

# Avoiding the SWARM After the STORM

How to Protect Yourself From  
Roofing Storm Chasers

[www.IQ-Roofing.com](http://www.IQ-Roofing.com)





**According to NOAA, in 2019, Texas had 1797 hail and wind storms damaging hundreds of thousands of homes.**

The high frequency of storms in Texas has created a steady roofing market for what are called “Storm Chasers”. Storm chasers are just that, they chase storms throughout the state and country, looking to replace damaged roofs knowing the insurance companies will pay for it. They go from town to town canvassing the areas hit with leaflets and door to door knocking with one goal, get on your roof.

While there are some storm chasers who are ethical, the reality is the majority of roofing scams are generally associated with these out-of-town roofers, because they know they will be gone in the next few weeks and have no concern with their local reputation. Their goal is to maximize their profit and they do that by maximizing the insurance payment and minimizing their material and labor cost. If you can, just completely avoid door knocking roofers since most are chasing storms. However, if you do invite them in, this guide will outline the most common tactics and some questions to ask.

## Two Key Ways to avoid Storm Chasers



### Avoid The Door-to-Door Solicitor

Avoid the door-to-door solicitor: after a storm, it is best to completely avoid door to door solicitation. Remember, these guys are experts at disguising being remote and convincing you they are a professional roofing company. Storm chasers know you will not find them through traditional means (because they are not local) so they have to knock on your door to speak with you.



### Find a Local Roofing Contractor

Whether through your own Google searching, Yelp, a personal referral, your insurance agent, or your Realtor, it is always better if you find your owner roofer verses using a person who has showed up at your front door. This will ensure you are dealing with a local roofer.

## Seven Key reasons you should NOT hire a Storm Chaser



### The "Free Inspection"

If you open your door to one of these door-to-door sales people, they will offer you a free professional roof inspection. To most homeowners, this sounds like a great offer, but there's a catch. In this case, it's an "authorization form". They will tell you they need you to sign an authorization form to allow them to get on your roof, but it is likely really authorizing them to act on your behalf with the insurance company. While there are times when this is a helpful thing for a homeowner, it should never be done in deceit. You should never be asked to sign anything before you are sure there is a legitimate claim and whether you want to do business with this roofer. The sooner they get you to sign something the sooner they can get a claim opened.

### Expect Them To Find Damage

You should expect a bad report. Remember this is a numbers game for Storms Chasers, the more claims they get opened, the more likely they are to get some of those approved and how that may affect you is not their concern. In some situations, they will even create damage on your roof in an effort to ensure a claim gets paid. Due to this practice, adjusters are trained how to detect deliberately created damage. HAAG engineering, a forensic engineering consulting company, has a specific chapter in their roof inspection manual call the "Ball Ping Hammer Test." The scary part is that a roofer may leave your roof in worse condition that it was originally found and a claim may not be paid if the damage is found to have been caused by intentional damage. That could be a very bad situation for you.

## Hidden Provisions and Cancellation fees



### Contingency & Limited Power of Attorney provisions

Especially with insurance claims, roofers generally have a contingency provision in their contract language that awards them the contract exclusively if they work with you to open your insurance claim. If your roofer has come highly recommended and you know and trust this roofer, signing this type of provision is ok. However, when it comes to a "limited power of attorney" agreement, you should never sign one. There are generally two reasons roofing contractors will use them:

- 1.) to accomplish AOB provisions (Assignment of Benefits), which are illegal in Texas.
- 2.) to allow them to negotiate or effect the settlement of the insurance claim on behalf of a policyholder. Any roofer attempting to act in the role of a public adjuster is violating Texas law. Negotiating insurance claims can only be done by a public adjuster or an attorney.

Realizing that "power of attorney" is generally an unsettling phrase, some contractors use language like, "helper provision," "inclusion agreement," "roof inspection authorization," or "claim assistance provision." Whatever term they use, this is improper.



### Public Adjuster provisions

Another common practice by some contractors is to include a provision in the contract stating that they will hire a public insurance adjuster to assist in the claims process. There is usually no need to hire a public adjuster at the onset of a claim. Why pay them a fee up front when the insurance company may agree to pay the claim in whole without dispute? A public adjuster may become necessary if you are disputing the value the insurance adjuster assigned to your claim. Public adjuster fees are typically 10% of the claim value. This cost can be used as a cancellation penalty, so read your contract carefully.



### Cancellation Fees

Whenever you sign a contract, you should abide by its terms; however, there are legitimate reasons to cancel. It is critical to read the contract carefully to verify it is consistent with what the salesperson has stated. A common tactic is to get a homeowner to sign a contract, sometimes calling it an estimate, and then have large cancellation penalties included. Under Texas law, the door-to-door seller must advise you orally and in writing that you have a right to cancel the sale within three days. He or she must also give you a contract or receipt stating the date of the sale, the name and address of the merchant, and a statement of your right to cancel the contract which includes the address where you send your cancellation notice.



## Avoid Fraud

**Down payment:** This is the number one way that homeowners are defrauded on a consistent basis with roofing companies. **There are generally four reasons a roofer will ask you for a down payment.**



**Cash-flow problems** - many roofers are poor managers of money and are asking you to put down a deposit to pay for materials or labor for a different job. As a reminder, always get a lien release when you make your last payment for your protection.



