

Oklahoma Attorney General's Office

Consumer Protection Unit

STORM PREPARATION AND PROCESS

Extreme weather and storms always seem to happen when we least expect them. The results of extreme weather and storms can be devastating to you and your personal property. This information packet will help to prepare you before extreme weather or storms ever hit. Your home and your property are some of your most prized possessions and are your investments. No one asks to fall victim to the storms and weather conditions we encounter in Oklahoma. However, when you are a victim in these instances, it helps to be informed and prepared. The Oklahoma Attorney General's Office (OAG) Consumer Protection Unit (CPU), we feel it is important that we educate homeowners of the storm claim process, so they can be better equipped to handle the incidents and the stress that accompanies them. A famous boxer once said, "Everyone has a plan, until they get punched in the face." The following are some ideas and suggestions to prepare you for extreme weather and storm season and the punch it can pack.

PRE-STORM

INSURANCE

As a homeowner, you have chosen an insurance company to cover your home and property. There are many different insurance companies and several different plans. Always make sure to choose a plan that accommodates your needs and expectations. Make sure you are comfortable with your agent and speak to them regularly about your insurance coverage. Insurance companies provide a service, and it is only as good as you make it, so participate in the process. It is important to build a policy that accommodates your needs and is affordable. Oklahoma is an extreme weather and storm rich state, so there are things you may want to make sure you have in your insurance coverage. There are several areas of coverage in your policy and there are four you want to make sure you have included in your policy as it relates to Oklahoma.

1. **Low Deductible** - Get your deductible as low as you can that you can afford, for your **Wind** and **Hail** coverage. Most are 1% to 2% of the value of your home. In most storm claim situations this is the only out of pocket expense you will have. If you want all the damage repaired to insurance specifications, you pay the deductible, and the insurance company covers the rest. Check with your Agent for details.

2. **Recoverable Depreciation** – Make sure you have a recoverable depreciation policy. This means when your damaged property has depreciation, when the work is completed and the invoices are sent to the insurance company, they apply the depreciation to pay the contractor for the Replacement Cost Value (RCV) of your property. Make sure you do not have an ACV (Actual Cash Value) only policy. If you do, find out from your agent what you need to do to change it. However, some policies only offer ACV only, so again consult with your agent.
3. **Soft Metal Coverage** – Make sure your soft metals are covered in your policy. This covers the gutters, roof vents, and other soft metal items associated with your property.
4. **Laws and Ordinances** – This coverage covers code items that are required items by local, state, or federal building codes. For example, in 2012, Roof Sheathing (Decking) changed from 1 x 8 shiplap boards to the 8x4 OSB. The code allows for up to a ¼ inch gap between boards before it is out of limits and requires the code upgrade. Any time there is a code upgrade issue, this can be expensive. If you have the coverage, the insurance company is responsible for covering some or all of the cost depending on your policy limits.

ALWAYS CHECK WITH YOUR AGENT TO MAKE SURE THE COVERAGES IN YOUR POLICY ARE RIGHT FOR YOU. ALWAYS GET THE DETAILS OF THOSE COVERAGES.

SUPPLIES

It is a good idea to keep a few supplies on hand in the event there is a damaging storm. You may need to board windows, patch holes in your roof, or secure doors after the initial storm. Having these supplies readily available can make a difference, during this stressful time. These supplies are including but not limited to:

Flashlight, lanterns, candles, hammer, nails, battery powered screw gun, decking screws, a few pieces of plywood, a few 2x4's, tarps, duct tape, first-aid kit, and water.

Have your insurance paperwork and information readily available and easy to find and review, so when a storm hits you are not scrambling around looking for it when you need it. The six "P's" to success: Proper Planning and Preparation Prevents Poor Performance.

POST STORM

SELECTING A CONTRACTOR

If you have lived in Oklahoma long enough, some of us know what wind, flood, and hail damage looks like. When your property has received suspected storm damage you should call in a claim to your insurance. If you are in doubt or are unsure if you have damage, it is always best to consult a contractor prior to making a claim. The contractor can conduct an inspection of your property and assess the damage and determine if there is enough damage to make a claim. You only want to file a claim if you have damage.

Selecting a contractor is tough, especially following a damaging storm event. Often the area will be flooded with contractors from all over the state and out of state. Be aware of scammers and fly-by-night / storm chasing contractors. When selecting a contractor, take your time and verify their License number. No matter how bad the damage is to your property, it will not get restored to pre-storm condition over-night. Do your research, consult friends, social media reviews, the Better Business Bureau (BBB), and search engines such as Google, Bing, etc. Choose a contractor that is trustworthy, dependable, and one you feel comfortable with. Also keep in mind that no reputable contractor will ask for up-front payments. Most reputable contractors are insured and have an established line of credit to cover material and labor cost, so you are invoiced when the job is complete.

