

Sump Pump failure and sewer water backup concerns on your home owners policy

Basements present a homeowner exposure that must not be overlooked. The first step for a homeowner is to determine whether or not their home contains a sump pump or floor drains. The next step is to determine what could be damaged if the sump pump were to fail or if the home would incur a sewage backup. Will a homeowner incur damage to just the house or will personal property, heating & cooling equipment, and improvements such as a family room, bedroom, or other type of social room be affected by this type of loss.

Water from nonfunctioning pumps and from the backup of drains in basement floors can cause substantial loss, varying according to the nature of the property-real and personal-that is exposed and damaged. Such a loss is not covered by most homeowner's policies but may be covered by a special endorsement. The endorsement is offered in two ways. Option 1 includes coverage for both the structure and personal property located in the basement. Option 2 limits coverage to the dwelling structure only but sometimes including heating & cooling equipment some refrigeration coverage and some washer & dryer equipment coverage. Obviously, if a homeowner has personal property in the basement they want to have that covered by the special endorsement and should check with their agent about the details of their policy.

A water damage exclusion common to homeowner's policies applies to damage caused by water from three sources:

1. Flood, surface water, waves, tidal water or overflow of a body of water.
2. Water below the surface of the ground that exerts pressure on or leaks through the structure.
3. Water that backs up through sewers or drains or overflows from a sump.

Subject to additional premium, item 3 can be endorsed to a homeowner's policy covering water that backs up from a sewer or a sump pump overflow. All such endorsements modify the basic policy to cover losses to an insured dwelling, related private structures or personal property (if included on the endorsement) caused by water that either backs up from a sewer or drain or overflows from a sump, sump pump or similar system. (A sump is a pit or well where water is allowed to drain or to collect.) Some policies have a special deductible for this loss, often \$500 or \$1,000; some policies use the regular homeowner policy deductible. Coverage can usually be purchased in \$5,000 increments and is subject to the policy's limits. It is made clear in the endorsement that coverage is provided even when the overflow or discharge from a sump, sump pump or related equipment is due to mechanical breakdown of the pump. In such a case, cost of repair or replacement of the broken pump would not be paid in such circumstances.

When arranging for homeowners insurance, be sure to inquire what coverage is available for the homes basement.

We are reminded of the hypothetical meeting of next door neighbors over the back fence. Both carried homeowners insurance except one elected to choose the option of sewer water backup & sump pump overflow coverage. The other is not pleased when his insurance company denied his claim after the city sewer blockage caused backup in both homes. Don't let this happen to you.

Lest there be confusion or uncertainty, WATER DAMAGE FROM FLOODING OR FROM WATER BELOW THE SURFACE OF THE GROUND CONTINUES TO BE EXCLUDED WHEN A SEWER BACKUP OR SUMP PUMP OVERFLOW ENDORSEMENT IS ADDED TO THE HOMEOWNERS POLICY.

In closing, ask yourself do you need the coverage? Do you want coverage for the home & the personal property? Be sure you discuss this endorsement with your agent because some policies DO NOT COVER personal property.