



Loss Prevention—Water Damage and Cold Weather

Loss prevention and mitigation of damages are keys to managing community association insurance costs, especially in the areas of water damage and cold weather. The community association that can show an insurer a serious effort at pinpointing potential risks and controlling exposures, such as by eliminating or transferring them, makes a better underwriting impression.

Why is water control important?

Water damage is a major cause of loss claims can be the result of many types of incidents:

1. Pipes (both domestic and sprinkler water) exposed to extended periods of low temperatures freeze and burst.
2. Sprinkler head leakage.
3. Escaped liquids: hot water heater, washing machines/hoses, refrigerators, and toilets.
4. Problems with improper pipe couplings or fittings.
5. Water entering through the building envelope: storms, rainwater, and surface water intrusion.
6. Sewer and drain backup.

By far, the most common losses USI sees are from washing machine hoses, refrigerator icemaker lines, condensate drains/pans, and valves inside individual units.

What can we do to prevent losses?

Install temperature monitoring devices. These products can remotely and wirelessly monitor building temperatures. The products will send a warning notification when temperatures are outside of pre-set limits via a web interface or through smart phone apps.

Install water flow monitoring and shutoff devices. Water flow monitoring devices measure the total volume of water flow throughout a building at any point in time. If the water flow exceeds pre-set limits, the monitoring device assumes there is a pipe breakage and automatically shuts off the primary water main valve. These systems use “home” and “away” settings to allow for everyday water flow for normal operations and a lower threshold during evenings, weekends, or as designated by the user. These devices can be tied into a building’s existing alarm systems.

Install water leak sensing and shut-off devices. These systems have sensors (either wired or wireless) that are placed near water sources or areas potentially vulnerable to pipe freeze and breakages, such as unheated crawl spaces. If water comes in contact with a sensor, an alarm is signaled and a valve automatically shuts off the primary water main. The sensors and shut-off valves can be monitored via web-interface, sending notifications to the user via email, text, or phone call. Use new materials. Replace all plastic couplings with threaded metal couplings, as these fail less often than plastic, especially if plastic couplings have been over tightened. Also, use flexible braided stainless steel outer shield rubber hose (no-burst) supply lines.

Should we always make an insurance claim for water damage?

In recent years, insurance premiums and deductibles have increased, so it is vitally important that community associations make every effort to control claims. Each incident should be evaluated to determine whether a claim to the insurance company should be made. In many instances, it may be better for the community association to pay for the loss if the amount of damage is close to the deductible, rather than make a claim, as many claims may lead to increased rates or dropped coverage altogether.

What should homeowners know about insurance claims?

Homeowners must be made aware of current market conditions and the type of coverage in effect through the association. They need to understand that deductibles have increased and that they could be responsible for paying a substantial deductible. Owners should check their homeowners’ policies to see if they are covered for damage to their unit up to the association’s master property insurance deductible. This type of coverage is generally referred to as “building” or “dwelling” coverage under a personal homeowner’s policy.

What should we know about cold weather and water damage?

Generally, pipes that are exposed to outdoor temperatures freeze more readily, such as hose bibs, swimming pool lines, pipes that run along exterior walls, and water sprinkler lines.

- Drain and shut off outside faucets.
- Insulate pipes in unheated interior areas, such as crawl spaces and attics.
- Wrap pipes in heat tape or thermostatically controlled heat cables.
- Seal any leaks with caulk or insulation.
- Disconnect outdoor items such as hoses and faucets.
- Trickle a little water out of your faucets periodically to keep water moving within the pipes.
- Keep thermostat no lower than 55° when going on vacation.
- Maintain the temperature in vacant or unoccupied units at no less than 55°.
- Monitor temperatures every few hours during cold spells in vulnerable areas.
- Provide safe, portable heaters for areas that might fall below 40 degrees, and use tarps as temporary windbreaks.

Where can learn more about risk management?

More information on this subject is available on the USI Risk Management Center, a unique web-based software suite of safety and risk management tools designed to empower your association’s risk prevention efforts. The basic platform is offered at no cost to our clients as a value-added benefit.

What if we have a claim?

Knowing what to do when an incident occurs is a key factor in mitigating or reducing the cost of a claim. Your insurance agent and/or company should provide 24-hour claim service. Make sure you know the claims process before a disaster occurs.

Where do I go for more information?

If you have any questions or need further information, please contact one of the following:



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Identify Risks

Toilets

78% of failures are caused by faulty supply lines, flanges, and backups

Plumbing

52% of failures are caused by sewer backups

Hoses

8.7 years is the average age of failed washing machine supply hoses

Water Heater

69% of failures are caused by slow leak or sudden burst; 75% fail before they are 12 years old