

Functional vs Cosmetic Hail Damage to Soft Metal

Introduction

A hailstorm went through the area. Neighbors are talking, and contractors are knocking. Everyone is getting their roof inspected for suspected hail damage. After the initial inspection, the contractor states there is damage on the roof that needs to be fixed.

Sound familiar? It is hail season. Is there damage?

There is actually a lot to consider regarding hail damage. This article addresses one aspect of a hail inspection:

small dents on metal surfaces

Are small dents damage? If other items are not damaged, do the dented materials need to be replaced?

This article does not discuss the larger question of determining if a roof covering is damaged; however, if the soft metals need to be removed and replaced it may lead to a roof replacement which can be expensive.

DEFINITIONS

Insurance Policy – a contract between the insurer and the policyholder, which determines the claims which the insurer is legally required to pay.

Insurance Agent – the person who sells the insurance policy. Education, testing, and licensing is required to obtain and maintain the ability to sell insurance.

Roofing Contractor – a company (not an individual) that is licensed by the state to provide building construction. There is a fee to be paid, an application to file, a test, and proof of insurance to obtain a license. There are no prerequisite experience or educational requirements to take the residential building contractor or remodeler exam in Minnesota.

Adjuster – a person who may or may not be licensed by the state that is allowed to process insurance claims. There are basically four types of Adjusters.

Insurance Staff Adjuster – an adjuster that is employed by the insurance company that has full authority to process insurance claims.

Independent Adjuster (IA) – an adjuster who is not directly employed by the insurance company but contracts with the insurance company to provide some level of work for adjusting a claim. They help process the claim and provide information to the insurance adjuster for final processing. They may have a varying amount of authority given to them by the insurance company to process a claim.

Public Adjuster (PA) – an adjuster that represents people in negotiations with the insurance company's adjuster and typically are paid a percentage of the final insurance settlement.

Catastrophe (Cat) Adjuster – an individual who is hired by the insurance company to adjust claims after an emergency event that results in so many claims that that available local staff adjusters and independent adjusters cannot handle the claims in a reasonable time frame.

Conflict of Interest - a situation in which a person is in a position to originate personal benefit from actions or decisions made in their official capacity. It is against the law for a contractor to take on the role of PA, it is also against the law for a PA to act as a contractor.

Engineer – They are trained and tested in fields of study to design and evaluate various systems. Engineers are licensed by the state.

Valley Metal

A typical roof will have exposed metal at the location where two slopes intersect. The following photo shows a small dent on the valley metal of a typical cedar shake wood roof. At just the right angle to the sky a small shallow dent can be seen. The wood in this photo has random small clean spots. Small hail has washed the surface of the wood. Looking closely at the dent in the metal, the surface also has a small clean spot (spatter mark). Hail has wiped the metal clean at the location of the dent. Therefore, it is safe to conclude that the small shallow dent on the valley metal was caused by recent hail. The question is, "What should be done next?"



Is this damage? Is it serious? Did it shorten the life? Does it need to be fixed? Will it cause a problem in the future? How would this shallow dent be classified? Does the dent facilitate the removal of the entire roof?

Metal Roof Vents

Some metal roof vents are easily dented by small hail. Just like valley metal, small hail will cause a shallow depression in the metal that cannot be seen unless viewed up close. Some dents on roof vents can only be seen when intently searching for dents and using chalk. The image shows a roof vent that has been chalked.



Children's sidewalk chalk can be used to gently color the surface of the flat metal with the flat side of the chalk. The chalk leaves a mark where the surface is flat and shows an uncolored circle at the depressions. If the surface has a spatter mark in the center of the depression, it can be attributed to recent hail.

Is this damage? Is it serious? Did it shorten the life of the vent? Does it need to be fixed? Will it cause a problem in the future? How would this shallow dent be classified?

Coil Metal and Paint

Valley metal and roof vents are made from coil stock. The metal is sent through rollers to obtain the correct thickness. It is then painted. The coil can then be cut and bent by a standard metal break. The painted finish is not damaged in the process of bending and forming.

