or may not include an allowance for general contractor's overhead and profit. If you have questions regarding general contractor's overhead and profit and whether general contractor services are appropriate for your loss, please contact your claim representative before proceeding with repairs.
- There may be building codes, ordinances, laws, or regulations that affect the repairs of your property. These items may or may not be covered by your policy. Please contact your claim representative if you have any questions regarding coverage which may be available under your policy.
- If you select a contractor whose estimate is the same as or lower than our estimate, based on the same scope of damages, we will pay based upon their estimate. If your contractor's estimate is higher than ours, you should contact your claim representative prior to beginning repairs. Your carrier does not allow you to retain funds because you obtained a lower price.
2nd payment: paid upon completion of project and your payment of the roofing contractor, this amount is known as the “recoverable depreciation.” It is the difference of the replacement value of the roof minus the ACV and deductible.

The minimum amount you will have to pay out of pocket: your deductible
Some tips:

- Your insurance agent will be able to help you understand your policy. However, the adjustor and underwriters will have the final say in coverage details. Be patient; they are working for you!

- Your roofing contractor will be able to help ensure the adjustor’s estimate and the actual cost of your new roof match up as closely as possible.

- When in doubt, make a phone call. Insurance agents, adjustors, and your roofing contractor are all working to make sure there is clear communication during your insurance process.

Common Fears Surrounding Roofers and Insurance Claims

- If I show my roofer my insurance paperwork, they will take advantage of me.

Your insurance carrier is going to provide a dollar amount for your claim. This dollar amount is based on a software system that most roofers have access to. The pricing of an insurance claim is no secret. What is a secret is how exactly the adjuster wrote the estimate. There are literally thousands of line items the adjuster can choose from. Some line items can be selected by your adjuster, in place of other possible line items, that are not in your favor. A good contractor can work with your insurance carrier to negotiate the best line items for your claim ensuring that you are able to get the best possible roof replacement you deserve. It is important to remember that your carrier is going to see what you pay your roofer before they send you the remaining “depreciation” they are withholding. If you do not let your contractor see your paperwork, and somehow your contractor’s estimate is less than your carrier’s estimate, your carrier will just keep the difference. It’s best to maximize your claim so you can get the very best materials possible installed on your project. The only way to maximize your claim is to work with a qualified contractor who knows the process and who knows the best line items to select for the scope of work necessary to complete the project.
• **I should get three bids to make sure I am getting the best price.**

  The only reason you should get multiple bids is to find the best contractor you can. Price is determined by your carrier, not your contractor. Hire a contractor who knows how to walk you through the process. In our experience, homeowners who want to manage the process on their own because they are afraid of their contractor, end up making the process very very difficult. Remember you will be out of pocket no more than your deductible. Your out of pocket expense, even with a cheaper contractor, will be the exact same as with a more expensive contractor. The key is to have your contractor settle on price with your insurance carrier before the project begins.

• **If I let my contractor talk to my insurance company they are just going to try and get as much money from me as they can.**

  This is simply not possible. Unless you are asking your contractor to perform work over and above what your carrier is paying you for or are asking for a material upgrade, there is no way for your contractor to take funds from you. Many times, by working with your carrier, a good contractor, might be able to offer you certain upgrades to what you currently have all by by negotiating the proper line items on your claim.
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<th>Question</th>
<th>Answer</th>
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<td>Is it legal for a contractor to pay for my deductible?</td>
<td>It is against the law and fraudulent for a contractor to offer any form of assistance with your deductible. Avoid doing business with contractors who offer any form of assistance with your deductible. Such offers include credits for placing a sign in your yard or rebates for referrals.</td>
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<td>Why is the first check I have received from my insurance carrier lower than my estimate?</td>
<td>Most of the time, the first check you receive will have an amount withheld by your insurance company for what they call “depreciation”. In order to recover this amount of money, you must send in a completed invoice from your contractor showing the work that was completed and for what price. Upon receipt of this completed invoice, your insurance carrier will send a final check to you to be paid to your contractor. This is one way your carrier will make sure that you pay your deductible to your contractor.</td>
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<td>If my contractor’s estimate is less than what I am being paid by my insurance carrier, do I get to keep the extra money?</td>
<td>Because your carrier has withheld an amount for depreciation, upon seeing that you paid your contractor less than what they paid you, your carrier will simply deduct the difference from the remaining check that is owed to you for the depreciation amount they are withholding.</td>
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<td>Should I let my contractor speak with my adjustor?</td>
<td>Yes. A good contractor and adjustor can work together to make sure that all items needing repair have been accounted for and paid for up front. Many times if the contractor and the adjustor do not talk, the process can slow down and become very painful.</td>
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Should I show my insurance paperwork to my contractor?

**Answer:** The most important thing you can do is find a contractor you trust. Dealing with an insurance company can be very time consuming and difficult. The most amount of money you should be out of pocket when dealing with an insurance claim is your deductible. A good contractor will be able to review your insurance paperwork with you to help ensure you were paid for everything you should have been paid for. If you do not share your paperwork with your contractor, you are running the risk that a substantial amount of money for legitimate repairs was unaccounted for. Remember: if you don’t show your contractor your paperwork, and they provide you with an estimate less than the insurance company, you do not get to keep the difference.

Why did my insurance company withhold a dollar amount for “depreciation”? 

**Answer:** Depreciation accounts for the decrease in the value of the property over a period of time due to wear, tear, condition and obsolescence. A portion of, or all of this amount is typically eligible to be issued to you upon the completion of the project and the receipt of the completed invoice by your contractor.

Why was the check I received from my insurance carrier also made out to my mortgage company?

**Answer:** Because your mortgage company has a vested interest in your house, they want to make sure the repairs were completed. Most mortgage companies have a few forms that you and your contractor will need to fill out before they cosign the check from your insurance carrier and release it to your contractor. This process can be lengthy so we recommend calling your mortgage company very early on and securing all of the required paperwork.
If my contractor finds repairs that my insurance company did not compensate me for, what should I do?

**Answer:** In the event additional insurable repairs are found, that were not accounted for by your insurance carrier, your contractor will submit a “supplement request”. This is a standard procedure whereby your contractor issues documentation for the repairs. Once approved, another check will be issued so that you can pay your contractor for these additional insurable repairs.

Do I have a time limit by which I have to file my insurance claim?

**Answer:** This depends on the insurance carrier. Some carriers have a period of six months to a year in which you have to file your claim and some carriers have no time limitation. You should check with your carrier to know the exact amount of time you have to file your claim.

Once my claim is approved, do I have a time limit by which I have to have the repair completed?

**Answer:** Yes, in most cases insurance carriers will allow you a one year period of time from the time the claim is approved to the time you have to complete the repair. If you do not complete the repair by that date, you will forego the depreciation amount that your carrier is withholding. In some cases as you get close the one year timeframe, the carrier will allow a one time extension.
Learn more about Quality Roofing at www.qualityroofingtx.com

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