Advanced Wind and Hail – Fraud

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There are great roofers, good roofers and then there is the rest of them...

Roofing contractor pleads guilty to fraud, must repay numerous victims – Grand Rapids, Michigan

McMechen roofing contractor convicted of fraud – West Virginia

Five Irish Nationals charged in roofing repair scam - Washington

Family Arrested In Roofing Scam Targeting Elderly - San Jose, CA

Why risk it? How big is the problem?

Insurance fraud steals at least $80 billion every year

- Salaries of 2.2 million American workers for a year.
- All personal income taxes for 7.4 million Americans for a year.
- Tuition for nearly 15.6 million students at America’s four-year public universities for a year.
- Healthcare costs for nearly two out of every three seniors aged 65 and over for a year.

Home improvement scams ranked among the Better Business Bureau’s top 10 consumer cons for 2011.

Contractors have ranked No. 1 in consumer inquiries to the Better Business Bureau for the last five years.

The Federal Trade Commission received more than 13,000 home repair-related complaints in 2011.

Nearly one of four Americans say it’s ok to defraud insurers, (survey by the consulting firm Accenture Ltd)

More than almost half of Americans say it’s ok to exaggerate insurance claims to make up for the deductible (40 percent in 1997. Insurance Research Council 2000)
**Neighboritis** – Concern, fear, anxiety that a property owner may experience due to the storm damage activity occurring in close proximity to his or her property, and a conclusion without investigation, that because of such nearby activity, that a property in question is similarly damaged.

**Problems with Neighboritis:**

- Appears logical conclusion. But... it is based on **ASSUMPTIONS** instead of **FACTS** from observations.
  - Assumes: The comparison property had a sound, independent, scientific investigation
  - Assumes: any damaged components are the same (like kind and quality)
  - Assumes: any damaged components were in the same condition and are the same age
  - Assumes: the subject property warrants the same scope of repairs
  - Assumes: identical construction methods, skills and procedures were utilized to install the item

**CONCLUSION:** Does not follow the Scientific Process and cannot be relied upon as the basis for scientific or logical conclusions associated with storm damages.
Roofing Contractor Sales Tactics

1. Fuel Neighboritis!

2. Be Persistent & Aggressive!

Make Money - FAST!
While the storm is fresh in everyone's mind and others get there first!
2. Be Persistent and Aggressive!

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How to Dominate a Neighborhood...

Once you go on a few jobs...you will eventually find yourself in a hail damaged neighborhood that you really like...maybe the people are friendly...maybe it’s a little competitive...maybe it’s your first signed deal...whatever the reason is...begin your DOMINATION...

• Talketail on or Cold Call the neighborhood and SIGN SOME DEALS

• Get around and sign up in that neighborhood...On your first couple signed deals...offer the homeowner $100.00 off their deductible if they let you put a sign in their yard TODAY. They may ask why today...before the insurance company comes out...tell them it helps reduce the neighborhood that there was a hail storm and what’s going on and helps you get business.

• After you get a few sign ups in that neighborhood...then come through during the day and fly the entire neighborhood with door knockers and/or flyers...Those people will be

Driving by your roof signs and those you...and then when they get home they will see your flyer explaining what is going on...Since their neighbors are getting one deal with ARIE...some of them may want you off their doorstep before you show them what...

• Call the neighborhood again...Now those homeowners have gotten a look, seen a few signs, got a feel from the salesmen and maybe even talked to one of the neighbors (one of your customers)...They are ready to buy Remember those homeowners who didn’t want too much persuasion when you first came through cold calling...Now they’re doing for you to help them get a new roof...Next time...Before you competition comes in...

• Build your Referrals. Referrals say the easiest way to sell. Remember that someone’s friend or family has already given you the green light. Referrals tend to sign right away because you are already credible. You should be writing every consumer you sign if there is a reason they know the area would like a WEIS roof inspection...that you could help their friend/family also get a new roof...I can’t say it enough...Remember the easiest way to build your sales and business in our industry. Ask for the Referral. Offer $50 off their deductible for every referral that gives more info to a job. Get the referral.

3. Be Persistent and Aggressive!

What You Say Is Everything (Sales Pitch at the Door)

Marketing: No, Ma’am. I have a few questions regarding insurance estimates and qualifying properties for new coverage...we have been getting a lot of different pieces in the area who did not receive a free insurance estimate, so I think many companies miss areas that are damaged from the storms...Would you be interested in a free inspection and estimate for your roof?

Customer: Yes, I would like an estimate for my roof.

Marketing: Rather than just another estimate in the mailbox, it would be more beneficial if you gave us the opportunity to inspect your home. In many cases, we are finding the insurance company missed areas or damage. Some people are only getting half price or 3 tiles of being replaced or for tiles that were missed or fixed walls for tile and fiber are missing from the insurance claim. Do you have a copy of your insurance claim?

Customer: Yes, I received it in the mail.

