



# Questions to Ask Your Insurance Provider About Water Damage Coverage

## Introduction

If you think your water-damage coverage on your home insurance is confusing you are not alone. Roughly 50% of Canadians polled by the Insurance Bureau of Canada in 2016 didn't understand their coverage and often overestimated what they were covered for. Without a solid understanding of your coverage, it is difficult to feel confident that you will be adequately protected in the event of a flood. This document provides the background information and some basic questions you need to ask to get help from licensed insurance agents or brokers to increase your understanding and make any necessary changes.

## Water Damage Insurance Coverage 101: Information to Get You Started

Once you understand the water-damage insurance coverage basics below you will be ready to work with insurance professionals to get the coverage you need.

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## **Sudden and Accidental Versus Chronic Water Damage**

Home insurance typically covers sudden and accidental escape of water from a plumbing source. Chronic slow leaks and high humidity levels that lead to mold and mildew growth are typically *not* covered by insurance. Maintaining your home's water protection features is very important in order to reduce the risks of these types of damages.

## **Water Damage Included on your Property Policy**

All personal property policies have historically only covered water damage that occurs within the home from sudden and accidental bursts from a plumbing source.

## **Additional Water Damage Coverages That Might Be Available To You**

For several decades, insurance companies have offered additional sewer back-up coverage for an additional cost. A growing number of companies are now offering several other types of water damage coverages that come from a variety of sudden and accidental sources including overland water, ground water and water and sewer lines.

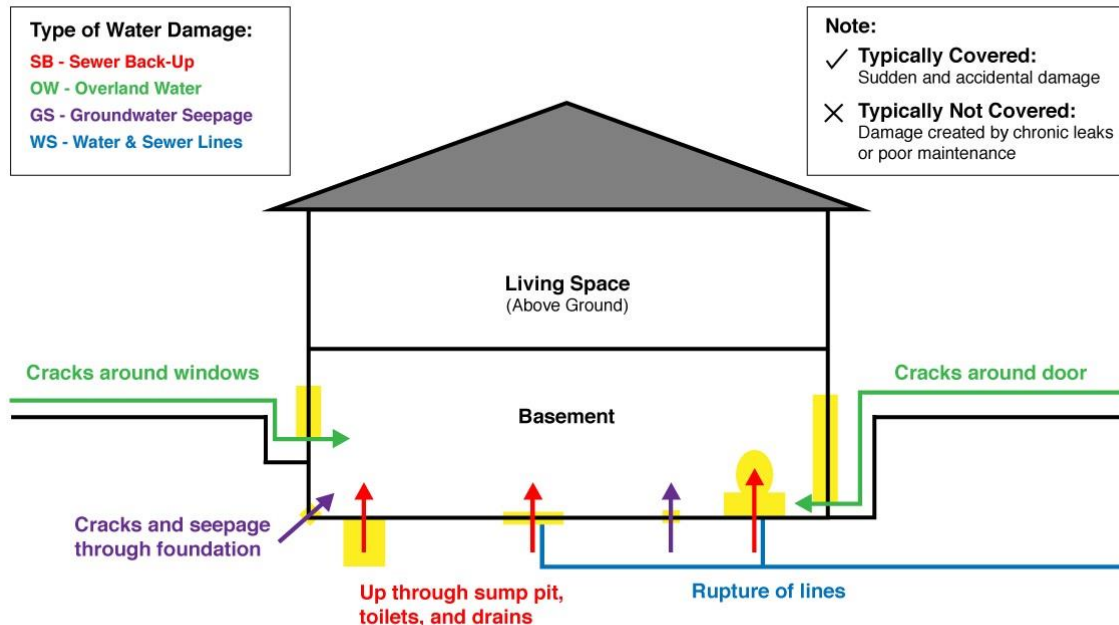
## **The Evolution of Water Damage Coverages**

Each insurance company offers different coverages and these coverages evolve regularly with the goal of meeting the needs of their clients. You can check your policy any time but it is essential to review your coverages on your policy renewal and have a good understanding of these coverages as well as any changes made to your policy. Comparing coverages from a number of different companies will ensure that you understand all of the options available to you and can decide who can serve you best.

## **Describe the *Type* of Water Damage**

The insurance industry has no standardized way that they name the water-damage coverages in their policies. What this means is that you will need to explain the *type* of water damage coverage you are asking about in order to communicate effectively with brokers and agents.

