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Residential Water Claims

by George Epps

There are many causes of residential water claims—some of which are covered by personal lines insurance, and others that are not. Quickly repairing water damage can reduce the ultimate cost, but can be a problem if not performed with the insurance adjuster's knowledge. Restoration contractors are often necessary and very helpful.

One of the most common residential claims is from water. Damages from water can be as small as from a minor roof leak to a complete flooding of the unit—with all ranges in-between. No matter the extent of damages, the cause and source of the water is of utmost importance. In many cases, the source of the water determines if there is coverage for the damages. This means that when adjusting any water damage claim, the source of water has to be determined.

A very common water damage claim is damage to a ceiling. Many of these claims are very obvious. There is clearly damage to the roof, and water has leaked through the damaged areas. There will be other claims where

there is no evidence of damage to the roof. In this case, the source of the leak could be at exposed nails, flashing, or valleys. If no covered peril caused the opening that allowed the water to enter, there may or may not be coverage for the interior damages depending on what type of homeowners policy is in place.

Another common source of damage is water from a plumbing, heating, air-conditioning system, or household appliance. These include burst or leaking water heaters, burst or leaking pipes, and leaking or broken ice maker lines. This can also include backup or overflow of tubs, toilets, or sinks, clogged air-conditioning condensation lines, and broken lines to a washing machine. Leaking drains and shower pans are also common sources of water. If there is policy coverage, it usually covers the damages caused by the water, subject to the deductible, but does not pay to repair the damaged or broken water line or appliance. If a broken or leaking water line is inside a wall or ceiling or under a slab foundation, there may be coverage to access the water line but again no coverage to repair the water line itself. The same is true for a leaking shower pan.

Water Claims, continued

A third, and probably most devastating, type of water claim is from flooding. Flooding is also probably the most misunderstood of the types of water claims. The reason for the misunderstanding is that flood is not normally covered by most insurance policies. To have flood coverage, it is usually necessary to have special flood coverage. To purchase flood coverage also might require living in a designated flood plain.

A good rule of thumb in trying to determine if there is coverage for water damage is, "If the water comes down, it might be covered. If it comes up, it is usually not covered." The exception to this is the backup of sewers or drains. On some policies, drain backup is covered.

REPAIRS

Once a coverage determination has been made, it is now necessary to determine the cost of repairs. The quicker water damages can be addressed, the more the costs can be mitigated. Before any repairs can be made, it is necessary to correct the problem. A leaking roof has to be repaired, a broken water line replaced, and flood waters need to recede.

There will be claims where repairs have been started before the adjuster receives the loss notice. These usually involve a large amount of water. They might entail a burst water heater or a broken water line. In these cases, a restoration company may have begun water extraction and dehumidification. One of the main problems with the continued presence of moisture is mold and mildew. It is not uncommon for the adjuster to arrive at the loss location and find the carpet has been pulled and the baseboards pulled. Fans and dehumidifiers are brought in by the restoration company. The quicker the drying process begins, the less likely there will be a problem with mold and mildew. Should mold or mildew be present, the restoration cost and cost to settle the claim can rise significantly.

Once the moisture has been removed and the prop-



erty dried, final determination of damages can be made. Damages might be as minor as sealing and painting a water stain to as serious as replacing much of the structure and contents. The main thing to remember when adjusting water claims is that time is the enemy. The longer it takes the adjuster to get to the claim and the longer the moisture is present, the more chance of increased or additional damages.

RESTORATION CONTRACTORS

One of the assets of water claims is the restoration contractor. Often they are the first to respond to the problem. Sometimes they are called by the agent when the claim

is first reported. In many instances, the restoration company is there to perform the emergency repairs. This might include anything from installing fans and dehumidifiers to pulling the carpet. Sometimes if the water is confined to a small area, the carpet can be dried at the location. On more serious situations, the carpet may need to be taken in to the company facility for drying.

It is also very important to get furniture up and off of wet carpet. In many cases the restoration company will put blocks under the legs of the furniture to get it up and away from the water. Furniture will often have a metal tap at the bottom of the legs. When this tap gets wet, it can rust and leave a stain on the carpet. By blocking the furniture, this stain can be prevented. Blocking also prevents the wooden legs of the furniture from absorbing the moisture and splitting.

One of the biggest problems with wet carpet is the odor. This is normally the result of moisture in the pad. For this reason, the

restoration company will probably remove the pad prior to drying the carpet. This eliminates the odor problem. The wet pad can then be replaced with a new pad. Since restoration companies are usually in the business to save carpet rather than sell new carpet, they are a valuable asset to insurance companies.

As mentioned above, a major concern in today's insurance climate is the problem of mold and mildew. When most restoration companies deal with water claims, every effort is made to prevent any problem with mold and mildew. Often a mold and mildew inhibitor is applied.

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