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# NEWSALERT

## High-End Homeowner's Insurance

# More Insurers Insist on Auto Water Shut-off Valves

**I**NSURERS 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 round 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

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## State Law Requires Insurers to Verify Your Annual Mileage

**U**NDER STATE law, auto insurers are required to verify vehicle mileage at least every three years, including current annual mileage and miles driven to and from work and/or school.

The state requires insurers to collect this information so that they can price their policies according to a policyholder's risk and ensure that drivers who spend more time on the road pay a higher premium than those who drive less.

Most insurers send out forms requesting annual mileage annually. If the form isn't returned, insurers are allowed to use the California Department of Insurance permitted 12-month mileage estimate of 13,000 miles.

### WHAT INSURERS MAY ASK FOR

- Annual mileage.
- Driving distance of commuting to work or school.
- How many miles are driven in the course of employment.
- How many miles are driven for pleasure or other purposes.
- The current odometer reading of the vehicle.

Insurers can also ask for, but can't require:

- The policyholder to produce service records which document the odometer reading of the vehicle to be insured.
- The policyholder to install a mileage tracking device that is either provided by the insurer or made available to the insured to accurately collect vehicle mileage information.

Finally, state law permits insurers to obtain and use smog-check odometer readings from the California Bureau of Automotive Repair, the California Department of Motor Vehicles, or any other governmental agency that maintains odometer readings to estimate annual miles driven.

### The takeaway

It's important that policyholders are honest about the miles they drive. If an insurer learns that a policyholder has been low-balling their mileages, they may non-renew the coverage.

You can measure your miles to work on the drive and you can look at your last repair bill to estimate how many miles you have driven, in order to project your total miles driven for a given year. ❖



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## 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. ❖



# HOW TO HAVE A SAFE 4th OF JULY CELEBRATION

**F**OURTH OF July is one of America’s favorite holidays and it’s a time to enjoy Independence Day with your family and friends. Unfortunately, every year more than 11,000 people are sent to the emergency room for fireworks-related injuries and in a typical year about eight to 10 people are killed by fireworks.

On top of that, Fourth of July fireworks start an average of 18,500 fires every year, including 1,300 structure fires, 300 vehicle fires and 16,900 outside fires, according to the National Fire Protection Association.

But you can take steps to protect your family and your property so that you don’t have to be one of those statistics. It all comes down to common sense and respecting the power of the fireworks.

**Mind the sparklers** – Usually these are known as “kiddie” fireworks, but you may be surprised to know that they cause a quarter of house fires on the Fourth of July. Sparklers are best handled by people aged 12 and older. Children younger than 12 require extreme supervision. Everyone handling sparklers should wear closed-toe shoes, and not flip-flops or sandals, to protect their feet from sparks.

**Adult supervision** – Always have an adult supervise fireworks activities and never allow children to play with or ignite fireworks.

Sparklers alone account for one-quarter of emergency room fireworks injuries.

**Keep a safe distance from your home** – If you are going to use fireworks at home, be sure you’re lighting them in a safe area. A safe area means away from homes and buildings. Look out for tree limbs or bushes that could catch fire.

If your gutters have accumulated leaves, pine needles or other flammable material, clean them before using fireworks near your home. If you’re leaving town for the holiday, ask a neighbor to keep an eye on your house.

**Be prepared for the worst** – If you set off fireworks, keep a bucket of water handy in case of malfunction or fire. A fire extinguisher should be kept nearby in case of an emergency, especially if you are lighting fireworks on your street.

**Follow instructions** – Always follow instructions for lighting fireworks. If fireworks malfunction, don’t relight them. Douse and soak them with water, then throw them away. Also, never ignite fireworks in a container, especially one that is glass or metal.

**Stay away from others** – Don’t aim fireworks at other people. They can cause severe injury.

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# Appliance Safety Tips to Prevent Fires, Insurance Loss

**H**OME APPLIANCES provide convenience and comfort in our daily lives, but they can also pose significant risks if not maintained properly.

Fires originating from household appliances are a common cause of property damage and insurance claims.

To protect your home and reduce the chances of fires and insurance loss, follow these essential safety tips.

## Clean up lint and dust

Dust and lint can accumulate behind and under your refrigerator, creating a potential fire hazard. Make it a habit to clean these areas at least twice a year.

Also, clean the lint trap after each time you use your clothes dryer, and periodically inspect and clean the vent to prevent lint buildup, which can ignite and cause a fire.

## Water heater maintenance

Have your water heater checked annually by a professional to ensure it is functioning properly and safely.

You should also ensure that your water heater is in a well-ventilated area to prevent the buildup of hazardous gases.

## Stove and oven safety

Keep flammable items such as dish towels, paper towels and wooden utensils away from the stove and oven. Never leave cooking unattended, especially when using oil or high heat.

## Prevent power surges

Unplug electrical appliances during a power outage to prevent damage from power surges when the electricity is restored. This can help protect your appliances and reduce the risk of electrical fires.

## Outlet, plug and cord safety

**Cords** — Regularly check the cords of your appliances for fraying or damage. Do not use appliances with damaged cords, as they can cause electrical shocks or fires.

If you find a frayed or damaged cord, replace it immediately or have it repaired by a professional.

**Outlets** — Avoid plugging too many appliances into a single outlet or power strip. Overloading outlets can cause overheating and lead to fires.

Use power strips with built-in surge protectors to safeguard your appliances from electrical surges.

**Plugs** — Do not use appliances with broken plugs or if the outlet appears damaged. Regularly inspect plugs and outlets for signs of damage and replace any damaged ones.

## Install smoke detectors

Install smoke alarms in key areas of your home, such as the kitchen, bedrooms and hallways. Test them regularly to ensure they are working correctly.

Change the batteries in your smoke alarms at least once a year to ensure they function properly in case of an emergency.

## The takeaway

It's important that homeowners always follow the manufacturer's instructions for using and maintaining their appliances. Misuse or improper maintenance can increase the risk of malfunction and fire.

Just to be on the safe side, consider keeping a fire extinguisher in an easily accessible area, such as the kitchen or near the laundry room. Ensure everyone in the household knows how to use it.

By implementing these tips, you can enjoy the convenience of your home appliances while minimizing the risks associated with their use. ❖

