STORMLEX LAW GROUP

Storm Proofing Texas

What Every Property Manager Needs to Know About Property Damage Claims



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What Does a Lack of Knowledge Cost Commercial Property Owners?



Didn’t know they could dispute the insurance companies’ claims decision

Take out SBA Loans for millions

They thought the insurance adjuster was their expert to advocate for them

Properties are underinsured by millions of dollars

Claims get denied on technicalities even if they should have been covered

They canceled their insurance because premiums were too high (Guess what happened?)

Bankruptcy, Divorce, Health Issues

Caused them to get involved in litigation without the right team in place



DOWNLOAD

- Insurance Industry Trends and the Effect on Large Loss Claims
- How to Manage Client Expectations On the Insurance Claim Process
- How Policy Language Can Hurt Your Client's Claim
- Increase the Chances a Claim Will Be Fully Funded
- What Traps to Look Out For

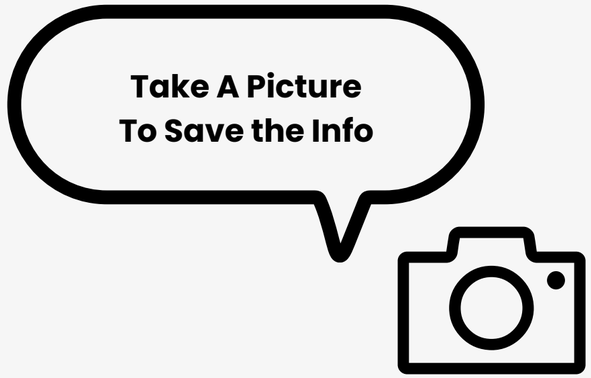
DID YOU KNOW...



Property owners have MANDATORY obligations to follow when an insurance claim is filed?



What am I responsible for?

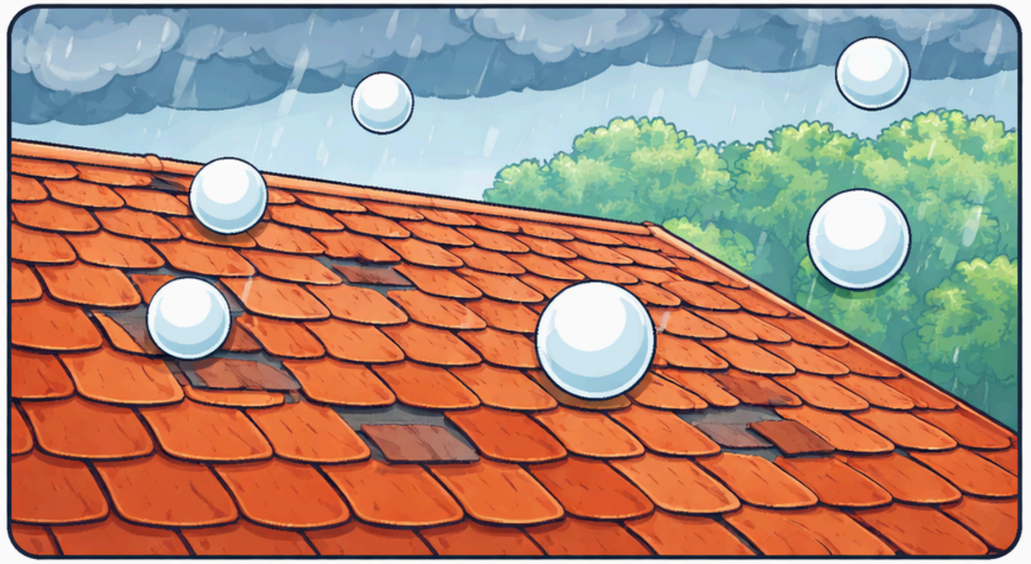


- Must pay premiums timely
- Must report claim reasonably promptly (absent good cause)
- Must cooperate with the insurance company’s investigation
  - Communicate and provide requested information
  - Don’t ignore their requests
- Must make an effort to mitigate damages
- May need to produce evidence of damages and cost of repairs

