

**Protect Yourself Against Costly Water Damage
(It Pays to Know)
by John Quart**

Water causes billions of dollars' worth of damage in California and the question of the day is "Will your insurance policy cover the loss?"

Basically there are two types of policies. A standard flood insurance policy covers, for example, river overflows, heavy rain seepage, or damage from mud slides caused by flash floods. Damages resulting from these natural disasters can only be covered with a separate flood policy. On the other hand, most homeowners and renters insurance policies will typically provide coverage for many other types of water damage, heavy rains that soak through a roof, or broken water pipes that spew water into the home.

The cost to repair these damages are on the rise. Almost three-fourths of water-loss claims each year are caused by an appliance that homeowners use everyday, according to Safeco Insurance statistics. Water related damage expenses have climbed in each of the past four years to approximately \$428.5 million in 2003 which was derived from 63% of the insurance companies that offered information to IINC, (Insurance Information Network of California). IINC is a non-profit non-lobbying organization dedicated to informing consumers and the media about the property/casualty business. The expenses and related insurance damage claims are most often caused by bursting hoses and pipes associated with washing machines, icemakers, lavatories and other household water fittings. These rising household water damage claims have cost California insurers billions of dollars and have resulted in constraints in the homeowner's insurance market. For some insurers, annual water losses accounted for as much as 40% of homeowners' insurance claim payments.

A recent survey conducted by IINC found insurers paid more than \$1.7 billion in water related claims between 1997 and 2003, increasing by an average of more than \$56 million annually. The dollar amount of claims continues to climb unabated with the cost of water damage claims in California exceeding that of many natural disasters. The researchers polled companies which represented 63% of the state's homeowner's insurance market.

How can you tell if you have a water leak? In addition to visual inspections of your home's water connections, look at your water bill. A sudden, unexplained increase in your monthly water bill is a sign of a possible leak. Performing simple household routine check-ups will help protect against the havoc of water damage. Inspect interior and exterior hoses, replace old toilets and old appliances and check the seal and caulking around the showers and tubs. An alternative and practical solution for monitoring water leakage is also available using a simple device marketed by Dora Enterprises. The device attaches directly to the offending water source. The device can be installed quickly with a few simple tools. The device is especially useful on upper floors where washing machines can potentially leak 600 gallons in one hour. It is also beneficial where slow leaks are often found, particularly from ice-maker machines. These slow leaks are especially incendiary as they often cause hidden mold growth.

Consumers should also check their insurance claim-filing history, such as the CLUE (Comprehensive Liability Underwriters Exchange) report from ChoicePoint or an A-Plus report from the Insurance Service Office (ISO). These reports are a record of the homeowner's insurance claims. The better ones claim record, the lower the premium rate. Often times, a homeowner is penalized by their claim submissions, especially for those pertaining to water damage. Not only may the house be blacklisted after numerous claim submissions, but the owner may find it very difficult to reinsure themselves when they buy another house or rent property.

For more information, please contact John Quart, President, DORA Enterprises at 760-533-8203.