

Avoiding Contractor Fraud

- Immediately contact your insurance company if you believe your property sustained damage.
- Request a list of reputable contractors from your insurer, the Better Business Bureau or a specialized organization.
- Contact multiple contractors and obtain more than one estimate.
- Read all documents provided by a contractor before signing.
- Do not allow a contractor to inspect your property when you are not home.
- If you give a contractor permission to inspect your property, watch them conduct the inspection.
- Do not give a contractor Power of Attorney over your affairs, or permit them to negotiate or settle your insurance claim.
- Pay contractors by check or credit card, rather than in cash, so you have a record of all payments issued.
- Do not pay a contractor in full, or sign a completion certificate, until all work has been finished.

If you believe you have been defrauded by a home repair contractor or have been encouraged to fabricate an insurance claim, call the Department's fraud hotline at 1-800-686-1527.

Insurance Questions?

The Department's insurance experts are ready to answer your insurance questions. Just call the Department's consumer hotline at 1-800-686-1526. You can visit www.insurance.ohio.gov for information, and follow the Department on twitter @OHInsurance and on Facebook at facebook.com/OhioDepartmentofInsurance.



Jillian Froment
Director



ODI
Ohio Department
of Insurance

Ohio Department of Insurance
50 West Town St.
Third Floor - Suite 300
Columbus, OH 43215

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Understanding Homeowners Insurance and Roof Repair/ Replacement



ODI
Ohio Department
of Insurance

Mike DeWine
Governor

Jillian Froment
Director

www.insurance.ohio.gov

Your home's roof is important. It keeps your house and belongings protected from the elements. Your homeowners insurance policy helps to protect your assets if your roof is damaged. However, not all insurance policies are identical. It is important to read and understand your homeowners insurance policy, especially when it comes to your roof.

Ask Questions When Selecting and Reviewing Your Policy

- Does the age, condition or composition of my roof affect the cost of my insurance policy? If so, what can I do to lower this cost?
- Am I being charged more because I have an older roof? If so, am I eligible to receive a discount if I replace my roof?
- Does my insurance policy settle claims for damage to the roof on a replacement cost or actual cash value basis?
- Does the age or condition or composition of my roof determine whether the claim is settled on a replacement cost or actual cash value basis?
- If my policy currently settles roof claims on an actual cash value basis, will replacing my roof make me eligible for replacement cost coverage?
- Does my insurance policy provide coverage if it is determined that the damage to my roof is only cosmetic?
- If my roof is damaged, how quickly must I report the claim to the insurance agent or insurance company?
- Could the age of my roof cause the insurance company to decide to non-renew my insurance policy?

Insurance and Roof Repair: Replacement Cost vs. Actual Cash Value

Replacement Cost Coverage means that the insurer will pay the full cost to repair or replace the damaged property with new materials of like, kind and quality to that which was damaged. However, to receive the full replacement cost, many insurance policies require that the damaged property be repaired or replaced within a reasonable timeframe, such as 180 days from the date of the loss. If the repairs are not completed in that timeframe, the amount of loss settlement may be limited to only the actual cash value.

Actual Cash Value means that the insurer will pay the current cost of the damaged property less depreciation. The depreciation takes into consideration the aging and wearing of the damaged property. If the policy pays on the basis of actual cash value, the insured will likely not be fully compensated for the cost to repair or replace the damaged property.

Factoring in Deductibles

Regardless of whether the loss is settled on a replacement cost or actual cost value basis, your claim will be subject to the deductible provision. A deductible is the amount of out-of-pocket expense for which you are responsible before the insurance coverage begins. Failing to understand this provision could leave you unprepared for a large out-of-pocket expense at the time of a loss.



Most insurance policies covering your home have an All Other Perils (AOP) deductible and a Wind/Hail deductible. The AOP deductible is applied whenever the damage to your home is caused by perils other than wind or hail. The wind/hail deductible is applied whenever the damage to your home is due to wind and/or hail.

The wind/hail deductible is either a flat dollar amount or a percentage amount. If the wind/hail deductible is a flat dollar amount, the amount paid by the insurance company for the claim is reduced by the deductible amount. For example, if hail caused \$15,000 damage to your roof and siding, the insurer would pay \$14,000 and you would be responsible for the remaining \$1,000 to complete the repairs to your home. What confuses many is that a percentage deductible is based on the amount the home is insured for, NOT the amount of damage to the home. For example, your home is insured for \$300,000 and your wind/hail deductible is a 2% deductible. Your out-of-pocket expense is 2% of \$300,000 or \$6,000. Regardless of the amount of damage caused by wind or hail, you would be responsible for \$6,000 of the repair costs.