TYPES OF ROOF DAMAGE

- Hail
- Wind
- Debris
- Tornado
- Hurricane
- Fire

Dents from Hail

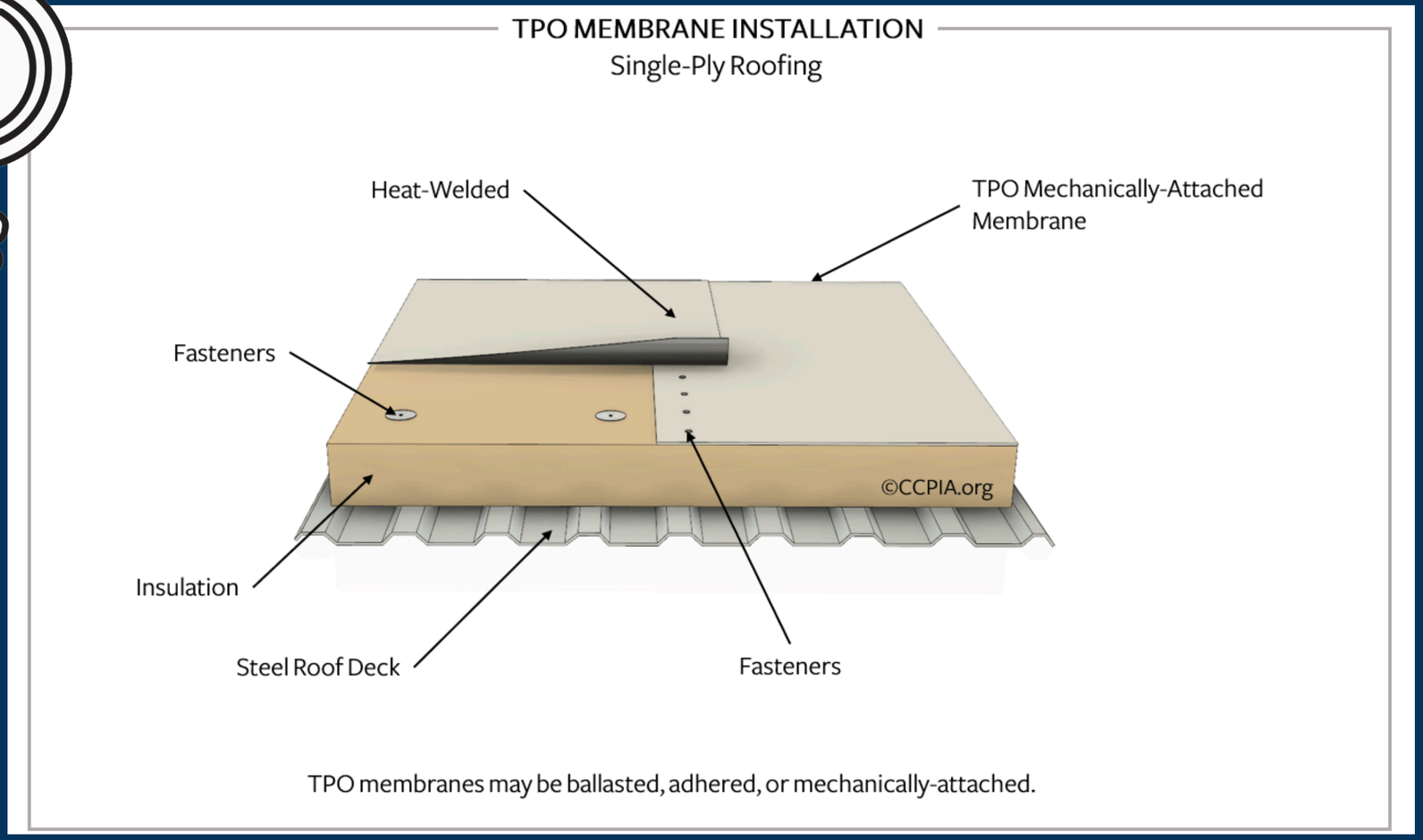


Loose Shingles



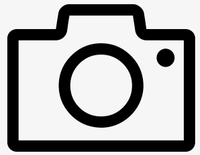
TPO Membrane is Only as Good as the Substrate Beneath it







