SCOTT'S ROOFING

# Insurance & Supplement Process Overview

The summary of damages to your home from your insurance company is called **The Scope of Loss**. This is an estimation of what your roof could cost. Almost always, this scope does not adequately represent all of the damages to the roof/home. Without tearing the roof down to the roof deck, it is almost impossible to know exactly what those damages equate to.

This is where your contractor comes in! We will work off the initial insurance scope provided and "supplement" any additional damages found, code upgrades required by the city, and any missed items that the initial scope did not include. Remember that this process can be time-consuming, but we have a team dedicated to ensuring we get your roof back to the best condition.

The replacement cost value **(RCV)** is the initial amount estimated. However, this number will always increase as a result of the supplement process. You may reference our contract, which states, "plus permit & supplements." This is where the supplement cost comes into play. The insurance company will release additional checks as supplements are sent in throughout the approval process. As explained above, neither the insurance company nor any contractor can know for sure what the project's final cost will be until the end.

The cost of the supplement will be collected at the end of the project when we invoice for the completed repairs. Your insurance company pays this increased amount as we guarantee your only out-of-pocket expense will be your deductible and any optional upgrades you choose with your project manager.

## RCV vs ACV

- RCV is the replacement cost value = the cost of the project based on today's market value.
- ACV is the actual cash value = the cash value of the project at the time of purchase.
- Recoverable depreciation = the difference between actual cash value (ACV) and replacement cost value (RCV). This amount is released at the end of the project once the insurance company has been invoiced for the completed repairs.

## Overhead and Profit (O&P)

Overhead and profit is an allowance provided by your insurance company allocated to the contractor for directing and coordinating the trades. This is an additional 20% added to the job cost. 10% for overhead and 10% for profit. Again, this allowance is provided by your insurance company as it is not expected to be paid out of pocket. Sometimes the insurance company does not include that in the front end so our team would supplement for it.

## Deductible

The deductible is your out-of-pocket expense. This amount is not included in the insurance payout and will be payable to the contractor by you.