

WATER, WATER, EVERYWHERE

STRAIGHT FACTS ABOUT INSURANCE

“Water is public enemy number one these days” according to the national claims manager of one of Canada’s largest property insurance companies.

According to the Insurance Bureau of Canada (IBC), water damage now accounts for almost half of all residential property claims. **Water has also now surpassed fire and smoke damage as the leading cause of claims suffered by our church and charitable organization clients.** Overall, water claims were responsible for \$1.7 billion in total claims paid out collectively by insurers across Canada last year. It is a large part of the reason why Homeowners and Commercial Property insurance premiums have been rising across Canada.

Often the **age, construction and the site location** of a building can make it much more prone to water damage claims. **A history of a large single water claim, or multiple claims in a 5-year period, can result in higher premiums, limited coverage or ineligibility for flood, water escape and water backup insurance coverage for policyholders.**

WHAT ARE THE COMMON CAUSES OF WATER DAMAGE?

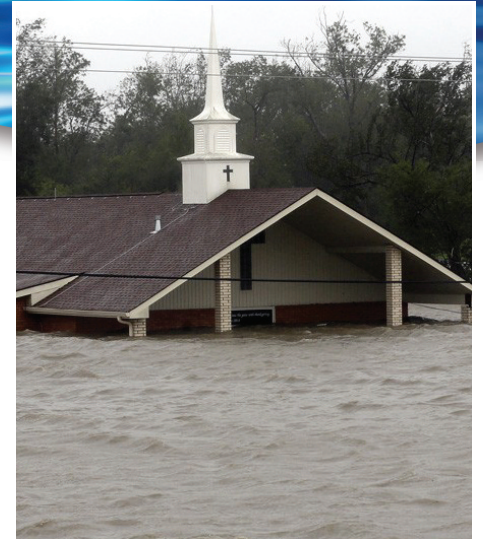
- Blockages due to tree roots
- Frozen water pipes
- Surface water seeping in through pipes
- Improper disposal of diapers, sanitary napkins, fats and grease
- Backup or escape of water from a sewer, sump, septic tank
- A leak in the building’s foundation, basement walls or door
- Poor lot grading or drainage
- Overflowing eavestroughs
- A blocked connection between your building and the main sewer in the street

Increased climate volatility has caused an increase in both the frequency and severity of water claims. In Canada we’ve witnessed large-scale flooding in southern Alberta and severe rainstorms and micro bursts causing massive amounts of rain in a short period of time, such as in Toronto last July and in Winnipeg this year. Wetter winters with larger accumulations of snow and ice on roofs have also caused a significant increase in ice dam roof claims during winter freeze-thaw conditions.

Limitations on funding of adequate public infrastructure have also resulted in deteriorating and/or crumbling municipal storm and sanitary sewer systems which are not being maintained properly, or do not have sufficient capacity to keep up with the demands of new land and building development in some regions.

In North America we’ve also witnessed **significant social change** in the past few decades as homeowners seek to utilize lower floors as space for media rooms and additional bedrooms for extended family, or for boarders. As a result, higher value floor coverings, wall coverings, appliances, high-end electronic equipment and other furnishings have been installed, making those homes vulnerable to more expensive claims from the kind of water backup, water escape and water seepage that can and will happen in lower floor spaces. As with homeowners, church buildings are also more likely nowadays to be constructed or renovated utilizing more highly finished lower floor spaces for kitchens, bathrooms, offices, day cares, community programming, etc.

Finally, there is an **increased public awareness of the long-term health implications of black mould** in areas



prone to repeated water seepage, or with insufficient air flow to eliminate humidity and condensation. If left unattended, this kind of ongoing water damage can lead to structural problems (often uninsurable) and serious health concerns due to toxic mould. Although long-term mould (i.e. fungi, spores) is not an insurable peril under any insurance policy, the additional cost of newly-formed mould caused directly and immediately by an insurable claim is covered and can significantly impact the overall cost of the claim, due to the requirement for proper testing and mould remediation. This often involves the complete replacement of flooring materials, sub-floors, tearing out the lower sections of drywall and replacing kitchen or bathroom cabinetry, to avoid long-term mould growth.

