



**STORMLEX
LAW GROUP**

THE MUST-HAVE POLICY ELEMENTS

The Magic Language Every Property Manager Should Confirm is In (or Out) of Their Property Policies.

Insurance policy terms and endorsements vary widely by carrier.

This checklist gives you real protection and informs your decision-making when dealing with brokers.

For property or claim-specific concerns or policy interpretation questions, consult experienced legal professionals.

[STORMLEX.COM/PROPERTY-MANAGERS](https://stormlex.com/property-managers)



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MUST-HAVE POLICY ELEMENTS

CORE POLICY STRUCTURE

Use this resource during policy reviews, renewals, or portfolio risk assessments.

1–2% Wind / Hail Deductible (preferably 1%)

Percentage deductibles directly impact your out-of-pocket costs. A higher deductible can significantly reduce recovery after large roof or exterior losses.

What to confirm:

- 1% Deductible percentage specifically for wind and hail events
- Do deductibles vary by building or type of occurrence?

📌 Risk if overlooked:

Unexpected six-figure out-of-pocket expenses before the policy starts paying out. Insureds with high deductibles are self-insuring a good chunk of their roofs.

ALL RISKS POLICY (vs Named Perils)

You want all risks coverage; it protects against any cause of loss unless specifically excluded. Named peril policies only cover listed events.

What to confirm:

- Policy language states “all risks”
- Exclusions section is clearly reviewed with broker
- No critical exposures omitted (wind, hail, water intrusion)

📌 Risk if overlooked:

Coverage denial based on unlisted causes of loss as exclusions.



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CLAIM PAYMENT STRUCTURE

Use this resource during policy reviews, renewals, or portfolio risk assessments.

Replacement Cost Value (RCV) Coverage

You only want RCV coverage; it pays the cost to repair or replace property with recoverable depreciation.

What to confirm:

- Policy specifies RCV as the valuation method
- Depreciation holdback requirements
- Timeline for recovering withheld depreciation

📌 Risk if overlooked:

Reduced payouts that do not cover actual repair costs, especially on older roofs.

No RCV to ACV Conversion Endorsement

Some policies convert RCV to ACV (depreciated value) based on building age or roof condition.

What to confirm:

- Absence of RCV-ACV conversion endorsements
- Roof schedule or age-based limitations

📌 Risk if overlooked:

Significant unrecoverable depreciation deductions when a new roof should be paid for.



MUST-HAVE POLICY ELEMENTS

POLICY LIMITATIONS TO AVOID

Use this resource during policy reviews, renewals, or portfolio risk assessments.

No Cosmetic Damage Exclusions or Anti-Concurrent Causation Clauses

These provisions can limit coverage for visible damage or deny claims when multiple causes contribute to loss.

What to confirm:

- Absence of cosmetic damage exclusions for roofing/siding
- Anti-concurrent causation wording reviewed with broker
- Clear understanding of mixed-cause loss treatment

📌 Risk if overlooked:

Despite obvious storm damage, a claim can be denied if no documented openings to the roof or if there is another contributing cause of the loss that is not covered.

No Hard Deadline for Filing a Claim

Strict reporting deadlines can prevent recovery if damage is discovered later.

What to confirm:

- Notice of claim requirements and claim reporting timelines
- Supplemental claim allowances
- Re-opening provisions for undiscovered damage

📌 Risk if overlooked:

Loss of coverage due to delayed discovery or reporting of claim.



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VALUATION, LIMITS & BONUS

Use this resource during policy reviews, renewals, or portfolio risk assessments.

Repairs Valued Using Current / Local Pricing

Claims based on outdated pricing can underfund repairs and delay projects.

What to confirm:

- Policy valuation language based on what time period?
- Inflation guard provisions
- Local market pricing adjustments

✦ Risk if overlooked:

Funding gaps between claim payment and local contractor estimates.

Confirm You Are Not Underinsured

Underinsurance can trigger coinsurance penalties and reduced payouts.

What to confirm:

- Updated replacement cost appraisals of structures and large ticket items
- Annual property valuation reviews
- Inflation adjustments

✦ Risk if overlooked:

Reduced claim payments even when coverage applies due to limits in policy.

BONUS: Consider Deductible Buy-Down Options

Buy-down policies can offset large percentage deductibles and improve cash flow after major losses.

✦ Benefit:

It shrinks the amount of deductible you are responsible for after a loss.