**Headed to Mexico** - they are a bogus company and if you give them that deposit, you will never hear from them again. Make sure you review the "ways to protect yourself" section.



**Secure your business** - the more financially committed to them you are the more likely they won't try and leave.



**Buy materials** - this is the only legitimate reason. If you have a signed contract with a roofer, then a deposit of 30-40% is normal for the purchase of materials.

**Avoid Deductible** - In Texas it is illegal for a roofing contractor to waive or rebate your deductible or "work it into the price," or otherwise promise to make it up to you in any way. Contractors who do this are committing insurance fraud. New legislation in 2019 has clarified that such schemes are illegal. The law also now requires homeowners to show reasonable proof that the deductible was paid.





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**Did you know:** If you were pressured into signing a contract, keep in mind that in Texas, you have three days to cancel a contract if the sale was made anywhere other than the seller's place of business (e.g. your home).



## High Pressure

High pressure sales is the nature of storm chasers because they know other storm chasers will also be at your door shortly. Remember, their #1 goal is to get you to sign a contract ASAP.

### Here are a few things you may hear:

- a) "Early Commitment Rebate"- if you sign today we can offer a rebate. (see "Avoid Deductible" in the Avoid Fraud section)
- b) Getting on the schedule- "Our schedule is filling up fast, so to get your place secured, we need a signed contract."
- c) Insurance delays - "The insurance companies are about to be overwhelmed with all these claims from this storm, so the sooner you sign, the sooner we can get on the phone with your insurance company and get the ball moving."



## Maximizing Profit - "The Blank Contract"

The primary goal of storm chasers is maximizing profits. Remember, most of these companies are from out of town, so they do have higher costs than a local roofer. The number one tool to accomplish this is through what is often called a "Blank Contract." A blank contract is just that, it provides very little detail when it comes to the price and materials to be installed.

If they have a vaguely written contract it gives them significant latitude to maximize profit.

### Here are the two primary ways they do that.

#### Maximize Revenue:

Many contracts from storm chasers do not state a specific price, rather they will state the price is the "Insurance proceeds." This open-ended pricing method allows the roofer to go back to the insurance company and request supplement payments for miscellaneous items, whether legitimate or not.

#### Minimize Costs:

These contracts will simply state they will remove your old roof and replace with a new one, often omitting what type of materials will be used to replace the old one. This is done because there is a significant amount of profit to be realized by using cheap materials. Keep in mind that your insurance company is about to pay a significant amount of money to replace your roof, so ensure you are getting a high quality roof system by asking for the specific materials used and verifying they are high quality.



## Warranty

This is pretty simple, if the roofer is from out of town, what do you think the likelihood is that they will come and honor that warranty. This is why it is critical to only have a local roofer do your work. There are plenty of local roofers with great reputations, so stick with a local company to ensure you have a warranty that will be serviceable.



# 1.

## Verify they are local:

Remember this is a full time job for these guys, so they are good at hiding the fact they are from out of town. Here are a few ways to vet them.

a.

**Ask Questions:** ask conversational questions to get an idea if they are local. There is a good chance the roofing sales person is local, but the company may not be. E.g., How long have you been with the company, where is the office, etc.

b.

**Check license plates:** if it's out of state, that may be a clue

c.

**Ask for local references:** make sure you get at least three local references and ensure the number of the reference is local.

d.

**Verify Online Presence:** whether they show locally on Google Maps and Yelp. You can also look at some of their Facebook posts to see if they appear to be local. You can also check their website, but remember, that is commonly edited before they come into a new area.

# 2.

**Check their reputation:** whether you use Yelp, Google Reviews, Homeadvisor, eLocal, or another review platform, make sure they have good feedback.

# 3.

**Make sure you are there for the inspection:** while this sounds a little outlandish, unethical roofers have been known to simulate storm damage with hammers or golf balls.

# 4.

**Verify their insurance:** Before signing a contract, call the insurance carrier (not the agent) and verify the contractor's policy status is active. Because roofing insurance is one of the more expensive types of commercial insurance, many discount roofing companies may provide paperwork for a lapsed policy, fraudulent paperwork, or do not carry insurance at all.

# 5.

**Read your contract:** we cannot stress this enough. A very common practice is to have binding provisions and significant cancellation penalties written in the language.

# 6.

**Verify Permit:** If a permit is required, verify the company's name is the same on the permit as it is on their paperwork.

# 7.

**Get a lien waiver:** when the job is complete, make sure you get a lien waiver before you write your final check. It is normal for the waiver to have a contingency clause that says the waiver is only valid if final payment is made.

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## **What to do if I have contracted with an unscrupulous roofer?**

Some people find themselves stuck in a contract with a bad roofing contractor. If you are in this situation, you should first advise your insurance company. They often have resources to help. If you believe the roofer is engaged in fraud or other illegal conduct, you should contact the Texas Department of Insurance Fraud Unit and perhaps even file a local police report. Finally, there are lawyers who can help. Call IQ Roofing for a referral.

Texas Department of Insurance Fraud Unit - 1-800-252-3439