No contractor is perfect, but most are committed to doing the right thing and helping you restore your investment to its proper pre-storm condition. A local contractor is often a safe choice, for many reasons. They live in your community, they care about their community, they can easily be verified, they are your neighbors, and you don't have to travel far to find them.

Once you select a contractor, they are your advocate, and they work for you. The first thing they will do, is conduct an inspection of your property. This is to make sure the damage is claim worthy. The inspection includes damage assessment and photo documentation. They should inspect the roof and all elevations of the residence, as well as fences, out-buildings, and other structures on the property. This will help when filing the claim and also get a base line assessment of the damage. You should have your contractor attend the Insurance Adjuster's inspection to make sure all damage is documented. No one is perfect and things can get missed by anyone. It is always best to have multiple eyes when assessing storm damage. Remember the insurance adjuster works for the insurance company and your contractor works for you.

CALLING IN YOUR CLAIM

When calling in your claim there is certain information you will need, when speaking to the insurance company representative. During this call, they will give you a claim number. They will make the arrangements for an adjuster to contact you and set an appointment for his/her inspection. The following is included but not limited to:

1. Name
2. Address
3. Policy number
4. Date of loss (Damage to property)
5. Type of damage (Hail, wind, etc.)
6. Severity of damage

ADJUSTER INSPECTION

The adjuster inspection is where the insurance adjuster conducts his/her inspection and makes their assessment of the damage. The adjuster will inspect all the damage, to ALL of your property,

covered by your homeowner's policy. No matter how big or how small an item is, if it's covered and it was damaged, it can be claimed. The adjuster takes that assessment and uses two computer programs, Xactimate and Eagle-view to build the estimate, for the damage to your property. These are the same two programs your contractor uses to do retail estimates, so these figures should be close.

The estimate provided by your insurance adjuster is the estimate to complete the work to your damaged property and replace your losses. The main reason for using the insurance adjuster's estimate, is when the adjuster misses damaged items that a contractor finds during their repair and replacement process, those items can be supplemented. This is at no cost to you and the supplement is sent to the insurance company for them to cover. However, if you have an ACV only policy the cost of the supplement may be additional out of pocket. Supplements are needed items to complete the work properly and to code. Storm claims are much different than retail replacements. In most storm claim instances the insurance company pays the majority of the claim and your portion is the deductible (See Sample Contained Below).

INSURANCE CLAIM PAPERWORK

If you are unfamiliar with insurance claim paperwork (Summary of Loss), you are not alone. It can be somewhat confusing and hard to follow. Your contractor can help you read and understand the claim paperwork. There are terms like RCV, ACV, Depreciation, Recoverable Depreciation, Non-Recoverable Depreciation, and Net Claim, just to name a few.

In a storm claim situation and you have a recoverable depreciation policy, the only out of pocket expense you will have, is your deductible, if you want to get all the work completed to insurance specifications. A contractor cannot legally cover your deductible. You have to look at it sensibly. No one is going to pay you to do work for you and covering your deductible is doing that. That contractor will be making that money up somewhere by either cutting corners on the work, using poor quality materials, committing insurance fraud, or all of those together. Either way there is no benefit to you.

There are ways to legally contribute to your deductible and that is using the money from other damaged items to help with the deductible. There are a couple downfalls, one is the insurance company will not cover that item again, until there is proof it was repaired or replaced. If there is recoverable depreciation you will not receive that amount and the insurance company keeps it. The following are some terms and brief descriptions that you need to know.

1. **REPLACEMENT COST VALUE (RCV)** – What it costs to complete the work to your damaged property.
2. **ACTUAL CASH VALUE (ACV)** – Is the actual value of your damaged property, minus the depreciation.
3. **DEPRECIATION** – The amount subtracted from the value of your damaged property due to age and normal wear and tear.

4. **RECOVERABLE DEPRECIATION** – Once the work is completed on your damaged property the depreciation is used to finish paying the contractor to cover the RCV. Usually identified with-in (). [**Example (\$233.00)**]
5. **NON-RECOVERABLE DEPRECIATION** – This depreciation is not recovered due to age of the property, policy limits, or restrictions. Usually identified in < >. [**Example <\$233.00>**]
6. **DEDUCTIBLE** – Your contractual agreement with your insurance company to cover a portion of the cost to repair or replace your damaged property.
7. **NET CLAIM** – This is the amount minus the depreciation and deductible. This is usually the amount of the first check sent by the insurance company.

