

More Insurers Insist on Auto Water Shutoff Valves

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

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.

A leak detection system with an automatic water valve shut-off 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 include sensors that are placed around the house to detect pooling water or leaks.

If water is detected, the sensor sends a message to the valve via a smart hub, which 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.

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

- Flo-Logic
- Watts Water Technologies
- Detection Group

The systems can be costly, ranging from \$500 to \$5,000, depending on the system and the size of home.

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 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.
- **PURE Insurance and Chubb.** These carriers have specific programs. Please contact me to inquire about their stance on these systems and which products they are recommending.

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 insurer doesn't require an auto-shutoff 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.