If the insulation is compressed or dented



Compressed insulation = weakened foundation

- **Loss of structural support under the membrane**

Leads to early roof failure

- **Improper support = premature membrane breakdown**

Creates hidden performance issues

- **Lower R-value (less insulation)**
- **Low spots → water ponding → faster deterioration**

Violates industry standards

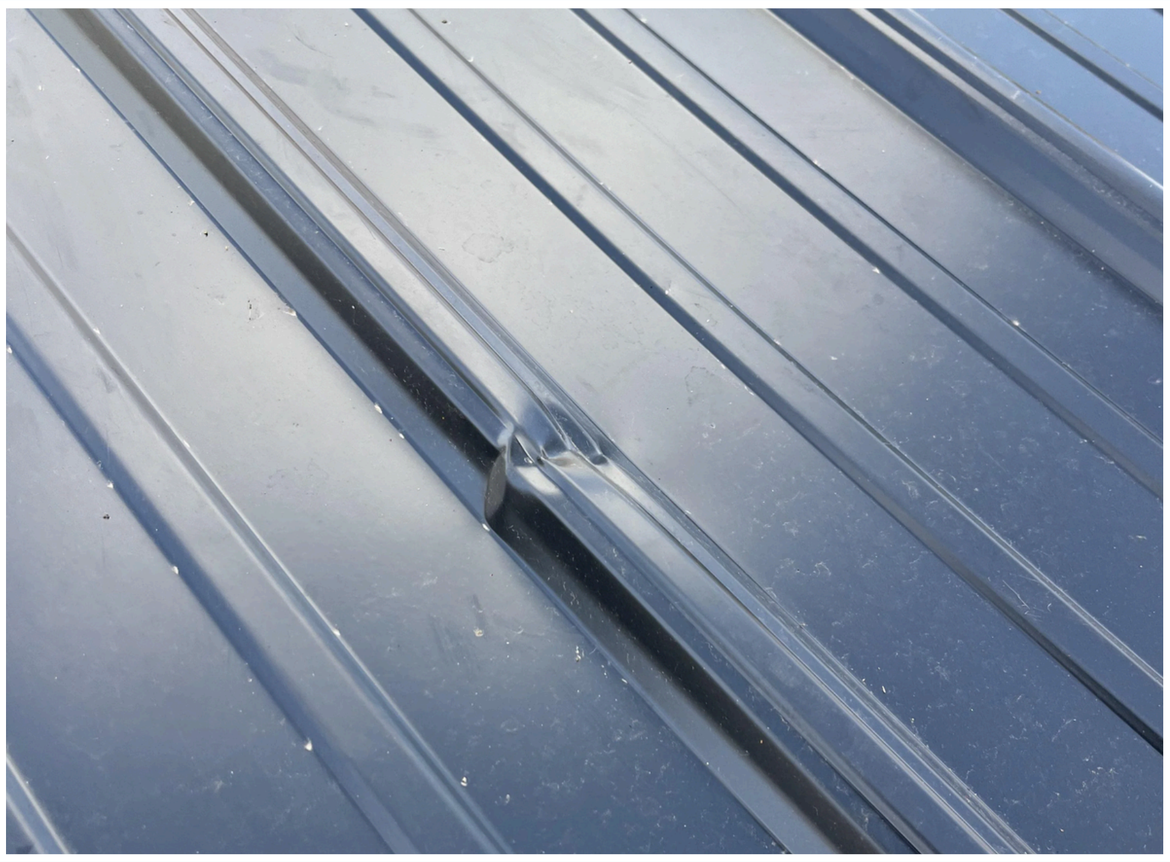
- **Requires uniform substrate (ASTM + building codes)**

If the insulation is compressed or dented

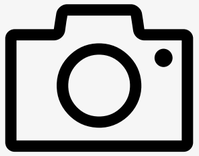
- **Qualifies as direct physical loss**
- **Insurance carriers rarely point this out**

Beware the Cosmetic Waiver





To Do's After a Storm





DOCUMENT DAMAGE

- Document photos of the building after a storm
- Keep things from getting worse; temporary repairs
- Document all repairs made and expenses incurred

MAKE THESE CALLS

- Emergency: Call 9-1-1
- Contact the insurance company to inform them of the damaging event

Should I File a Claim?