Gone are the days when unfinished basements were used primarily to play floor hockey or to store cardboard boxes filled with old stuff, when the cost of water damage claims were either under the policy deductible amount or rarely exceeded a few thousand dollars. Also gone are the days of just mopping up, pulling up carpeting to hang dry and placing a fan in the corner, hoping for the best. **Today’s average water damage claim sustained by our church and charity client organizations is now almost \$50,000; including a recent \$800,000 church sewer backup claim!**

IN AN INSURANCE POLICY, WATER DAMAGE CLAIMS ARE CATAGORIZED AS FOLLOWS:

FLOOD

The term flood has a very particular meaning in the context of an insurance policy. It does not refer to just any type of water infiltration; it refers to water entering a building due to heavy rain, runoff or the overflow of natural or manmade bodies of water through doors, windows, vents and other above-ground openings, and through basement walls, foundations and floors. Some notable examples of this type of water damage are the Peterborough, Ontario flooding in 2004, the Richelieu River flooding in Quebec in 2011, both the southern Alberta and GTA flooding in 2013 and the regular flooding that takes place in both the Saint John River basin in New Brunswick and along the Red, Assiniboine and Souris Rivers in Manitoba. Also, areas previously not prone to floods are now increasingly experiencing serious flooding.

Almost all personal Homeowners Insurance policies exclude coverage for flood damage. The good news is that your Church and Charity policy usually does cover damage caused by flood, but it is subject to a minimum \$25,000 deductible per claim, or as indicated in your policy.

SEWER OR WATER BACKUP

This refers to any rainwater or sewage forced through storm and sanitary sewer systems, that enters a building through plumbing systems, drains and sump beds. In most cases your policy will include coverage for the backing up of sewers and sumps unless indicated otherwise, subject to the deductible amount shown in your policy declarations.

WATER ESCAPE

Means the accidental discharge, escape or overflow of water or steam from a plumbing, heating, sprinkler or air conditioning system, equipment or appliance, including the rupture of hot water tanks and baptismal tanks.

WINDSTORM

Often water damage is the secondary result of damage caused by severe windstorms, hurricanes and tornadoes. In a severe windstorm, the initial damage to the exterior of the building often creates an aperture (i.e. opening) in the structure, such as in the roof shingles, flashing, vents, fascia, soffit, etc., allowing water to enter and cause damage to the interior of the building.

NOTE: Interior resultant water damage from a windstorm is generally covered in an insurance policy and assuming that a windstorm-damaged roof or other exterior materials are not beyond their expected life due to wear and tear, any necessary roof repair or replacement caused by an insurable peril will also be covered. However, wind damage to a roof with 20-year old shingles that occurs in its 25th year will not be covered. Keep in mind as well that an insurance policy will not cover the cost to make good on the structure or materials if they need to be repaired or replaced due to improper original installation, design or workmanship.

~ REMEMBER ~

An insurance policy typically pays for events that are “sudden and accidental”; it doesn’t cover issues stemming from wear and tear, lack of maintenance or repeated leakage or seepage!

PRACTICAL STEPS FOR REDUCING THE RISK OF WATER DAMAGE:

■ EXTERIOR

Evestroughs and Downspouts

Clear eavestroughs of leaves and debris each year in the late fall.

NOTE: Clogged eavestroughs (gutters), downspouts and drains can trap water or snow on the roof. If the weight of accumulated water, ice or snow grows too heavy, your roof could fail or collapse.

Make sure downspouts extend at least six feet (1.8 metres) from your basement foundation walls and drain away from your building toward the road, side lot or back lot.

Disconnect any downspouts connected to the sewer system.

Rain Barrels

Especially in buildings such as parsonages and rented dwellings, installing a rain barrel can reduce the risk of surface water seeping into the basement.

Lot Grading

Build up the ground around your building so that water drains away. When constructing additions or installing major landscaping or retaining wall features, ensure that proper grading and drainage is not adversely affected.

Roof Maintenance

Trim back tree branches that hang over the church roof to help keep gutters, drains and downspouts clear of debris.

Debris tends to hold water, which hastens roof deterioration. Look for leaves, branches and other material that has gathered behind rooftop HVAC units, pipes, skylights and other objects on the roof.

