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Property Management

Properties often fail to fully recover damages after hailstorm

Colorado ranks No. 2 in hailstorm property losses, according to a 2016 report from the National Insurance Crime Bureau, with estimated losses exceeding \$2.29 billion over the last five years, according to the Rocky Mountain Insurance Information Association. Subsequently, the dynamics and requirements for proper recovery after a hail or windstorm have changed. It has never been more challenging for Colorado property owners to fully recover all amounts owed under an insurance policy following a damaging hailstorm or windstorm. There are several contributing factors that affect proper recovery following a storm that all Colorado property owners should consider in order to avoid the consequences of inadequate damage identification and untimely reporting of losses.

■ **Failure to identify and promptly report hail damage.** When a hailstorm produces baseball size hail, capable of blowing out windows and turning the hoods of vehicles into replicas of Mars' surface, the ability to identify property damage requires little, if any, professional experience or training in the forensic identification and analysis of hail and wind damage. Though in reality, storms of this magnitude are the minority in Colorado. The majority of hailstorms produce hailstones in the 1- to 1.75-inch diameter



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range. Hailstones of this size are capable of, and frequently cause, severe damage to vehicles, roofs and other building components. The problem with hailstones in this size range is that the damages typically goes unidentified by property owners in the normal course of their operations, leading to property owners being deprived of compensation for covered losses under their property insurance policies.

Damage caused by 1- to 1.75-inch hailstones usually is far more discrete than damage caused by hailstones 2 inches or larger, and goes unidentified by building engineers, maintenance staff and roofing contractors at an alarming rate. This oversight is attributable to the fact that this type of damage usually is not visually observable to the untrained eye and requires the use of forensic tools and testing to properly evaluate and quantify. Forensic testing methods such as moisture surveys (capacitance, nuclear and infrared), desaturation analysis, water column testing, fastener withdrawal resistance testing, wind uplift testing, hail impact testing

and other forms of intrusive testing require highly specialized training and experience to be properly utilized in the identification and evaluation of damages caused by hailstone impact or wind forces. The professionals who deploy these types of specialized testing methods are not as readily accessible to the average building owner, roofing contractor, maintenance professional or building engineer.

Best Practices

For Colorado property owners and their representatives, the following are critical to ensure proper documentation of their properties and identification of damages both prior to and after a potentially damaging weather event.

■ **Proper documentation of building conditions now.** Having a full analysis of your property done by a highly trained insurance claims professional will ensure that all facts and evidence that can become of material significance are fully and properly preserved into evidence. This should include some baseline testing of the building envelope such as moisture surveys, leak mapping and complete photo documentation. Having such an evaluation done by typical contractors and maintenance professionals will not suffice.

■ **Obtain prior insurance inspection reports.** Request a copy of any property inspection

reports and underwriting reports that have been performed by the building owner's insurance carrier and include photos. These reports can provide crucial evidence in support of a property owner's claim; however, they can be nearly impossible to obtain following a notification of loss, so be proactive and get them now.

■ **Obtain opinions from specialists.** As a licensed public insurance adjuster, I have encountered countless building owners or maintenance and engineering staff who assume a storm did not damage the property because there were no immediately observable issues, such as sudden water intrusion or openings in building materials. Most hailstorms do not cause immediately observable damage. It is imperative that property owners secure evaluations from specialized professionals now, as well as following a hailstorm or windstorm. Never assume that because you don't notice immediate problems, a storm has not damaged your property. It is imperative to proper recovery after a damaging storm that a property owner conducts his own investigation utilizing the expertise of these types of highly trained specialists.

■ **Proactive property monitoring.** With the evolution of technology, new software and programs exist that can monitor a property minute by minute

for any damaging weather-related events. With hailstorms frequently occurring after business hours, these services are vital to ensure notification of potential damage following a hail or windstorm. These services allow for property owners to be immediately notified of a potentially damaging event. These services can be obtained directly for a reasonable annual charge or can be a third-party service offered by some specialized insurance claim professionals for little, if any, charge.

In summary, a large percentage of clients who successfully obtain substantial claim settlements start off with the property owner receiving opinions from maintenance professionals, building engineers and roofing contractors that hail damage did not exist on the property, or was inconsequential in nature. The reality is, most hailstorms in Colorado cause damage that goes unidentified by anyone other than highly trained forensic professionals. With the claims environment shifting, Colorado property owners need to take strategic and targeted action to ensure compensable damage caused by storms is identified, fully evaluated and reported in a timely manner to ensure full and fair recovery under a property insurance policy.▲