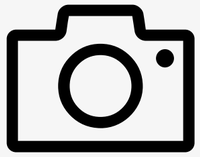
COMMON MISCONCEPTIONS

“I want to stay in the good graces of my carrier/agent...”

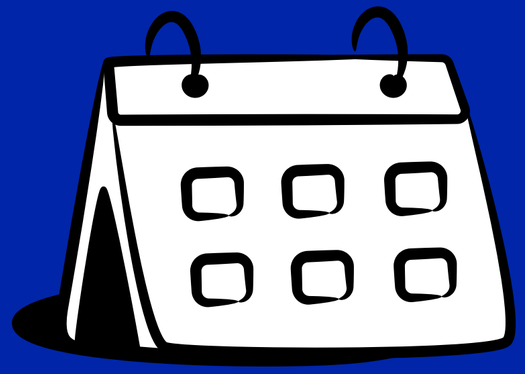
“My premiums will go up or they will drop me as a customer.”



What Happens When a Claim Is Not Filed After Storms Cause Damage?



- You could be in Violation of your policy: some require you to report if any damages occur.
- You lose your right to recover if you wait too long.
- Your Premiums will continue to rise
- Unaddressed/Hidden damages likely to cause premature failure of your roofing system
- Damages from a prior storm may cause your next claim to be denied due to “Pre-Existing” classification by carrier



WHEN IS IT TOO LATE TO FILE A CLAIM?

WHEN IS IT TOO LATE TO DISPUTE A CLAIM?

How to Create a File

ON THE PROPERTY

- Take photos and videos of storm and damages
- Make a list of all damaged contents (get invoices and receipts for prices paid for damaged contents/equipment)
- Get your own estimates for repairs and replacements (not from your insurance company)