Check your roof twice each year (spring and fall) to ensure your asphalt shingles are not worn or curling and that the roof surface, flashings, caulking and sealants are watertight. Pay special attention to places where chimneys, pipes and other items protrude and where flashing and caulking may have worn or separated.

For flat Built-Up Roofing (“Tar and Gravel”) or Flexible Membrane Roofing, maintenance and safety should also include:

- A semi-annual visual check to determine the condition of the membrane and flashing, detect and immediately repair any defects to avoid moisture penetration into the roof system and interior, and to determine if there has been any non-destructive moisture penetration into the roof insulation that could lead to future damage.
- Warn equipment servicemen going on the roof against penetrating or dropping tools on the roof. They should be accompanied by your trained maintenance man to ensure no damage to the roof assembly occurs.
- Keep your roof clean and free from debris.
- Recognize that exposure of roof felt bare spots on a gravel surfaced roof can lead to quick deterioration. This requires immediate attention by qualified roofing contractors.
- Remember that flashings, gum pans, gravel stops and all other roof penetrations are the source of most leaks. Pay extreme and careful attention to these features.
- Don't allow unqualified personnel to maintain your roofs, don't permit products of unproven quality to be used on your roof, and don't re-roof over an existing roof, unless a careful evaluation is made, and a qualified consultant, engineer or standards authority gives prior approval.

Any roof type (asphalt shingle, tar and gravel or flexible membrane) should be inspected by a professional if the roof surface is 20 years or older.

Exterior Stairwells

Remove debris from drains at the base of outside stairwells, so water doesn't creep in under doors.

Foundation Maintenance

Have a licensed professional inspect your weeping tiles in case they are damaged or blocked, and check the foundation of your building for any cracks and have these repaired promptly.

Inspect basement window wells to ensure no water has accumulated that will seep back through foundation walls.

Sewer and Drain Lines

Have a professional plumber inspect and if necessary “snake” sewer and drain lines regularly to ensure they are unobstructed. This can help prevent sewage water from backing up into your building during a heavy rain, causing contamination.

■ INTERIOR

Plumbing System

Inspect pipes regularly, looking around connections and joints for signs of corrosion, rust and leaks.

A 1/8” crack in a pipe can release more than 750 litres of water in a day!

Have a professional annually inspect and maintain fire suppression systems to reduce the likelihood of pipes, CO2 systems and sprinklers from leaking or rupturing. If you don't know the system's maintenance requirements, contact the manufacturer.

Ensure that attics, basements and behind walls where pipes run have enough insulation to keep from freezing and bursting, especially walls exposed to prevailing frigid winter winds (predominantly from the northwest and west in Canada).

Keep buildings heated to a minimum of 65° F (18° C) during the winter months, even when the building is not in use.

If you will be away from the building for more than 3 days (72 hours) during the winter heating season, drain the plumbing or have someone come in on a daily basis to ensure the heat is still on.

Sump Pumps

Install a sump pump to remove water accumulating in a below grade sump pit. Ensure that the sump pump is equipped with a backup power supply (generator, battery, 2nd sump pump or water pressure) to ensure operation in the event of a power outage.

Alternatively, tie the pump into your monitored alarm system to alert you in case it malfunctions or becomes overwhelmed in a major rainstorm or flood.



NOTE: Electric sump pumps without any power backup will be rendered inoperable in the event of a power failure, which is commonly associated with the kind of severe storms that cause water backup claims.

Backflow or Backwater Valves

These can prevent sewage in an overloaded main sewer line from backing up into your basement. This valve is installed in a drainage pipe and is designed to automatically close if sewage or storm water backs up from the main sewer. Be sure to check it routinely to ensure it is working properly.

Door and Window Caulking

Once a year, check the caulking around doors and windows.

Kitchen

Check for dampness, warped cabinets and other signs of a water leak under the sink or near appliances and piping. Wetness, soft spots or floor discoloration around the base of dishwashers, refrigerators or ice makers can mean trouble. If you notice these, have a plumber or qualified contractor check nearby plumbing lines and appliances for leaks, including behind walls or under floors.

Appliances

Don't leave the church or parsonage when washing machines or dishwashers are running.

