



INTERWEST
INSURANCE SERVICES, LLC

MAY 2024 | VOLUME 5 | ISSUE 5



NEWSBLAST

High-End Homeowner's Insurance

More Insurers Insist on Auto Water Shut-off Valves

INSURERS ARE increasingly requiring policyholders with high-end homes to add automatic water shut-off valves to reduce the likelihood of major damage after a pipe leaks or bursts.

In the past insurers offered discounts to homeowners who install these devices, but as the costs of water damage claims have skyrocketed in the past few years, more carriers are requiring that homeowners install them as a prerequisite for underwriting a new or renewal policy.

Water damage or freezing pipes was the second-leading cause of home insurance claims from 2016 to 2020, according to the Insurance Information Institute. The average water leak goes undetected for more than 75 days, often resulting in serious and widespread damage to a home, according to EMC Security.

These systems can mean the difference between a cleanup with a mop or having extensive damage that takes months to repair and may require the homeowner to move out while the work is performed. Also, once a homeowner files a water damage claim, they can expect to see their premium go up upon renewal or the insurer may non-renew the policy.

How they work

Leak-detection systems with auto water shut-off valves typically include sensors that are placed around the house to detect pooling water or leaks. If water is detected, the sensor wirelessly sends a message to the valve via a smart hub and shuts off the water to the home.

Other systems monitor water flow and shut off the water if they detect anomalies.

Most shut-off valves connect to a smartphone app that pings the homeowner when it is triggered.

MANY OPTIONS

There are a number of leak-detection and water shut-off valve products on the market, like:

- Flo-Logic
- Watts Water Technologies
- Detection Group
- Moen

Insurers taking action

Insurers requiring these systems in homes they insure are in areas with high concentrations of affluent homeowners and where coverage is growing increasingly scarce, like California and Florida, but it's also happening in other parts of the country.

According to a *Property Insurance Report* newsletter, a number of carriers have taken similar steps, as follows:

State Farm. In February 2023, the country's largest homeowner's insurer started requiring that all of its policyholders in California with estimated replacement costs of \$2 million to \$4 million install auto shut-off valves. Prior to that the insurer only required them on secondary homes with replacement values of \$1.5 million or more.

Farmers. Since 2022, the insurer has required them in California homes that are

See 'Auto' on page 2



INTERWEST
INSURANCE SERVICES, LLC

8950 Cal Center Dr., Bldg 3, Suite 200
Sacramento, CA 95826

Phone: (800) 444-4134
Fax: (916) 979-7992
E-mail: newsletters@iwins.com
www.iwins.com

CA License No.: 0B01094

Driving Safety

The True Costs of a Drunk Driving Arrest

MORE THAN 10,000 people die every year in car accidents that involve at least one driver who is under the influence of alcohol or narcotics.

And while the number of accidents involving alcohol is in the tens of thousands, about 1.5 million people are arrested annually for driving under the influence, according to the National Highway Traffic Safety Administration.

If you are arrested, you can expect to pay out substantial sums that could be close to \$20,000. You'd not only be looking at fines, but also legal fees, impound fees and many years of sky-high insurance premiums, among other costs.

How the costs mount up

Besides the fact that you can change someone else's life forever, if you are arrested for a DUI here's what you can expect:

- Bail ranges from \$100 to \$2,500.
- If you are arrested for a DUI offense, you should expect to be jailed for a period of time. You will have to pay to be behind bars, which can sometimes cost hundreds of dollars.
- Sentencing fees of up to \$250.
- Probation fees of \$200 to \$1,200.

- After you are arrested, law enforcement will have your vehicle towed to an impound yard. Car towing and impound fees can often cost you upwards of \$1,200.
- California DUI fines range from \$390 to \$5,000 plus penalty assessments and fees that can raise the total cost to \$18,000, depending on your DUI charge. DUI with injury or property damage may also require you to pay injured parties.
- On top of that, many states require some jail time after a conviction.
- Attorney fees for a DUI can run from as low as \$1,500, but on average the figure is closer to about \$3,500, depending on where you live. These fees will be higher for repeat offenders.
- California requires first-time offenders to fit their vehicles with an ignition interlock device that they must blow into to ensure they are below the legal limit for six months. These devices cost between \$500 and \$1,500.
- If you are banned from driving for a certain period of time, you'll have to find alternative modes of transportation, like public transportation, Uber or a taxi.
- Your insurance will jump nearly 200%.

As you can see, the numbers add up quickly and you could be looking at extra outlays of at least \$10,000 – and close to \$20,000 if your case is more serious. Also, the above costs do not take into consideration if you injure or kill a third party.

Also, your auto insurer may drop you, forcing you to shop around for new coverage, which is not easy with a fresh DUI arrest on your record. You may have to use an insurer that specializes in high-risk drivers, and that will cost you, too.

In California, your DUI conviction will remain on your driving record for ten years starting on the date of your arrest.

The takeaway

The best way to avoid all of these costs is not to drink and drive, period. But, if you are ever arrested for a DUI offense, you should contact us to discuss your insurance options.

If you do drink, buy a portable breathalyzer to check yourself before driving, and act accordingly. ❖



Continued from page 1

Auto Shut-off Valves Can Help Avoid Major Damage

older than 30 years with plumbing that has not been updated in the last 20 years. It also requires them in homes with replacement values of \$1 million or more.

