

# Can You Keep the Insurance Funds and Not Use it on the Roof?

**Short Answer: No.**

If your insurance company approved a claim to replace your roof, the money **must be used for that purpose**. Keeping the funds and not completing the work can violate your **insurance policy**, your **mortgage agreement**, and **Florida law**.

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## Why You Can't Keep the Funds

- **Insurance funds are not a payout** – they are reimbursement to restore your property to its pre-loss condition.
- **If you have a mortgage**, your lender may require proof of repairs before releasing the money.
- **If depreciation is included**, your insurer will not release full payment unless work is completed.
- **If you file a claim but don't intend to fix the roof**, it could be considered **insurance fraud**.
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## What Can Happen if the Insured Chooses Not to Use the Insurance Fund Distributed to Them by Their Insurance to Replace Their Roof?

### 1. Breach of Contract (with Contractor)

If the homeowner **signed a contract** with a roofing contractor (like Florida Blue Roofing), and:

- The contractor has scheduled work or begun planning
- The homeowner then refuses to proceed

**Penalties may include:**

- **Owed cancellation fees** (e.g., 25% of RCV, per your contract)
  - **Lawsuit for breach of contract**
  - **Lien placed on the property**
  - **Collections and legal fees** added to the balance
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### 2. Mortgage Contract Violations

If the insurance check includes or is made payable to a **mortgage company**, the funds are typically held in escrow and released in phases to **ensure repairs are made**.

**If the homeowner keeps or misuses the money:**

- They may be in **default on their mortgage**
  - The lender can:
    - **Foreclose** for breach of loan terms
    - Refuse to release additional funds
    - Require immediate repayment or legal resolution
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### ● 3. Insurance Policy Violations

Most homeowners' insurance policies include **replacement cost coverage**, which pays out the **full value** only if the repairs are actually completed.

If the homeowner:

- Keeps the money but doesn't perform repairs
- Misleads the insurer into thinking work was done
- Fails to document completed work

**The consequences may include:**

- **Denial of recoverable depreciation (RCV minus ACV)**
- **Future claims denied** due to neglect or material misrepresentation
- **Policy cancellation or nonrenewal**
- **Referral for insurance fraud** if deception is involved

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### ● 4. Civil and Criminal Penalties for Insurance Fraud

Under **Florida Statute §817.234**, knowingly misrepresenting an insurance claim or accepting payment without intent to complete the claimed repairs can be charged as:

- **Insurance fraud – 3rd-degree felony**
- Punishable by:
  - Up to **5 years in prison**
  - Up to **\$5,000 in fines**
  - **Restitution** and a permanent fraud record

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### ✓ Summary of Penalties

Violation	Risk	Penalty
Signed contract with contractor	High	Lien, lawsuit, collections
Mortgage company involved	High	Loan default, foreclosure
Insurer not informed of non-repair	High	Loss of coverage, RCV forfeited
Fraudulent intent or misrepresentation	Very High	Felony charges, fines, prison

### Florida Blue Roofing Insurance Practice

“Per your insurance policy and mortgage agreement, funds issued for property damage are intended for repairs. Choosing not to complete repairs may violate your policy, jeopardize future coverage, or result in lender penalties. Misuse of insurance funds may also be considered insurance fraud under Florida law.”

## Summary of Homeowners Keeping Insurance Funds

While homeowners may **legally retain insurance funds** under specific conditions, doing so without repairing the covered damage can have **serious consequences**:

- Most insurance policies require **proof of repairs** to release recoverable depreciation (RCV minus ACV)
- If a **mortgage company** is involved, misuse of funds can **breach the loan agreement**
- If a **claim was made in bad faith** or repairs were never intended, this may constitute **insurance fraud (felony)**

**Contractors are not legally required to report this**, but doing so protects their legal standing.

# Can You Use Roof Insurance Money for Other Repairs?

If your insurance company approved a roof replacement claim, it's important to understand how those funds are legally and contractually required to be used. Misusing insurance money can lead to serious consequences. Here's what homeowners in Florida need to know:

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## When It May Be Permissible

In rare cases, you may be able to use insurance funds for other purposes **IF**:

- You **own your home outright** (no mortgage)
- Your insurer **paid the full claim up front** (both ACV and depreciation)
- Your policy **does not require documentation** of completed work
- You understand that **not repairing the roof may impact future coverage**
- You have **not sign contract** with a Roofing Contractor

Even in these cases, it's still risky and discouraged.

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## When It Is Not Permissible

You **cannot legally use roof insurance money** for unrelated repairs if:

- Your **mortgage company is listed** on the check (they require proof of repairs before releasing funds)
  - The insurer is **withholding depreciation or code upgrade funds** until proof of work is submitted
  - You **signed a contract** with a contractor and are trying to cancel or withhold payment without cause
  - You **accepted funds** under the assumption you would complete the repairs
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## Risks and Penalties

Using insurance funds for non-roof purposes may result in:

- **Breach of your mortgage agreement**
  - **Denial of future insurance claims**
  - **Loss of recoverable depreciation** and code upgrade payments
  - **Civil lawsuits** from your contractor if under contract
  - **Insurance fraud charges** (a felony in Florida)
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## Best Practice

Use your insurance funds for the purpose they were approved: **restoring your roof**.