## Optional Insurance Coverage Defined by Type of Water Damage



### Helpful Definitions

Since there are no industry-wide names that are used for different types of water damage coverage, we have provided these simple definitions to help you explain to your agent or broker the *type* of the water damage that you are inquiring about so they can match it with the name of the coverage they provide. For your convenience a comment is made for each type about how commonly available these types of coverages are.

#### Plumbing Source

- Sudden and accidental escape of water from a plumbing source (typically covered in all homeowner policies)

#### Sewer Back-Up

- Sudden and accidental water that backs-up and flows into your home from your municipal sewer or stormwater system including the sump pump (optional coverage available from most companies)



### **Overland Water**

- Sudden and accidental water that overflows from a lake or river, heavy rain or rapid snowmelt and that enters your home from a point at or above ground level (optional coverage available from some companies)

### **Ground Water**

- Sudden and accidental water that enters through a basement wall, the foundation of your house or through the floor. E.g. ground saturation due to a severe storm event (optional coverage available from some companies)

### **Water and Sewer Lines**

- Sudden and accidental water that enters due to a leak, break, tear, rupture or collapse of a water and/or sewer line (optional coverage available from some companies)

### **Water Damage Prevention Resources**

These additional resources provide practical information to help you reduce flood risk at your home.

- [Home Flood Prevention Tune Up \(Factsheet\)](#): Intact Centre on Climate Adaptation
- [Preventative Tips to Avoid Water Damage \(Video\)](#): Insurance is Evolving website

### **Questions To Guide Your Conversations with Insurance Professionals**

What kind of coverage do you have now? Does it meet your needs? If not, how can you get the additional coverages you need? The questions below will help you work with agents and brokers to find the coverage that is right for you.

### **Finding the Right Type of Coverage**

1. What *types* of water damage coverage does my property policy cover?
2. What is excluded under my property policy for water damage?
3. Is water damage coverage included in my premium or do I need to pay an additional premium? Are there different options or packages available for this coverage?



4. Are there limitations to these water damage coverages when added to my policy? Is it the same limits shown on the policy for buildings and contents? \*This is a very important question, as there may be specific limits for these extra coverages that you purchase depending on the insuring company.
5. What is my deductible for a water damage claim? Is it different than my overall policy deductible? Are there different deductibles available and does this effect the cost?
6. If I rent my home or apartment, are my personal belongings covered in the event of sewer backup and overland water?
  - a. Is there coverage like this under a Tenants Package?
7. What types of water damage coverage are available for a rental dwelling? Are the same types of water damage coverages available if I own a rental dwelling? Can I get this coverage added to protect the building and any contents that I own for my Rental Dwelling?
8. If I cannot stay in my home after water damage has occurred, am I covered for additional living expenses? E.g. having to stay in a hotel or motel until it is safe to return home.

### **Incentives and Discounts**

9. Are there any incentives or discounts for storm water best management practices that I may already have in place on my property? E.g. Infiltration Gallery, Rain Garden, Permeable Paving, Bio Swale and French Drains.
10. Are there any incentives or discounts from my insurance company if I install and maintain a backwater valve, sump pump alarm, back up battery for sump pump or water sensor?
11. Are there any discounts for being claims free for a number of years?



## Reporting a Claim

12. Is there a 24-hour emergency claims phone number I can call outside of regular business hours?
13. What are the steps after I report a claim?
14. What can I do myself to help with the situation right away?
15. How quickly will an adjuster call me back or be at the scene?
16. When will a restoration company be sent to my home?
17. If I need water damage restoration services, do you have a preferred list of contractors in my area and do you guarantee their work?

## How will my insurance change after a water damage claim?

18. Would it be best to pay for a claim out of pocket depending on the total? E.g. What if the total damages were \$3500 and my deductible was \$1000. Should I use my insurance for a more catastrophic event?
19. How will my rates be affected if I proceed with a water damage claim under my property policy? (Some companies may offer a special endorsement/clause that would waive your first claim and it would not count against your insurance record).
20. What if I have a second water damage claim or any other type of claim? How will my policy change or will I even be offered coverage?
21. If my company won't renew my coverage because I have submitted more than one water damage claim or another type of claim within a few years...
  - a. Are there high-risk markets that would insure my property?
  - b. Would the premium be much higher?
  - c. Would my coverage limits and deductibles be different?
22. If I have my sewer backup coverage deleted because of my claims history, what can I do to have this coverage added back on again?



23. As my insurance broker, do you have any resources that can help me with basement flood risk- reduction?