WATER DAMAGE - LOSS CONTROL
# Table of Contents

**Executive Summary** ........................................................................................................ 1

**Facility Systems Water Damage** ...................................................................................... 2
  Frozen Pipes ..................................................................................................................... 2
  Sprinkler Systems .............................................................................................................. 2
  Hot Water Tanks ............................................................................................................... 3

**Sewer Back Up** .................................................................................................................. 4

**Storm Damage** ................................................................................................................ 5

**Floods** .................................................................................................................................. 5

**Additional Loss Prevention Measures** .............................................................................. 7
  Water Flow Systems .......................................................................................................... 7
  Back Flow Systems ............................................................................................................ 7
  Sump Pumps ....................................................................................................................... 7
Water Damage - Loss Control

EXECUTIVE SUMMARY

Axis Insurance Managers pride themselves on offering the very best customer service. Not just when we’re talking to you about gaining your business, but when you are a client. And we know getting the best possible price and broadest coverage is important and key to maintaining the lowest insurance cost is effective loss mitigation. One of the most significant causes of property claims is water damage and there are many inexpensive measures that can be taken to reduce the risk of incurring severe water damage losses or mitigating the severity of a loss.

That is why we have prepared this brief report to help guide in implementing risk management techniques to avoid the consequences of water damage, losses. Not only will you potentially save premium but also other on-insured costs such as deductibles and loss of productivity while dealing with the restoration of your property.

To achieve the best possible coverage and pricing over the long term it is imperative to keep the number and severity of claims as low as possible.

Insurance Companies will calculate the financial results of your insurance program by dividing the total claim amounts by the premium to develop a percentage called the loss ratio. The lower the loss ratio the better and a low loss ratio assists in maintaining the best possible pricing.

We have analyzed claims and it is evident that one of the largest causes of property claims relate to water damage. This includes losses caused by flood, sewer backup, burst pipes and storm damage. See chart below:

57% Water Damage Accounts for 57% of Claims

60% of Water Damage claims could have been prevented or mitigated

3x On average Water Damage claims are 3 times more costly
The most common cause of water damage in buildings is the malfunction or failure of the buildings' internal water systems. A building's water system includes but is not limited to its pipes, hot water tanks, sprinkler systems, and sinks. The maintenance on internal building systems can also prevent water damage, and should therefore be inspected. Items to inspect would include some of the following:

### Frozen Pipes
A freezing pipe usually leads to a rupture, causing a tremendous amount of damage. They are however, some of the most preventable risks.

**Monitor Freezing Pipe Conditions**
- First sign of a freezing pipe is reduced water flow from a faucet
- Heat property to a minimum of 65 degrees in the winter
- Drain the water system if the premises will be unused for an extended period of time
- Run water through faucets first thing when you arrive and last thing before you leave.
- Wrap pipes nearest exterior walls with pipe insulation
- Heat the basement and consider weather sealing your windows
- Insulate walls
- Install covers on all outside faucets

### Sprinkler Systems
Since a sprinkler system usually spans the entire building, if it fails it is likely to cause widespread damage. The piping and sprinkler heads are generally exposed, making them susceptible to being bumped and damaged.

**CLAIM EXAMPLE:**
A client's sprinkler system failed where a water line ruptured due to freezing, resulting in damage to their building on multiple floors, including a collapsed ceiling.

### Maintenance of Sprinkler Systems
- Systems should be installed with flow sensors
- Systems should be inspected annually
- Sprinkler activation sensors should be monitored
Water Damage-Loss Control

Hot Water Tanks
Routine maintenance and inspection are usually enough to prevent a burst or rupture of a hot water tank. Sometimes unforeseen incidents do happen and in order to mitigate damage there needs to be control systems in place.

CLAIM EXAMPLE:
The Hot Water tank burst, water leaked through to the floor below causing damage to several rooms. The tank was only a few years old with no previous incidents.

Maintenance of Hot Water Tanks
- There should be a floor drain to allow for a tank rupture without causing significant damage to surroundings
- Tags on tanks should be checked to determine their age and when they were last serviced
- Large tanks should be drained and inspected a minimum of every 6 years
- Small tanks should be replaced a minimum of every 10 years
SEWER BACK UP

Sewage backups not only cause damage that is difficult and expensive to repair, but also create health hazards. Many property owners are not aware that they are responsible for the maintenance and repair of their sewer lateral, which is the pipeline connecting the building to the city sanitary sewer main. A cracked or deteriorated lateral can allow groundwater to enter the system, contributing to the possible sewer backup problems.

CLAIM EXAMPLE:
A sewer backup at a client’s premises resulted in damage to the floor as well as the ceiling below. Ceiling needed to be removed and new drywall needed to be installed.