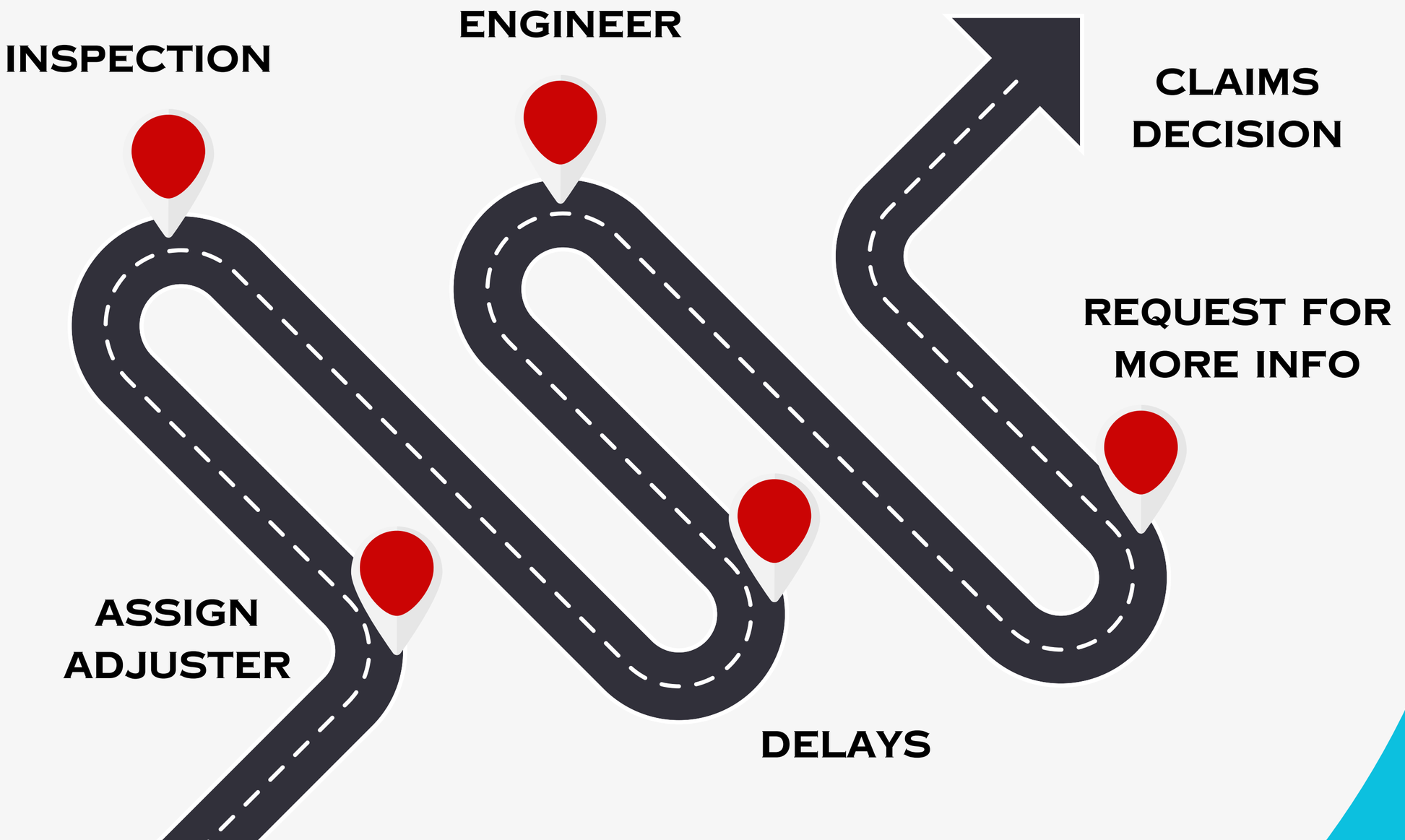
WITH THE INSURANCE

- Keep track of expenses incurred after the damages: temporary repairs, business loss, etc.
- Document all communications with insurance company (email, phone calls, dates): CLAIM JOURNAL

Claim Filed!



THE CLAIMS JOURNEY



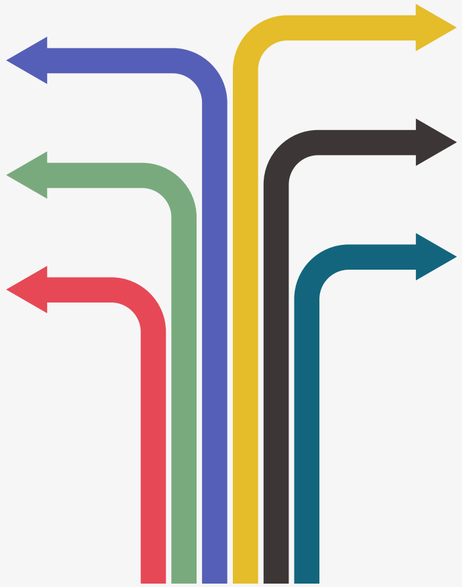
THE CLAIMS DECISION



PARTIAL PAYMENT (LIMITED BY THEIR INTERPRETATION OF THEIR POLICY)

DELAYED DECISION (THEY NEED TO CONTINUE INVESTIGATING)





COVERED DAMAGES FOUND, BUT BELOW DEDUCTIBLE (NO PAYMENT)