If you're unsure about your rights or responsibilities, speak to your **contractor** or your **insurance representative** before taking action.

# Can a Deductible be Waived?

**Short Answer: No.**

In Florida, it is **illegal** for a contractor to waive, absorb, refund, or offset an insurance deductible. Doing so can result in **insurance fraud charges** for both the contractor and the homeowner. “Florida Blue Roofing does not waive insurance deductibles. Payment of the deductible is a legal requirement under Florida law and a condition of your insurance policy. Any request to waive it cannot be honored and may be considered insurance fraud.”

## Florida Law on Deductible Waivers

Under **Fla. Stat. § 489.147 (2)(a)**, a contractor **may not**:

— “Offer to a residential property owner a rebate, gift, gift card, cash, coupon, waiver of any insurance deductible, or anything of value in exchange for:

1. Allowing the contractor to inspect the property, or
2. Making an insurance claim for damage.” —

These offers are considered **inducements** and are prohibited by law. Violating this law is considered **insurance fraud**, which is a **felony offense**.

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### Risks to Florida Blue Roofing

- You could face **licensing penalties, criminal prosecution**, or be **barred from future insurance work**.
- You could also **void your ability to enforce payment** or **file a lien** on the job.

### Risks to the Homeowner

- If a homeowner **accepts a deductible waiver**, they can be accused of **participating in insurance fraud**, even if they didn’t initiate it.
- Their claim could be denied or retracted by the insurer.

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## Best Practice

Always pay your **full deductible** directly to your contractor.

This keeps your claim **legal, valid, and enforceable**. If you’re concerned about affordability, ask your contractor about **financing or payment plan options**—but never waive the deductible.

# Can a Homeowner Choose Another Roofing Contractor After They Have Been Approved By Their Insurance to Have Their Roof Replaced?

**Short Answer: No — not without violating the contract and potentially exposing themselves to legal and financial consequences.**

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## **Here's Why:**

If a homeowner:

- **Signs a contract** with a roofing contractor, **and**
- That contractor assists in inspections, documentation, photos, estimating, or submitting information to the insurer, **and**
- Insurance funds are approved based on that scope and effort,

Then the homeowner **cannot legally walk away** and choose another contractor **without formally canceling the original contract** — and even then, **cancellation fees or legal consequences apply**.

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## **What Happens If They Do?**

- **Breach of Contract:** The original contractor can enforce the agreement and seek damages.
  - **Lien Rights:** The contractor may file a lien on the property for administrative work, time, and lost business.
  - **Collections or Lawsuit:** If cancellation terms (e.g., 25% of RCV or \$2,000) aren't honored, the case may go to collections or small claims court.
  - **Bad Faith Implications:** If the homeowner used the contractor to get the claim approved, then switched for a cheaper deal or personal preference, it may be seen as bad faith dealing.
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## **What the Homeowner *Can* Do (Properly):**

- Cancel within the **10-day cancellation window** if it applies (as per Florida law).
- If after that, pay the agreed **cancellation fee** in the contract.
- Get a release in writing before contracting another company.

# When Can a Lien be Filed?

**Short Answer: When Work Has Been Contracted or Begun — and Payment Is Unpaid.**

In Florida, a licensed contractor can file a **construction lien** if:

- A **signed contract** exists, **and**
- The contractor has performed **any labor, services, or administrative prep**, **and**
- The **homeowner has not paid** as agreed; this included insurance payouts.

## When Can a Lein Be Filed

Under **Florida's Construction Lien Law (F.S. §713.001–713.37)**, you may file a lien if:

1. When there is a **signed Contract**
2. When Contractor has **furnished labor, services, or incurred costs in preparation for the job**
3. You are a licensed contractor – **Florida Blue Roofing Is**

Even if materials haven't been delivered, courts have ruled that **preconstruction services like permitting, meeting with adjuster, submitting documents to insurance, estimating, preparing material orders, and scheduling qualify** as "services performed" under the lien law. A Lein can be place on a property even if no materials has been delivered; even if a single shingle has not been removed by the contractor.



