ADVERTISING FEATURE

REAL ESTATE

Insurance Companies Are Changing How Roof Deductibles Are Calculated


REAL ESTATE TODAY
By JIM SMITH Realtor®

Note

Colorado homeowners are in for an expensive surprise when the next big hailstorm hits. Over the past several years, most insurance carriers have quietly shifted wind and hail deductibles from a flat amount to a percentage of the home's insured value. Many homeowners still believe they have a $1,500 or $2,500 deductible, only to discover after a storm that their real deductible is $10,000, $15,000, or even $20,000. The change has been so subtle, and the disclosures so opaque, that thousands of Coloradans are facing catastrophic deductibles without knowing it.

The problem is simple: wind and hail deductibles are now tied to the insured value of the entire home, not the cost of replacing the roof. If your home is insured for $1.1 million, a 1 percent wind/hail deductible is $11,000. A 2 percent deductible is $22,000. Yet roof replacement costs do not vary nearly as much as home values do. A modest bungalow in Washington Park might sell for $1.2 million, while a similar roofed home in Athmar Park sells for half that. Same shingles, same labor, same roof area. But the Washington Park homeowner pays more than double the deductible because it's based on dwelling coverage, not roof size.

A simple analogy makes the problem obvious. Imagine cracking your windshield. The repair costs $600. But your insurer tells you your deductible is 1 percent of your car's value, not the cost of the windshield. If your car is worth $60,000, your deductible is $600 — meaning you pay the entire repair out of pocket. That's exactly what's happening with roofs in Colorado. The deductible is tied to the value of the entire home, even though the loss is limited to one component.

Insurers argue that Colorado's position in "hail alley" requires stronger cost sharing. They point to rising storm losses and say percentage deductibles align risk with exposure. But the deductible should reflect the cost of the damaged roof, not the value of the home beneath it.

The shift has created a new market for supplemental coverage. Companies like **Sola Insurance** now sell policies specifically designed to cover wind and hail deductibles. These products exist because traditional homeowners' insurance no longer protects consumers from the financial shock of a major hailstorm. For many homeowners, supplemental coverage is becoming the only way to avoid a five figure bill after a storm.

Homeowners should take several steps now, before hail season ends.

1. Check your policy immediately. Look for a line item labeled "Wind/Hail Deductible" or "Named Peril Deductible." If it says 1 percent or 2 percent, that percentage applies to your home's insured value.

2. Ask your agent whether a flat deductible is available. Some carriers still offer them, though they may cost more.

3. Consider supplemental coverage. If your wind/hail deductible is $10,000 or higher, a supplemental policy from Sola may be cheaper than absorbing the risk.

4. Review your dwelling coverage. If your home is over insured, your deductible may be inflated unnecessarily. Your insurer should value your home without including the land value. The county assessor separates those two values, so should your insurer.

5. Document your roof condition. A pre-storm inspection can help avoid disputes later. **Roof Brokers**, my favorite roof source, provides a free roof evaluation coupled with competing estimates from three roofing companies if repair or replacement is indicated.

Colorado's Division of Insurance should take a hard look at whether percentage-based deductibles are being disclosed clearly and whether tying deductibles to home value rather than roof size is fair to consumers. The current model shifts enormous financial risk onto homeowners, often without their knowledge.

Coloradans deserve transparency, fair pricing, and a deductible structure that makes sense.

Rita and I Are on a Trip to Switzerland

Rita and I are visiting her ancestral home in Lucerne, Switzerland, for a two-week vacation. I'll have free and easy cell phone and email access, so feel free to contact me for your real estate needs. Or read my blog at http://WhereAreJimandRita.substack.com.

The Top 10 Issues Reported by Professional Home Inspectors

It's useful for buyers to know the issues that are likely to be raised during a professional inspection of the home they are buying. These issues will shape negotiations, influence insurance decisions, and determine whether a buyer feels confident moving forward. Here are the top issues that a professional inspector will look for and assess.

Aluminum Wiring

If you buy a home built between the mid-1960s and mid-1970s, aluminun wiring may be present. It's a known fire hazard when connections loosen, and inspectors routinely flag it for evaluation. Repairs exist, but they're specialized, and buyers can expect guidance on what remediation (called pig-tailing) looks like.

Federal Pacific and Zinsco Panels

These electrical panels are infamous in the inspection world. They're prone to failing under load, breakers can stick, and the industry consensus is simple: replacement. Replacement can cost several thousand dollars.

High Radon Levels

Colorado's geology makes radon a statewide issue. Anything above 4.0 pCi/L triggers a demand for mitigation. Fortunately, mitigation systems are common, effective, and relatively affordable (typically $1000-2000). What matters most is understanding that radon is manageable, not a deal-breaker. Sellers invariably agree to pay for it.

Polybutylene/Galvanized Plumbing

Older plumbing materials can create both functional and insurance headaches. Polybutylene is notorious for failure at the fittings, and galvanized pipes corrode from the inside out. When inspectors find either, buyers should ask about replacement timelines and resale implications. Lead supply pipes or solder and lead-based paint are also an issue in older homes.

Aging HVAC Systems

Furnaces over 25 years and air conditioners over 15 years are living on borrowed time. Even if they're running today, inspectors will note their age, and buyers should consider budgeting for replacement. Agents can help clients make informed decisions. (Think heat pumps!)

Asbestos-Containing Materials

Popcorn ceilings, old flooring, and duct insulation in older homes can contain materials that includes asbestos. The key point: you can't confirm asbestos visually. Testing is required. Your inspector will know whether to advise laboratory analysis, and will tell you that asbestos is only a danger when it is disturbed and becomes airborne.

Roof Age and Condition

In Colorado, roofs tell a story. Hail, insurance claims, and age all matter. Inspectors will note wear, patching, or prior storm damage, and insurance carriers often want documentation. When an inspector suspects that roof repair or replacement may be called for, I recommend getting a free estimate from Roof Brokers.

Grading and Drainage

Poor grading is a silent troublemaker. Water against the foundation can lead to moisture intrusion. Correcting grading is usually straightforward, but ignoring it can create long-term issues. Your agent and inspector can explain why water management matters.

Sewer Line Concerns

Root intrusion, bellies, offsets, and breaks are common in Colorado sewer lines. A sewer scope is one of the best investments a buyer can make, even on newer homes. The cost of a scope is small compared to the cost of a sewer line replacement, and if the scope reveals one of those issues, you can demand repair.

Structural Movement

Colorado's expansive Bentonite soils expand when wet and contract when dry, which means slab and foundation movement is common. Hairline cracks are normal; significant displacement is not. Your inspector can distinguish between typical settlement and concerning movement and may suggest calling in a structural engineer to evaluate the situation.

Thanks to our friends at Alpine Building Performance, LLC, for suggesting this topic and the 10 issues to look for.

Just Listed: Golden Ranch with Mtn Views East & West

This great 3-bedroom ranch with walkout basement at **1070 Deer Springs Lane** is in Golden's Fox Haven at Mesa Meadows, just a mile north of downtown Golden. Enjoy all the benefits of being in the City of Golden, including resident access to the Golden Community Center as well as nearby trailheads. This home is at the base of North Table Mountain and has an elevated view of the foothills to the west. You'll love its beautiful location and views as well as the home's many updates. Visit www.GREliistings.com for interior and drone videos as well as pictures and floor plans, then call to request a private showing.

Beware, this listing went active on Thursday and immediately had 8 showings, so act quickly and hope it's not already under contract. No open houses, and showings are only allowed 1 to 5 p.m.

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