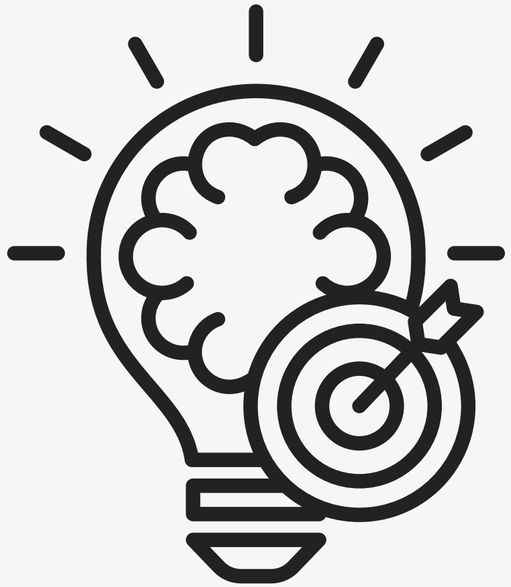


CLAIM DENIED (NO DAMAGE OR NO COVERAGE)

PAID IN FULL FOR EVERYTHING MINUS DEDUCTIBLE



AFTER THE CLAIMS DECISION



Remember the Desired Outcome:

Recover the Maximum Benefits Owed Per The Insurance Policy

Options After the Claim Decision

Accept the decision and move on

Invoke appraisal (no guaranteed payout)



Request reinspection by insurance company

Hire an expert (PA or Lawyer) to evaluate & dispute the claim

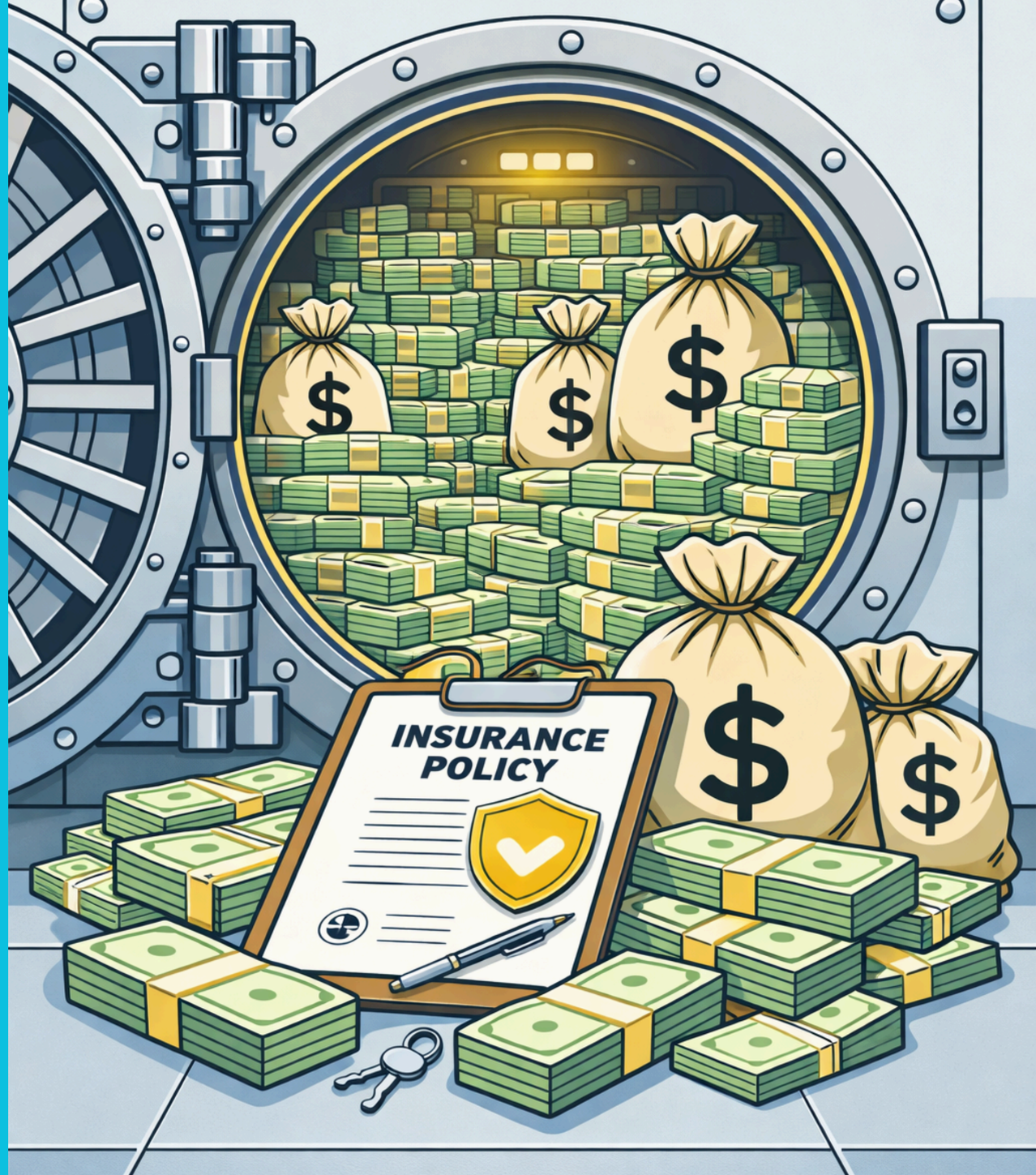
Who Can Legally Represent Insureds & Negotiate Insurance Claims In Texas?