## Why This Matters

- A lien places a **legal claim** on the homeowner's property
- It can block **refinancing, selling**, or future insurance claims
- It is enforceable in court and may lead to **collections or foreclosure**

# Can Homeowner Cancel the Claim after Roof has been Approved to be Replaced and Return the Funds to the Insurance?

**Short Answer: Yes — but it doesn't cancel the claim or any signed contract.**

- The insurance claim still appears on record
- Depreciation and code upgrades are forfeited
- A signed contractor agreement is still enforceable
- The mortgage company may still require the roof to be replaced

## **Can the Homeowner Do It?**

**Yes, but only if:**

- The funds have not been contractually committed (i.e., no contractor agreement signed)
- The homeowner hasn't accepted recoverable depreciation or supplements
- There's no mortgage company involved holding or endorsing the check
- They notify the insurance company in writing of their intent to decline the claim

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## **Important Considerations**

### **1. Returning the Funds Doesn't Cancel the Insurance Policy**

- Returning the funds **does not void the homeowner's insurance policy.**
- The **claim stays on record** (CLUE report) and can still affect:
  - **Premiums**
  - **Eligibility**
  - **Future claims history**

It may still be treated as an active or "settled" claim even if payment is refused.

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### **2. Returning Funds Does *Not* Cancel a Contractor Contract**

If the homeowner **already signed a contract** with a contractor, returning the insurance money **does not cancel their obligations** under that contract.

- They may still owe:
  - A **cancellation fee** (e.g., \$2,000 or 25% of RCV)
  - **Compensation for time, admin, or services already performed**
- Contractors can still **file liens or sue for breach of contract**

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### **3. Depreciation and Code Upgrades Are Forfeited**

- If the homeowner returns the ACV or initial payment, the insurer will not pay:
  - **Recoverable depreciation**
  - **Code upgrades**
  - **Supplements**

Even if the homeowner later changes their mind, they may not be able to reopen the claim.

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#### **4. Mortgage Company May Still Require Repairs**

If the **mortgage lender was named** on the check or is aware of the claim, they may:

- Demand the roof be replaced anyway
- **Escrow the funds** or refuse to release future disbursements
- Consider non-repair a **default condition**



# What Happens When You Breach Your Roofing Contract After Insurance Approval?

**Short Answer:** You may face legal and financial penalties — including cancellation fees, liens, lawsuits, and being reported to your insurance or mortgage company.

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## 1. You Still Owe the Contractor

If you signed a contract with a roofing company **before or after your insurance approved the roof**, and you later back out or choose another company:

- That is a **breach of contract**
  - You may owe:
    - A **cancellation fee** (often 25% of the approved RCV or a flat amount)
    - **Reimbursement** for administrative services (inspection, photos, estimates)
    - **Legal costs** if the contractor pursues enforcement
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## 2. A Lien Can Be Filed on Your Property

Under Florida's lien law (F.S. §713):

- A contractor can file a **construction lien** for unpaid labor or services — even if materials were never delivered
  - This can:
    - **Freeze your title**
    - Prevent refinancing or selling
    - Result in **foreclosure** if not resolved
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## 3. You Could Face a Lawsuit

Contractors have every right to:

- **Sue for breach of contract**
  - **Pursue collections** for the cancellation amount
  - **Report your breach** to their legal counsel, your insurance company, or mortgage lender
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## 4. Your Mortgage Company May Step In

If the insurance check includes your **mortgage lender as a payee**:

- They often require proof the work was completed
- If you don't follow through, they may:
  - Hold the funds in escrow
  - Require immediate payment or legal documentation
  - Consider it **loan default** if repairs aren't done

# Florida Laws Pertaining to Roofing Contracts

## 1. Florida Contract Law

Applies to all signed agreements.

- A signed roofing contract is **legally binding**.
- If a homeowner cancels outside of any allowed window (like a 10-day right to rescind), they may owe **damages, fees, or penalties** as defined in the contract.
- Attempting to switch contractors without terminating the original agreement **legally constitutes a breach of contract**.

**F.S. §672.201** – Enforces written agreements for services and establishes performance and breach obligations.

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## 2. Florida Construction Lien Law – Chapter 713

- If the contractor has **performed any services**, even administrative (inspection, estimates, communicating with insurer), they can file a **mechanics/construction lien** on the property.
- This applies even if physical roofing work has not yet begun, as long as services or labor were rendered.

**F.S. §713.06(1)(a)** – Allows lien rights for contractors providing labor or materials under contract, even pre-construction.

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## 3. Florida Home Solicitation Sales Act – F.S. §501.025

- Homeowners have a **10-day cancellation window** if the contract was signed **at the home or outside the business office** of the contractor.
- After that, they can still cancel — **but they must comply with the terms**, which often include a **cancellation fee**.

If the homeowner cancels outside of this period and refuses to pay a cancellation fee, they are again **in breach**.

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## 4. Insurance Misrepresentation / Bad Faith

While not always a statutory violation, courts have considered it **bad faith** when a homeowner:

- Allows a contractor to help facilitate claim approval
- Then uses that approved scope to shop for a cheaper contractor
- While ignoring or breaching their original agreement

This can be used to **justify liens, collections, and even lawsuits** for unjust enrichment or tortious interference.