

What is a Contingency Work Agreement?



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What is a Contingency Work Agreement?

A **Contingency Work Agreement** is a conditional contract between a homeowner and a contractor signed prior to the start of a project. A work agreement such as this is signed for a number of reasons and protects both the homeowner and the contractor.

- For a roof replacement, a contingency agreement states that the homeowner will stay with the contractor during the insurance approval process and promises to use them for the roofing project. The contract is contingent upon approval and on what the insurance company approves or does not approve. In turn, the contractor assures they will do their due diligence in getting the roof approved, however it is the insurance adjusters who have the final say.
- To simplify, the contract is only valid if the insurance company approves the roof replacement. It is voided if you are denied. The homeowner owes nothing up front and is no longer under contract if the claim is denied.
- However, in the meantime the contract is binding and can only be dismissed if both parties come to an understanding. In the event the insurance company denies your claim, you are no longer under contract, but we would still love to earn your business.

Why Use a Contingency Work Agreement?

There are many reasons to sign a **Contingency Work Agreement** with a reputable roofing contractor that you have done your research on:

- It eliminates the need for a bidding war among contractors. The homeowner only pays what the insurance company provides them, plus their insurance deductible. No price is attached to a Contingency Work Agreement. The pricing is “based upon insurance approval”. This is because at the time of signing the Contingency Work Agreement, a homeowner is authorizing a contractor (aka: Shingle Hut Complete Roofing Services) to work on their behalf for the best possible outcome with their insurance company. This authorization is in exchange for an agreement to use the contractor for the project. You should never be asked to pay for any additional work, unless you are opting for upgrades to your roof or something beyond the insurance scope of work.
- **A cheaper bid is not always a better bid.** Cheaper bids may not be delivering the same quality or products we offer. We have certified project managers and CertainTeed Roofing SELECT ShingleMaster certified and credentialed installers. Ask if they use the same quality shingles and materials we use. Compare our labor warranty and manufacturer’s warranty with everyone else. Our customer service is beyond compare, which gives our customers peace of mind. Always compare apples to apples and speak with us when comparing bids.
- It takes time and resources to facilitate an insurance claim. Our project managers evaluate the roof, take measurements and pictures of the damage, and go to every adjuster meeting. Meanwhile, the back office prepares a quote for the insurance desk adjuster and negotiates the claim on the homeowner’s behalf. The contractor makes every reasonable effort to ensure the best results possible.

The Payout

- In a typical situation, a homeowner will not be out of pocket anything other than their insurance deductible. Paying for upgrades beyond the insurance scope of work or opting for higher warranties would cause you to pay a little more out of pocket.
- You may have heard of roof supplements. Roof supplemental items are hidden conditions or missed items that a contractor asks for in a separate bid that were not included on the original insurance estimate. The insurance company pays for these missing items. The supplement process in no way increases the customer's out of pocket expenses. Supplement items were (are) missing/omitted items that were negotiated on by the roofing contractor, therefore when the payment comes in, that payment is due to the contractor. Upon final inspection, the insurance company will release the homeowner's recoverable depreciation, if they have an RCV, or Replacement Cost Value, policy.