CLAIM EXAMPLE:
Heavy rains in 2013 hit another client location and overwhelmed the sewer lines, causing a backup. The drains around the building backed up resulting in water damage in multiple areas.

Precautions to Prevent Sewer Back Up
• Proper disposal of grease
• Proper disposal of paper products
• Do not connect flood control systems such as drains or sump pumps to sewer line (it’s illegal)
• Install a Backwater Prevention valve, which is a fixture installed in the sewer line that allows sewage to go out but not come back in

In the event of a sewer backup immediate cleanup is critical. A prompt cleanup of the affected property can prevent mold and further damage.

The Cleanup Should Include:
• Removing Spillage
• Using disinfectant to wipe walls and mop floors
• Flushing out plumbing features
• Removing wet carpets or drapes
• Repairing or removing damaged wallboard
Water Damage-Loss Control

STORM DAMAGE

Following a storm there can be considerable damage to your building and surrounding property, which may allow for water to enter. After a storm has occurred there are some key areas to focus on in order to minimize water damage.

What to do After a Storm:

- Inspect your attic for leaks from roof or water damage to ceiling
- Following a snow storm, check for ice dams and frozen gutters which could prevent proper drainage, allowing water to seep under roof
- Check for frozen pipes
- Check for damaged siding on building

CLAIM EXAMPLE:
Roof started leaking due to exceptionally heavy rains. Water entered the building for three consecutive days, damaging the installation and ceiling panels.

However, the most effective way to minimize water damage is to storm proof the building. Damage can be avoided by taking preventative measures to not let water enter the building.

Preventive Measures Before a Storm:

- Caulk and seal windows
- Inspect your roof, look for missing, damaged and aging shingles
- Check your downspouts, remove debris and position so they direct water away from the building
- Install gutter guards, devices which prevent the clogging of roof gutters
- Keep trees trimmed and remove branches that could fall on your building

CLAIM EXAMPLE:
Heavy rains in late 2014 entered into a client’s building through a puncture in the roof.

CLAIM EXAMPLE:
The chimney of the building was damaged from a storm, creating an opening for rain water to enter the building. Water damage went down two stories, all the drywall needed to be checked and replaced.
Incidents involving floods tend to be expensive and regularly leave facilities un-usable for extended periods of time. Unfortunately they are some of the most commonly occurring incidents experienced by clients across the province. Flooding can result from a wide range of uncontrollable events.

CLAIM EXAMPLE:
Recently a lower mainland client had an issue with flooding, which caused water damage to the lower level of their building. A creek behind their premise had clogged, and the overflow flooded the property.

While in some cases it is difficult to avoid flood damage completely, there are preventive measures which can be taken to mitigate and reduce damage.

Precautions to Prevent Flooding:

* Maintenance
  - Annual inspection of drains to make sure they are clear
  - Annual inspection of water collection systems
  - Annual inspections of roof gutters

* Runoff
  - Adequate number and size of drains on property
  - Are there structures around the building preventing runoff?
  - Does grading lead away from the building?

* Pumps
  - Sump pumps are pumps used to remove water that has accumulated in water collecting sump basins
  - There should be at least two pumps per sump

If flooding does occur, there are still steps which should be taken immediately to reduce damage. How a flood loss is handled in the first 24 hours is critical in mitigating the total amount of damage, and a previously in place flood contingency plan is the most effective way to respond.

The Flood Contingency Plan Should be Known by all Employees and Include:

* Specific set of conditions that will activate the plan
* Identification of elements which need to be shut off or secured in the event of a flood
* All control valves should be clearly labeled, and instructions to operate them should be easily understood

What to do After Flooding:

* Remove water damaged materials immediately
* Remove as much standing water as possible
* Ventilate with fans or use dehumidifiers to dry out building
ADDITIONAL LOSS PREVENTION MEASURES

Water Flow Sensors
Water flow sensors are a leak detection system installed directly in the pipes of the building. Damage Control Pro, a local company, has a cutting edge flow sensor called AquaTrip. AquaTrip monitors the flow of water into your property, and will shut off the water automatically in the event of a tap left running, a burst pipe, or if a tap, fitting, pipe, toilet, cistern or appliance is leaking. This will save water and minimize property damage. The cost of both the hardware and installation together is under $500.

Back Flow Valves
Backwater Prevention valve is a fixture installed in the sewer line that allows sewage to go out but not come back in. Placed in the sewer lateral in the basement, the valve automatically closes if sewage backs up from the main sewer.

Sump Pumps
Sump Pumps are pumps used to remove water that has accumulated in water collecting sump basins. They are located in the basement and are one of the most effective tools for mitigating flood damage.

To find out more, or if you have any questions about your policies or risk management, loss control or loss mitigation, please contact Axis Insurance Managers Inc. at 604.731.5328 or email info@axisinsurance.ca. We would also be pleased to discuss any aspect of risk management related to your business.