

Common Questions & Answers About Water Overflow Insurance Coverage

1. I received a mailer from Home Emergency Insurance Solutions (HEIS) informing me that my standard homeowners insurance policy will not cover damages from lateral water line breaks. They seem to be offering to sell me a stand-alone homeowner insurance policy for water line breaks on homeowner maintained lines. What can you tell me about this firm and its insurance policy? I am concerned that it is a scam.



According to the Home Emergency Insurance Solutions website, www.home-emergency-ca.com, they are offering 'optional, third-party, non-regulated service performed by a licensed and insured independent contractor. Their policy is underwritten by Wesco Insurance Company (a Delaware corporation), which is located at 59 Maiden Lane, Sixth Floor, New York, NY 10038, and has a license number 08477. In Washington, their Home Emergency Insurance Solutions' license number is 749278.'

This supplemental property coverage being marketed for home lateral water line breaks could be more expensive than asking a homeowners insurance provider for an overflow endorsement. In fact, if a homeowner purchased this stand-alone insurance policy in addition to their existing homeowners policy, it could cost more than 20% more for 40% less coverage than can be obtained through an endorsement on their existing homeowners insurance policy.

2. What other options do ratepayers have? Are there limitations on overflow coverage available to ratepayers?

The standard forms for homeowners coverage typically exclude water damage from lateral connection lines maintained by the homeowner. However, several insurance companies admitted in Washington State do offer a homeowners policy that includes coverage for water line damage. We recommend that ratepayers check their homeowners insurance coverage and contact their agent or insurance provider to discuss their options and request a quotation for overflow coverage. An overflow coverage endorsement can usually be added for a modest additional premium. This is not flood coverage which requires a separate insurance policy.

Please note that there may be limits on overflow coverage available, and in some cases homeowners insurance may not be able to offer an endorsement for overflow coverage at all. In addition, overflow coverage does not typically extend to service connection repairs. One limit on coverage is that if an insurer has paid a water line damage claim on the site in the past, they may not extend coverage because of concerns about mold exposure. In many communities, older sections of water systems may be located in areas where homes may not qualify for water line damage coverage at all.

3. How does the cost of this stand-alone insurance product compare to other insurance coverage options?

INSURANCE CARRIER	HOME EMERGENCY INSURANCE SOLUTIONS	OTHER STANDARD CARRIERS (ALLSTATE, MUTUAL OF ENUMCLAW, NATIONWIDE, STATE FARM, ETC.)
COVERAGE	\$59.95/YR FOR \$3000 PER OCCURRENCE(\$12,000 ANNUAL AGGREGATE LIMITS)	\$25 TO \$50 PER YEAR FOR OVERFLOW COVERAGE FOR \$5,000 TO \$30,000 PER OCCURRENCE LIMITS