Public Adjusters

Lawyers

WHY DO INSURANCE COMPANIES DENY OR UNDERPAY CLAIMS?



Things that reduce your payout or lead to denial

- BIG DEDUCTIBLES
- CLAIM FILED TOO LATE W/O GOOD CAUSE
- FAILURE TO IDENTIFY ALL DAMAGED PROPERTY/CONTENTS
- AGGRESSIVE DEPRECIATION TAKEN
- ACV POLICIES & RCV-ACV CONVERSION ENDORSEMENT
- COSMETIC WAIVERS OR PRE-EXISTING DAMAGES
- LACK OF MAINTENANCE
- POLICY LANGUAGE INTERPRETATION (IN CARRIER'S FAVOR)

Things that reduce your payout or lead to denial

- HAIL: BLAME IT ON ANOTHER STORM (OUTSIDE COVERAGE PERIOD)
- ENDORSEMENTS (CHANGE THE MAIN POLICY)
- REPAIR VS REPLACEMENT ISSUES
- NOT INCLUDING MONEY FOR CODE UPGRADES, OVERHEAD AND PROFIT
- MANDATORY ARBITRATION & OUT OF STATE LAW/VENUE PROVISIONS
- BEING UNDERINSURED

BASIC POLICY PROTECTIONS

- 1-2% Deductible
- ALL RISKS POLICIES (vs Named Risk/Perils)
- RCV ONLY Policies (No ACV only)
- NO RCV to ACV Conversion Endorsement
- NO Cosmetic Waivers
- NO Anti-Concurrent Causation Language
- NO Mandatory Arbitration Provision
- You Want Access to Texas Courts and Texas Law

Pro Tips

THE ROOF

- Have roof inspected annually to avoid pre-existing issues
  - Some roofers offer annual plans for routine inspections
  - Keep roof maintained
- If you know your property was hit with over 1 inch hail; have it inspected
- Never sign a proceeds contract with a roofer (Ask for references)

THE POLICY

- MAKE SURE you are not underinsured (values)
- Have your policy reviewed for the BASICS OF PROTECTION
- Shop around for educated brokers
- SECRET: Consider buy down deductible policies

*Prize slide

YOU RECEIVED MONEY?



Can you still dispute the decision?

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VALUE

What's the difference?

RCV

ACV

COMMERCIAL PROPERTY PROTECTION PLAN

LEAVE US YOUR CARD TO GET A COPY!

- Be aware of fly by night contractors after storms
- Contact your agent; File claims as promptly as most policies require
- Take photos and videos of all damages
- Make temporary repairs
- Get a bid from local contractors





Super Property Managers

Armed with information to distinguish yourselves in the industry

Know the types of policies that will make it easier for your clients claims to be paid

Help educate your clients for improved outcomes on insurance claims

Make it easier for insurance companies to maximize payouts on claims

Show your clients how to create a file for insurance purposes

Prevent the unnecessary denial or underpayment of insurance benefits

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