

Hail damage insurance fraud

Hailstorms are ramping up now that warmer weather has arrived, but it's not only the icy pellets that are marring the landscape—it's the onslaught of hail damage insurance fraud.

Make no mistake: hail can do serious, and sometimes unseen, damage to an apartment complex. It not only can dent siding and break windows; it can also create tiny slits and punctures in roofing, window frames and siding that allow water from other storms to seep in and destroy studwork, flooring and wallboard over time. That is why it is important to do a thorough examination of your commercial residential property after a hailstorm. If you find any damage, especially damage that could allow water or pest infiltration, you should contact your insurer and plan on having that breach sealed. Even small hail driven at the right angle and speed can do serious—albeit isolated—damage, so check carefully.

Keep in mind that the exterior of your multiunit apartment buildings is not the only potential locus of damage. If windows were broken by hail, there could also be damage to interior walls, floors and window treatments—or other installed items, depending on what rooms were affected by incoming hail, rain and wind.

It's likely, especially after a serious hail event such as the one that occurred in Texas in April, that your residents will have a lot of questions and need to express a lot of worries. Typically, cars parked outdoors are pock-marked, and residents whose windows were broken or who were affected by wind-driven rain because of other entry points will want to know what your insurance covers. Be sure to have some kind of informational flyer prepared so you can disseminate the details in writing or on the web. That way, you can briefly inform people in person and point them to that posted information for later reference.

After a hail occurrence, you may face unsolicited contact by contractors, public insurance adjusters, and lawyers. While there are, of course, numerous reputable adjusters, repair contractors and attorneys, some who pop up after a hailstorm may not be. And if they cajole people into participating in a fraudulent or embellished claim, those people may face prosecution.

How do they work, and how can you know who is legitimate?

The best option is to begin with your insurer after a hail-damage event. While not all insurance policies are alike, your apartment building insurance usually will cover damage from hail, and your insurer's claims department is best equipped to schedule a trustworthy appraiser to come and survey your property. In a large-scale event, however, it may take some time for an adjuster to visit your property. You will probably be instructed to take action to prevent further damage by sealing any breaches, fixing broken windows, and saving the receipts.

In an increasing number of states, hail-damage lawyers advertise services via the Internet, and adjusters and contractors may take advantage of apartment owners who are trying to get swift action to accommodate unhappy residents. For commercial residential building owners and property managers who are facing lengthy delays from their insurance company, these so-called professionals can seem like a pretty appealing alternative. They might even promise to inflate the claim so your deductible is covered or ask you to assign your claim recovery money to them directly so they can immediately begin work on your repairs or legal case. *Caveat emptor!* These kinds of offers are not common in legitimate circles. They may be red flags that the person you are working with might be dishonest.

Hail insurance fraud is becoming a nationwide cottage industry, so be careful when you begin the hail-claim process. You can lean hard on your insurer for prompt service and good advice, and your legal advisor can also help.

These should provide sufficient warning that you may be dealing with an unscrupulous company. Use your local resources at the city and state level to verify their credibility.

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