

Review your insurance policy's water loss coverage

Busted water heaters, overflowing toilets, broken pipes, leaking air conditioning systems, and leaking appliances have become a major source of claims for insurance companies in the past few years, with claims costing from tens of thousands of dollars up to even “six figures.”



While each policy is different, insurance policies have historically provided coverage for typical household water losses with a few exclusions or limitations. However, the costs associated with water losses have become a major financial issue for insurance companies, which must in turn pass these costs along to policyholders **in the form of higher premiums**. Many insurers are also making changes to their policies that **limit or exclude coverage** for water losses.

Examples of changes include but are not limited to:

- Imposing a specific dollar limit for water loss claims.
- Excluding coverage totally if the house has been vacant or unoccupied for a certain number of days unless the water had been shut off and the appliances drained.
- Limiting or excluding coverage based on the age of the home.
- Limiting or excluding coverage for water damage from a water heater older than a certain age.
- Limiting coverage to a specific dollar figure, such as \$3,000, unless the customer uses the insurance company's managed repair program.
- Excluding coverage for water loss claims if the leak has occurred over a specific number of days.
- Waived/reduced deductibles if the customer uses a company-approved contractor.
- Better coverage if the customer calls the insurance company first, before calling a contractor.

FAIA encourages policyholders to **carefully read their insurance policy**, especially relating to water damage coverage, and be aware of the dangers of “assignment of benefits.” Call your agent before signing anything.