The Hanover. This carrier is starting to require the devices for new standard and high-net-worth homeowner's policies that it writes.

The takeaway

Insurers are primarily requiring these valves for high-end homes because they typically have more frequent and costly water

losses due to the number of bathrooms and complex plumbing systems.

Even if you don't own a multi-million home or if your carrier doesn't require an auto shut-off water valve system, they are a good investment and can mean the difference between cleaning up a small puddle of water and a months-long repair job, in addition to the specter of having your policy non-renewed and/or paying higher rates.

Check your insurer's website for systems it may recommend. ❖

Homeowner's Issues

Insurance Companies Get Picky About Older Roofs

AS HOMEOWNER'S insurance companies become more selective about whom they will or won't cover, one element that can make or break the deal is the age of the roof.

Some insurers in states at high risk of natural catastrophes are refusing to offer coverage for homes with roofs of a certain age. Some carriers won't accept or may restrict coverage for a home with a roof that's older than 10 years, while others cut it off at 20 years.

Roof damage accounts for more than half of homeowner's insurance claims, according to Lending Tree, and with older roofs come more chances for damage during storms. Age can cause shingles to become brittle and break or decay, and high winds can dislodge damaged shingles and send them flying.

However, insurers face difficulties in getting an accurate number for how old the roof is. According to a report by insurance consulting firm CBIZ, incorrect roof age information results in \$1.3 billion in premium leakage every year for U.S. insurers.

WHAT INSURANCE COVERS

Most home insurance policies will pay (minus deductible) for a new roof if the damage is due to a covered peril, such as:

- Falling objects (like tree branches)
- Fire
- Hail
- Wind and convective storms
- Hurricanes
- Rain
- Tornadoes
- Vandalism

The challenges

There are two issues insurers face:

Deception – Some policyholders or prospective customers may lie about the age of their roof (a bad idea) if they fear being rejected for coverage or having to pay a higher premium. Insurers may price policies differently depending on the age of the roof.

Obviously, lying about the age of a roof may lead to a lower premium, but the insurer is being shortchanged for the additional risk it is unknowingly taking on.

However, if the policyholder files a roof-related claim, the claim could be denied due to the deception. As well, if the insurer finds out about the deception it would likely cancel coverage.

The homeowner doesn't know – More often, the case is that a policyholder may not know how old the roof is because they bought the home years after it was replaced.

If you don't know the age of your roof, you may be able to do a search at your local building permit office if your jurisdiction requires such permits to replace roofs.

WHAT SOME INSURERS ARE DOING

- Some may access building permits, but not all municipalities require permits for roof replacements, particularly after a major storm.
- Some insurers may conduct an in-person inspection of the roof.
- Some use historical aerial imagery to estimate roof age. This requires a person to look over years of images to determine when the roof was replaced. As a result, some insurers are using AI tools to do this work for humans.

The benefits of a new roof

If you have a newer roof, you will benefit in the form of lower premiums and, if you have to file a claim, you may see a higher payout, depending on the policy type you have. The preferred policy is a replacement cost policy since it will pay the same amount regardless of the age of the roof.

However, actual cash value policies would pay out less, depending on the age of the roof. ❖





Smart Planning

How to Keep Your Family in Touch in Emergencies

MOST PEOPLE do not expect to ever find themselves in the midst of an emergency or disaster. These events happen, though, and they can be made worse when families have not planned ahead for how they will communicate at such a time.

Members of your household might not be in the same place during an emergency, including:

- School shootings
- Extreme weather, such as tornados, hurricanes and blizzards
- Workplace violence
- Explosions, whether from bombings or gas leaks.

When these kinds of events occur, people naturally want to know whether their loved ones are safe.

But, communicating with other household members may be complicated by factors such as outages affecting power supplies, internet access, and cell phone service. Extreme weather may make transportation inadvisable. Local authorities may even prohibit unnecessary travel.

Without advance planning, the natural response may be anxiety at best and panic at worst. In the heat of the moment, individuals may take rash actions, placing themselves at risk.

Questions You Should Be Able to Answer

- How will everyone get emergency alerts and warnings?
- How will they communicate with each other if normal communication channels are down?
- How can individuals let the others know their condition?
- Where will they meet up and how will they get there?

Emergency Communications Plan Elements

- The names and contact information for individuals outside the area for family members to get in touch with.
- Addresses of locations in the area for the family to gather.
- Names, addresses and contact information for all family workplaces.
- Names, addresses and contact information for all schools.
- Names and important information for all family members, including dates of birth, Social Security numbers, and vital medical information.
- Contacts for all family medical providers, including physicians, dentists, pharmacies, veterinarians and specialists.
- The names and phone numbers of health, auto and homeowner's or renter's insurance companies, and policy numbers.

Family members should plan to report where they are, their condition, and whether they can travel. If you have pets, the report should include their location, condition and who has custody of them.

The Federal Emergency Management Agency has developed emergency planning templates. The one for parents contains self-explanatory fields for entering vital information.

The one for children, in addition to having fewer fields for the most basic information, has spaces for drawing maps that show emergency gathering locations and all exits in the home for use during fire emergencies.

FEMA also has a wallet-sized template. Every member of the household should have copies of the plan, which they can keep for storage in wallets, purses, backpacks and glove compartments.

Your family may never need to use the emergency communications plan. But, having one on hand can make dealing with an emergency easier for everyone by reducing stress and worry. ❖