Valley metal on a roof will normally have a center ridge which helps prevent water from running under the roof materials. As water flows down one slope the ridge in the valley diverts the water. The hail causes less bending than a common break, so there is no damage to paint.

Other Metal Items that Show Hail Impact

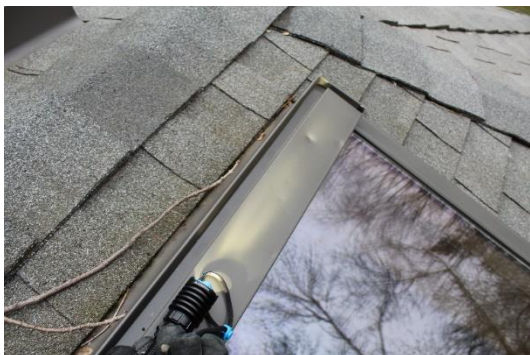
The list of metal items that can be struck by hail and show dents is limited. Everything gets hit by hail. If the hail is large enough, the hail can dent metals. Valley metal and roof vents are on nearly every roof. The following photos are examples of other items that can show small dents.



Rotating Turbine Vents



Horizontal Extensions of Downspouts



Skylights

Remove and Replace vs Remain

The easy answer is to remove and replace items that are dented. However, a more reasonable (or economical) answer may be that certain items remain.

The reason for removing and replacing material should not be based on financial gain. It should be based on policy and the need to restore to a pre-loss condition.

A contractor that wants to make a sale for re-roofing will claim that dents are obvious evidence that the roof “got hammered” by hail. Public Adjusters will strongly claim that something is damaged by a covered peril (hail) and the item must be removed and replaced based on policy language. Both can be valid opinions.

While their strong assertions may be the correct answer, the decision to replace material needs to be based not on emotion, but on facts, policy, and the evaluation of the severity of the dents on certain materials.

There surely is nothing wrong with making sure an owner receives everything that they are obligated to receive by policy language. However, aside from insurance, replacement may (or may not) be necessary or even beneficial. There are uncoverable cost associated with replacement.

Damage Defined

The general public has an understanding of what is considered to be damage. The criterion for whether something is damaged by hail is based on this understanding. According to the several dictionaries

Damage is physical harm caused to something in such a way as to impair (lessen, weaken, reduce, diminish) its value, usefulness, or normal function.

Therefore, according to the general public’s understanding of what damage is, an item is damaged by hail when its value, usefulness, or normal function has been lessened, weakened, reduced, or diminished by hail.

Functional Damage vs Cosmetic Damage

When evaluating an item for hail damage, often a distinction must be made between the word “dent” and “damage.” They are not the same.

Generally speaking, hail damage to metal surfaces can be functional or cosmetic damage. Either damage is in the form of identifiable dents that are caused by hail.

Cosmetic damage to a metal surface is normally understood to be permanent noticeable dents that are visible by a casual observer without extraordinary means.

The dents that are not easily observable on the surface or need to be chalked to be seen would not be considered cosmetic damage. It must affect the aesthetic characteristic of the surface to be considered cosmetic damage.

Functional damage changes the material as intended. The primary function of metal surfaces on the exterior of a building is to protect the interior from the outside weather, including precipitation. Therefore, a puncture or a hole that enables water to intrude behind or beneath the surface would be functional damage to a metal surface.

An insurance policy may not distinguish between functional damage and cosmetic damage. If that is the case, the important word that remains is “damage.”

In summary, dents on a metal surface can be categorized in order of severity in the following manner.

1. **Not Hail:** Dents that are present but are not caused by hail. Not every dent in soft metal is caused by hail. The dents may be imperfections or mechanical.
2. **Less than Cosmetic Damage:** Dents that are caused by hail but are too small to be noticed without a flashlight or chalk.