Below is a generic and brief example to show how the RCV, ACV, Depreciation, Deductible, and Recoverable Depreciation works.

INSURANCE PROPERTY CLAIM	(EXAMPLE)
Replacement Cost Value (RCV)	\$20,000.00
(Minus Depreciation)	\$10,000.00
Actual Cash Value (ACV)	\$10,000.00
(Minus Deductible)	\$ 1,000.00
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Net Claim (Initial Payment)	\$ 9,000.00

Depreciation is the difference between the RCV and ACV

RCV - \$20,000.00	
ACV - \$10,000.00	
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\$10,000.00 (Recoverable Depreciation)	

In this scenario, the Insurance Company will pay \$ 19,000.00 of the \$20,000.00 RCV on the Claim minus the \$1000.00 deductible. The Deductible is your portion (Out of Pocket). This is very similar to a medical co-pay.

The contractor will invoice the Insurance Company to recoup the depreciation upon completion of the job. Upon completion of the job the insurance company releases the recoverable depreciation (\$10,000.00) for payment. They will send a check to you to pay the

remainder to the contractor. This is the only way to get your whole roof covered minus the deductible. Falsifying any of this is insurance fraud.

If the Depreciation is Non-Recoverable, then that amount is another out of pocket expense that is added with the deductible. So, in this scenario your total projected out of pocket would be \$11,000.00, if you have to cover non-recoverable depreciation.

CHOOSING A ROOFING SYSTEM

We will address your roof system first, since it is generally the largest repair area of your property. The roof is the first line of defense for your home against Mother Nature. The roof is not just a roof, it is a Roof System made up of several components to help protect your most prized possession, your family. Often, we take for granted what a roof system actually does, but simply defined, it is your home's helmet. A good roof system is effective against most weather events, excluding Tornadoic events or the Norman hailstorm of April 2021. There are several different types of shingles and shingle manufacturers as well as several different roofing components and roofing component manufacturers. I would encourage you to do your research as well as discuss what the best options are for you and your home's roofing system.

There are two major components of your roof system that work together and one being as equally as important as the other. Those are the Shingles and the Ventilation. There are other components to the roofing system that are important, like Ice and Water Shield, Synthetic Underlayment, Flashing, Starter Shingles, and Drip Edge, but the Shingles and Ventilation are the most important.

There is no substitute for a good shingle that is produced by a good manufacturer. Shingles repel the water from your roof, ensuring no water penetrates your home from above. Shingles are made of tar and are protected by granules. Excessive granule loss will lead to the tar and shingle eventually failing and causing leaks.

Your roof systems two major enemies are Heat and Moisture. You can help to defeat both of these, by having proper and effective ventilation. Improper ventilation can contribute to excessive granule loss and shingle integrity failure. Improper ventilation can turn a 30 year shingle into a 15 year shingle very quickly. I again encourage you to do your research and consult your contractor for advice in this area. A wise man once said, "We can't afford to buy cheap." You want to make sure you choose a quality product installed by a quality contractor for a desired result.

OTHER TRADES

Your roof may not be the only portion of your property that was damaged in an extreme weather event. Windows, guttering, siding, Air Conditioning components, interior areas of your home, patio furniture, out buildings, barbeque grills, and any other item of your property that receives damage from the weather event. All this is claimable through your homeowner's insurance

policy. Be sure to check with your agent to see what your policy covers. During these events, many of the previously listed items could have been affected. Most general contractors are able to take care of all or your storm damage claim needs. I again encourage you to do your homework and research when choosing a contractor to help you through this process. The right contractor can be the difference in several thousands of dollars in future repairs and headaches.

CONCLUSION

The Oklahoma Attorney General's Office Consumer Protection Unit cares and believes in our community. We are a State Law Enforcement Unit for the State of Oklahoma, and we are very proud to support and defend the consumers of this great state. We believe that helping to educate homeowners/consumers in the claims and retail process as well as the systems of their homes, is a vital step in ensuring the time spent in your home is safe, stress free, relaxing, and enjoyable. We hope this information packet has helped you understand this process. We hope the next time a storm is approaching, and you fall victim to Mother Nature's wrath, the least of your worries will be; What do I do now and what is going to happen next? Thank you for your time and attention to this information and if you ever find yourself and your property a victim of a storm and have questions, please reach out the us. We believe in helping you secure your greatest investment, your family, and your peace of mind, both before and after the storm.

Sincerely,

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