



The New Rules of Roofing

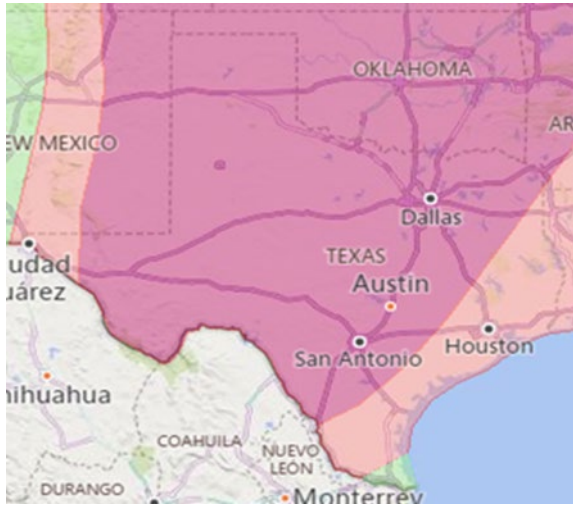
In 2024, the Board of Trustees of the Texas Council Risk Management Fund adopted new rules for roof repairs and replacement after severe hail or wind damage. The following is taken from the Board of Trustees action approving the new approach. We recommend that you provide this information to any roofers engaged by the center to replace or repair your roof. To encourage repairs that upgrade and meet new standards, the Fund will take the following actions:

1. Composition shingle roofs 15 years or older will be classified in “poor” condition. That classification will trigger the reduction in coverage from Replacement Cost (RC) to Actual Cash Value (ACV) six months after the determination is made until the roof is replaced or repaired to bring it up to acceptable standards. Fund Risk Control consultants or claims adjusters will make the determination.
2. In the event of hail or wind damage to a roof in “poor” condition, the claim will be adjusted based on ACV payment to the contractor until the roof is determined to meet new standards. At that time a supplemental check for the RC amount will be issued.
3. It is standard practice for the Fund to issue a check for ACV amounts during the construction process. When the work is complete, a check for the RC basis is issued. A recent roof replacement resulted in an initial ACV payment of \$77,731. When the roof was determined to be up to the new standards a supplemental check for \$9,925 was issued based on the new RC of the roof.
4. Flat roofs are considered to be in “poor” condition when they are 25 years old. After six months from the notification, coverage reverts to an ACV basis until the roof is repaired or replaced to new standards. The same claim payment process is in effect for the repair or replacement of flat, built-up roofs.
5. The net effect of these new rules is that the center’s coverage for old roofs will be based on the ACV – actual cash value that deducts depreciation. In the example above depreciation represented an almost 13% deduction from a full RC valuation. The center received the full replacement value since the new roof met new standards for hail and wind resistance.

After an old roof has been placed under ACV coverage, RC coverage can be reinstated when repairs have been made. Coverage will be reinstated to RC when the roof has been replaced or repaired to an acceptable condition. (TCRMF Underwriting Manual).

“Poor” condition is primarily determined by the age of the roof. Composition roofs over 15 years old are considered in poor condition. Flat roofs over 25 years old are considered in poor condition. Replacement cost coverage is reinstated when the roof has been restored to “acceptable condition.” This means that the new roof meets hail resistance standards for resistance to Severe Hail and Very Severe Hail established by FM Global. The standards are based on type and quality of roofing materials for both shingle and flat roofs. Communicate with the roofing contractor who will be replacing or repairing a center’s roof to establish the expectation they will use shingles and built-up roofing

materials that meet the standards for hail resistance necessary in the center's geographic location as illustrated below:



As you can see on the map, most of Texas is covered in purple which signifies Very Severe Hail (VSH). The peach area (Gulf Coast and far West Texas) is rated SH for Severe Hail.

Fund risk control consultants and underwriters can help you understand the rating system and how the coverage changes can affect the center for either ACV or RC designation.