Or dents caused by hail that are noticeable without extraordinary means, but only to a person intently looking for the problem. The dents would not be perceptible to a casual observer.

3. **Cosmetic Damage:** Dents caused by hail that are noticeable to a casual observer but have not changed the functionality of the material. It has only changed the appearance.
4. **Functional Damage:** Dents caused by hail that change the function of the material.

Cosmetic Damage and Property Value

If the appearance has been adversely changed, it has decreased in value. Selling a home with cosmetic shiny spots on the west-facing metal siding is not a good selling point last time I checked. It does not matter who argues that visible dents are not damage to a prospective buyer. It is the perception of the new buyer that matters.

Loss vs Damage

As it applies to an engineering evaluations for hail damage, it is best to follow the scientific method and clearly report the facts:

1. Are there dents?
2. Are the dents caused by hail?
3. How would the dents be classified?
 - a. Very difficult to see without extraordinary effort. (less than cosmetic damage)
 - b. Visible to a casual observer (cosmetic damage)
 - c. The dents have changed the function of the item (functional damage).

Based on policy language, adjusters can then determine coverage. Engineers do not determine coverage. Engineers evaluate physical properties, science, and document observations.

Adjusters may discuss the difference between:

"direct physical damage" or "direct physical loss"

The arguments for distinguishing between “damage” and “loss” is more of a policy language interpretation that goes beyond engineering evaluations. Engineers are not adjusters. Engineers determine cause.

Compensation vs the Need to Remove

Assuming there are small dents on soft metals from hail, and the dents have been classified at some level of damage (less than cosmetic, cosmetic, or functional). Two important questions remain:

1. Should (or must) the materials be removed and replaced?
2. If so, why?

Whether something is replaced or not, should not depend on where the money comes from.

Unfortunately, it often does. In economic hard times, a homeowner might not have the money to replace a damaged item no matter how urgent it is.

Small hail is very common in the Midwest. For this reason, many items on older homes have small dents that are not noticeable unless intently searched for and documented by people familiar with hail damage. These dents may be old or newer. Small dents are often not noticed.

Normally, unless an item has loss associated with it, it typically is not replaced unless the money comes from someone other than the owner.

Routinely, no one removes a perfectly good roof that has not been functionally or cosmetically damaged unless it is financed by someone else. The pressure to remove and replace undamaged items only becomes a possibility when there is a claim to an insurance company and money might be available for compensation.

The Run-Away Claim

Owners should beware of the possibility of a runaway claim. The fact that contractors and public adjusters are compensated a percentage of the work is undeniable. Also, independent adjusters are compensated for the amount of damage found. Therefore, there can be a tendency to overreach and replace as much as possible.

Fraud

Unfortunately, this topic must be mentioned. Insurance fraud is real. It does happen. Sometimes, the only reasonable explanation for damage on the roof is intentional man-made damage.

Hail is no respecter of material. It falls to the ground and hits anything in its path. If certain items are damaged, but other items are not, questions should be asked. There may be valid reasons for abnormal patterns. There are variations in what hail can do based on many factors of the hail and physical properties of the items being struck; however, there are limitations with scientific basis that restricts certain observable patterns.

Conclusions

From an engineering standpoint, facts must be stated in an unbiased way. Adjusters are licensed to apply policy based on evidence of damage (or loss).

If requested to determine if soft metal is damaged by hail, there are basically 5 available conclusions:

1. No - dents were not present.
2. No - dents were present, but the dents were not caused by hail. What was being presented as hail damage was actually something else. People often refer to this as mechanical damage.
3. No - the dents were less than cosmetic damage.
4. Yes - the dents were cosmetic damage.
5. Yes - the dents were functional damage.

Based on the above determinations, the adjusters are able to determine coverage. Coverage is determined by interpreting the policy language and comparing that to the facts of the claim. Other factors that may apply include:

1. Determining when the dents occurred.
2. Comparing dates with insurance coverage dates.
3. Reporting periods.

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