Marketing: If the insurance company is saying this as they usually do, we will send you a form directly to your insurance company and communicate directly with them for the difference...Just may way you don’t have to play the ‘game’ or handle claim. Again, we will send you the form, mail it, and get you even more for insurance premiums with no out of pocket cost to you except your deductible...

353 Profit MAX

The Playbook.

INDEPENDENT CONTRACTOR INSURANCE CLAIMS TRAINING AND CERTIFICATION

How to help your customers get their insurance companies to pay for all of the damage and help you to MAXimize your profits.
$18,040 / $7,216 = 40% Profit

Insurance company additional $4,240 paid and additional additional insurance recovery by 3Rsystems: $ 18,040.00 total paid to owner after working with 3Rsystems: $ 18,040.00

An additional $7,216 profit!
$44,978 / $14,791 = 33% Profit

An additional $14,791 profit!

$42,500 / $17,000 = 40% Profit

An additional $17,000 profit!

“Since hail damage identification is visual and since ‘beauty is in the eye of the beholder,’ we frequently encounter biased individuals who identify countless shingle surface abnormalities (ranging from extremely subtle to obviously unrelated to hail) as “valid hail damages,” which they believe warrant complete shingle replacement – until the magic “X number of hits per square threshold” is surpassed.”

“If it has x marks per square (per 100 square feet of roof area), the insurance company will pay for it to be replaced.”

Donan Engineering’s Definition:

Hail damage to asphalt shingles can be defined as an identifiable mark of distress caused by hail that has measurably and significantly reduced the integrity or functionality of the overall shingle, where the shingle was sound prior to the hail impact.

A hailstone’s potential to do damage is contingent on its Kinetic Energy, which is a combination of its mass and velocity defined by:

\[ \text{Kinetic Energy (KE)} = \frac{1}{2} \times \text{Mass} \times \text{Velocity}^2 \]

Note that velocity is a much larger factor than mass. The velocity of a hailstone is dependent on the head wind and drag which account for the effect of wind. Terminal velocity is a component of the hailstone’s cross sectional area, its mass, the acceleration of gravity, a drag coefficient, and the density of air.
Investigating Hail Damage
Summary of Published Research

A tremendous amount of research has been conducted with a goal of determining the minimum size of laboratory hail that is necessary to damage various types of roof coverings. The following is a brief summary of the asphalt shingle hail damage outcomes.


1.25 inch hail produced “superficial” indentations. “In general, the smaller hailstones produced circular indentations approximating one half their diameter and the larger hailstones, those above the felt-damage threshold, produced dents greater in diameter than one-half the hailstone diameter.”

Investigating Hail Damage
Summary of Published Research


<table>
<thead>
<tr>
<th>Roof Type</th>
<th>Diameter</th>
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<tbody>
<tr>
<td>Three-tab Fiberglass</td>
<td>1.26 inch</td>
</tr>
<tr>
<td>Fiberglass Dimensional</td>
<td>1.75 inch</td>
</tr>
<tr>
<td>Three-tab Organic (11 years old)</td>
<td>1 inch</td>
</tr>
<tr>
<td>Three-tab Fiberglass (11 years old)</td>
<td>1.25 inch</td>
</tr>
<tr>
<td>30-Year Fiberglass Dimensional</td>
<td>1.4 inch</td>
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</tbody>
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(Stats with multiple layers are softer than tested roofs, and are therefore more prone to hail damage. Shingle edges and keyways are also less supported and more prone to damage than test results may indicate.)

Before climbing a roof, the investigator should conclusively know:
1. The direction from which the hail originated.
2. The size of the hailstones.
3. How much hail fell per unit area (density of impacts).
When study of these areas fail to reveal any granule loss resulting in the underlying exposure of the shingle's asphalt layer, the shingles are not classified as hail damaged, regardless of how visible the clear spots appear.

Note: An investigator must be mindful of a roof that has multiple layers. Multiple shingle layers make a roof softer, and therefore cause it to be more susceptible to hail than a single layer of shingles.

New vs. Old Damage

Intentional Hail Damage - Hammer
Intentional Hail Damage

Investigating Wind Damage

When damages occur below 60 mph you must identify whether the proximate cause of loss was from wind, wear and tear, or some other cause in blame.
The debris under these tabs should be removed and the tabs hand sealed as part of prudent maintenance. These shingles do not warrant repair or replacement from wind.
• A loose shingle is not a damaged shingle. If there is no direct physical loss to the material, no loss has occurred.
• All shingles are loose at the beginning of their lifespan and naturally become loose as they age, ultimately failing from deterioration. Loose shingles are a natural consequence of aging.
• Loose shingle tabs without physical loss from wind can be easily re-adhered and remain in service as part of prudent maintenance.
• Loose shingles are so common that all roofs are expected to have some loose or poorly adhered shingles, independent of a wind event.

Thank you for your time.