

Capital Insurance Agency of Wisconsin

Do You Have the Right Coverage for Your Roof?

Roofing insurance claims can be complicated. That's why it's so important to have the right homeowners coverage for your roof.

Replacing a roof is one of the most expensive home projects a homeowner will encounter. According to Home Advisor, the 2020 national average a homeowner will spend on installing a new roof is more than \$8,000.

While you can save up over months or years to replace an old roof, sudden damage from something like a windstorm doesn't give you that option. Don't wait until you need to submit a claim to understand what your policy can – and can't – pay to replace. Keep reading for general answers to a few common questions.

HOW DOES HOMEOWNERS INSURANCE COVER MY ROOF?

Short answer: It depends on your policy — but some offer more coverage than others.

Longer answer: Buying insurance is all about your comfort level with risk. A cheaper policy means you might pay a little less right now, but you could be stuck paying more out of pocket later if you need to file a claim.

With homeowners insurance, there are different ways you can choose to be compensated when you experience a sudden loss that's covered by your policy. That is known as your "loss settlement option." Simply put, it's how your insurance company assesses the cost to rebuild, repair or replace your stuff.

Common loss settlement options for your roof include:

Actual cash value (ACV) which factors in the roof's age and condition to determine how much it's worth as-is when you file a claim. That's known as a depreciation amount. When the bill comes in from the roofers, an ACV policy factors in depreciation and only pays up to the amount your roof is currently worth – even if the cost to repair or replace your roof is higher than that.

Replacement cost which pays to repair the damage to your roof without factoring in depreciation. Functional replacement cost is the amount that it would cost to repair or replace the damaged roof with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods.

Other loss settlement options, such as extended replacement cost and guaranteed replacement cost, are also available (and good to have) with your homeowners policy. These are designed to give you an extra cushion if you experience a total loss of your home. Generally speaking, they're less likely to kick in if you experience a covered loss of only roof damage.

So, when it comes to insuring a big investment like your roof – you can see how your loss settlement option can make a big difference in how you can be reimbursed after a loss.

AGE OF ROOF AND INSURANCE

Remember that homeowners insurance is designed to cover the cost of sudden and unexpected damage. Generally, your policy doesn't cover damage from delayed maintenance or routine wear and tear to an old roof.

If your roof is worn or in poor condition, having a roof covered on an ACV basis could become a big financial burden if you have to file a claim.

For example, let's say your roof has seen better days. Then, bam! Lightning strikes and your neighbor's tree falls on your roof. What happens next?

If it's insured on an ACV basis: If your roof is damaged near the end of its life expectancy, you'll likely see a larger deduction for depreciation... but you'll still get the same bill for what it costs to repair or replace it. That could leave you stuck paying the difference out-of-pocket.

With replacement cost: There is no deduction for depreciation. This means you may pay a little more in premium for that policy (vs. ACV) –but you won't be hit with out-of-pocket expenses

One way to make a replacement cost policy more affordable is to increase your deductible. Your deductible is the amount you pay out of pocket after a claim and before your insurance company pays its part.

Ask your insurance agent to show you the cost difference with different deductibles so you can decide which dollar amount is best for your budget.

FILING A HOMEOWNERS INSURANCE CLAIM FOR ROOF DAMAGE

Uncertainty is part of life – but that's why you have insurance. If you think your roof is damaged and you're considering filing a claim, here's what to do:

Prevent further damage. Once the scene calms down (such as a hailstorm), take action to prevent any further damage to your home and belongings if it's safe to do so.

Document what happened. Take photos of the damage and list what was affected. (An updated home inventory can be helpful here.) List any date or timeframe that the event occurred.

Call your insurance agent. Your agent can explain your options and help you understand if and how to file a claim.

Know how to spot a scam. Sometimes, fraudulent or dishonest contractors – known as “storm chasers” – show up after severe weather hits. Storm chasers may point out pre-existing damage, create their own damage, or say that there is damage when there isn’t. Learn the signs to spot hail fraud and tips for hiring a reputable contractor.