

What You Need to Know About Water Damage and Homeowners Insurance



Water damage can be devastating, costly and destructive to your home. The causes of water damage can range from weather-related flooding to an overflowing toilet in your master bedroom. The statistics related to water damage are daunting. According to the Insurance Information Institute, over 20% of homeowners insurance losses are due to water damage and freezing, a close second to hail and wind damage.

Do you know what types of water damage your homeowners policy covers? For most destructive events, like fires, your coverage is fairly straightforward and easy to understand. But water damage is different, as some types of water damage are covered and others are not. The general rule of thumb is if it comes from the top down (like rain), it's covered; if it comes from the bottom up (like an overflowing sewer), it's not.

But there's much more to it than that.

Types of water damage

Since water damage can originate from many different sources, water that has overflowed or flooded a home is classified into three categories:

- **Category 1 — clean water:** Uncontaminated water that poses no threat if people are exposed (for example, water from a sink overflowing)
- **Category 2 — grey water:** Water that may contain contaminants with the potential to cause illness if people are exposed (for example, sump pumps or discharge from dishwashers)
- **Category 3 — black water:** Contaminated water that will cause serious illness if people are exposed (for example, sewage spills, standing water or floodwater)

What's covered

Essentially, your insurance company will cover any sudden and accidental water damage. For example, if a pipe bursts, your washing machine hose breaks or your water heater ruptures, damage to your floors and walls will be covered.

Depending on the type of water damage, there are two different coverages in your homeowners policy that apply — dwelling coverage and personal property coverage.

- Dwelling covers the cost to repair a structure in your home damaged by water. If your wall is damaged from a burst pipe, dwelling coverage will cover the cost to repair the wall.
- Personal property covers any belongings that were damaged due to sudden or accidental water damage. If your bookcase is damaged from a burst pipe, for example, your insurance will cover the cost to repair or replace it.

Every insurance policy will have coverage limits — the maximum amount you will be reimbursed for a claim. Make sure to look over your policy so there are no surprises. Also, review your deductible so you know how much you will need to pay out of pocket if you submit a claim.

What's not covered

There are a few situations when water damage is not covered. Some examples are:

- Water damage caused by an overflowing sewer
- Water damage that occurs from flooding
- Water damage from a leaky pipe that hasn't been maintained

You can purchase separate water backup coverage, which may help with damage from an overflowing sewer or drain. If you're in a flood zone, you can purchase a separate flood insurance policy. Even if you're outside a flood zone, it's a

good idea to consider flood insurance due to flood events, such as flash rains and ground saturation.

Prevention begins with routine maintenance

Keeping up with home maintenance can help you avoid some types of water damage. Inside your home, inspect appliance hoses (for dishwashers and washing machines) for cracks or leaks and replace them every five years. Check for leaky faucets, as well as the caulking around showers and tubs. When you leave for vacation, turn off the main water shut-off valve. Outside your home, inspect your roof and check downspouts. Remove any debris that may have accumulated and make sure downspouts are positioned in a way that they drain water away from your house.

Water damage is one of those events that can be tricky. Even if you think you're covered, you may not be in every case. To avoid any unpleasant surprises, review your homeowners policy and understand where your coverage ends. Your insurance professional will be able to recommend the right policies and endorsements to help you navigate your options.

Amber Rice-Manella

(610) 898-6510
amanella@galleninsurance.com

Gallen Insurance Inc

2237 Lancaster Pike
PO Box 100
Shillington, PA 19607
www.galleninsurance.com



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