Water Back-Up Am I Covered?

Super Storm Sandy in 2012 highlighted the disparity among homeowner policy coverage forms in the marketplace. Some policyholders had coverage for damage caused by water backup in their basements. Others found that their policies did not cover the damage if the backup resulted directly or indirectly from flood.

This was because of provisions in the policies known as the "concurrent causation" clause.

What is "Concurrent Causation"?

Most homeowner's policies have a "concurrent causation" clause in the exclusion section of the policy (the section that describes the causes of loss for which there is no coverage.)

The purpose of this clause is to clarify that the insurance will not cover losses caused by certain things, even if another cause or event contributed "concurrently" (at the same time) or in any sequence to the loss.

Below are four examples of claim scenarios & how different companies could respond...

How Do I Get Coverage?
In general, you must specifically request coverage for damage caused by water backup and sump discharge or overflow. This coverage is not automatically included in a typical homeowner's policy.

What's the Cost?
The cost depends on the dollar amount of coverage provided and the insurance company you choose. It can be anywhere from $30 for $2,500 of coverage to almost $175 for $25,000 of coverage.
(These are averages; ask your agent for actual costs)

Common Coverage Features
Most endorsements cover water or water borne material that backs up through sewers or drains or overflows from a sump, sump pump, or related equipment. Be aware of coverage exclusions that mean you will not have coverage under certain situations.

Not So Common Coverage Features
Some insurance companies include a special deductible for water back-up coverage, which can be as little as $250 or as large as $1,000 or more. The water back-up coverage will only kick in after the total loss exceeds the deductible amount. Be sure to check the endorsement on your policy.

What's Covered & What's Not?
Water back-up endorsements vary by insurance company. Policyholders should review the forms attached to their policies and discuss them with their agents or brokers.

WHAT IF?	DO I HAVE COVERAGE?			
	ISO form HO 23 85 10 11 *Limit: $5,000* *Deductible: $250*	Company A *Limit: $5,000* *Deductible: $250*	Company B *Limit: Up to policy limit* *Deductible: $0*	Company C *Limit: Up to policy limit* *Deductible: $1,000*
The motor on my sump pump failed and resulted in water in my basement.	YES	YES	YES	YES
I need to replace the sump pump. Is it covered?	NO	NO	NO	NO
The creek behind my home overflowed due to heavy rain & water entered my basement when my sump pump couldn't keep up with the volume.	Yes. Form covers damage caused by surface water that overflows or is discharged from a sump, sump pump or related equipment.	No. Form doesn't cover damage - directly or indirectly resulting from flooding.	No. Form doesn't cover damage - directly or indirectly resulting from flooding.	No. Form doesn't cover damage - directly or indirectly resulting from flooding.
My washing machine leaked water because the drain was clogged.	Yes. The HO policy covers damage caused by accidental discharge of water from an appliance.	Yes. The HO policy covers damage caused by accidental discharge of water from an appliance.	Yes. The HO policy covers damage caused by accidental discharge of water from an appliance.	Yes. The HO policy covers damage caused by accidental discharge of water from an appliance.
I live near the coast and a storm surge caused water to enter my first floor living room.	No. Form does not cover damage caused by water that did not originate from the dwelling.	No. Form does not cover damage -directly or indirectly resulting from flooding.	No. Form does not cover damage -directly or indirectly resulting from flooding.	No. Form does not cover damage -directly or indirectly resulting from flooding.