Ceilings

If drywall, plaster or acoustical tile ceilings appear to be bowed, sagging or displaying brown or grey marks, water may be collecting overhead. Cover the floor with plastic or use a large bucket underneath. Then poke a pencil-sized hole in the ceiling to allow the water to drain out. This will aid in drying and prevent a ceiling collapse. Then have a professional determine whether the cause is a leaky roof or pipe.

Hot Water Tanks

Consider replacing tanks after 10 years; otherwise have them inspected and maintained regularly by a plumber, including flushing of sediment and inspection of anode rod every two years. In lieu of a regular water tank, consider installing a tankless water heater.

Baptismal Tanks

Before filling the baptistery, always check that the drain is closed and nothing is obstructing the overflow pipe.

Do a periodic visual check of the baptistery pipes for leaks.

Have someone always stay near the baptistery while it is filling, so that it can be shut off at the first sign of a problem.

If you do not drain the baptistery after each use, turn off the heater between uses to prevent electrical problems.

If you use a portable baptistery, ensure that it is in a location that can support its "filled" weight, use splash guards to protect the floor and ensure that the water level is high enough to accommodate people without overflowing.

Toilets

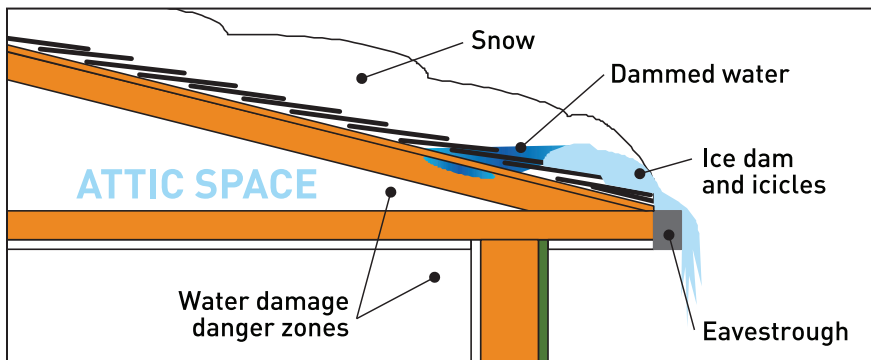
Check regularly to ensure that tanks are not cracked and that all toilet flush valves work properly, especially those in high-usage areas and children's Sunday school rooms.

Waste Disposal

Avoid pouring fats, oils and grease down your drains and toilets. Doing so can cause blockages that result in sewer backup. Dispose of grease properly and post signs in kitchens and bathrooms regarding the proper disposal of paper in waste paper bins rather than down toilets, including personal sanitary products.

Attic

Ensure that the attic is well insulated and ventilated to prevent warm air from escaping upward, to prevent ice dams from forming on your roof in winter. It is often a good idea to have an expert determine the proper amount of insulation and ventilation required in order to prevent ice damming.



NOTE: Roof ice dams form when heat rising from your building melts snow on the roof and the snow runs down to the cooler edges of the roof and refreezes. Eventually the ice buildup prevents water from draining off the roof. This often forces water to work its way underneath shingles or other roof coverings and into your attic or building, causing substantial interior damage.

Winter Maintenance

During winter months, turn off exterior tap valves from the inside, open outside taps to drain the water and disconnect garden hoses. If interior tap valves are left open and exterior taps are left closed during the winter, the water inside the pipe near the exterior can freeze and expand, causing the pipe to burst, and when it warms and the ice melts, water will run into your building until it is turned off. If you do not have an interior shut-off valve, place an insulated cover over the tap.



Compared to a flooded building, water spots on the walls and ceilings or some moisture under a sink might not seem like a big deal. However it is important to repair all water-related problems quickly. Over time, small leaks can weaken floors, walls and ceilings. Within 72 hours, black mould can begin to grow. This can aggravate or trigger respiratory problems in people with asthma or allergies. Once it takes hold, eliminating mould isn't easy either. And the cost to repair damage caused by long-term mould and fungal spores is not insurable!



Effective water loss prevention and early action when signs of water damage are detected is essential in preventing small leaks from becoming large claims in the tens or hundreds of thousands of dollars; unnecessary and preventable claims that can affect your future insurability or that can become uninsurable claims.

