



FLOOD OR WATER BACKUP?

Water related losses are the number one paid out claim on home insurance. Here's what you need to know about carrying the right coverage:

Understanding Flood Risks

The National Flood Insurance Program (NFIP) defines a flood as "A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property)."

Some common sources of excess water include overflow of inland or tidal waters, mudflow, collapse of land along a lakeshore or other body of water, and unusual and rapid accumulation of surface waters from any source. Nearly all home insurance policies specifically exclude flooding as a covered peril, meaning a homeowner would need separate flood insurance for water damage from excess flooding. Many home policies also classify flood waters as any water entering the home from outside or seeping in from the ground, whether the amount of water meets the NFIP's definition of a flood or not. So while your home may not be near a body of water or on lowlands, flood insurance may still make sense for you.

Some home insurance companies will offer an inland flood endorsement if you're not in a high-risk flood area. This endorsement often offers several coverage limits that can be added as additional protection to your home insurance policy from inland flood waters. Ask your advisor if your carrier offers this as an endorsement option.

Understanding Water Backup, Damage and Seepage

What about other causes of water damage such as a broken pipe, sump pump failure, or slow leaks? Let's review some claims scenarios and coverage options:

Water Backup Coverage: Rarely included in a standard home insurance policy but can be added as an endorsement. This coverage will help pay the costs associated with damage from water or sewage backing up into your home. Speak with your insurance advisor about how much coverage should be added on your policy.

Water Damage: Often included under most home insurance policies for sudden situations like a broken pipe or malfunctioning water heater. It is still important to check with your advisor to see what situations, if any, would be covered under water damage.

Water Seepage & Leakage: Policies vary dramatically in terms of coverage for these types of events. Some include the coverage for specific situations such as water leaking through the roof and into the attic, unseen. In other situations, coverage for this type of event must be added separately. Your personal insurance advisor can help guide you through your policy and unique needs, so don't hesitate to ask for advice!