

Insurance Companies Seek Creative Ways To Minimize Claims Due To Frozen, Burst Water Pipes

By Victoria Hartwigsen
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Frozen and broken water pipes are not thought of as a catastrophe or anywhere near the same scale as a natural disaster. Yet water damage due to frozen and broken water pipes ranks second only to hurricanes in terms of both the number of homes affected and the amount of claim costs in the United States according to the Insurance Information Network of California. Damage from frozen and broken water pipes can be a homeowner's nightmare – just a small 1/8th inch crack in the pipe can spill 250 gallons of water per day. And most damage usually occurs when homeowners are away with the water running unnoticed for days. Repair costs of \$50,000 are not uncommon due to the water's wrath.

Unlike the water damage caused by a natural disaster, damage due to frozen and burst pipes can be prevented and at the very least minimized. Insurance companies have been promoting prevention tips (see box: Tips For Preventing Frozen Pipes) to their policyholders for years though their newsletters and on their websites in an effort to save their policyholders the nightmare of water damage and help reduce the enormous insurance claims that result. All policyholders share in the financial burden of frozen and broken pipes through increased homeowners insurance rates.

Today some creative insurance companies are going beyond simply promoting tips and taking a more proactive approach. They are actively promoting the use of detection devices that warn homeowners of conditions that could cause pipes to freeze and break.



The result of a burst-frozen pipe is a homeowner's nightmare. Clean up and repair expenditures can result in costly insurance claims.

Many offer discounts on the devices themselves and reductions to the insurance rate for the dwelling the device is installed into.

Middlesex Mutual Insurance Company in Middletown Connecticut and Holyoke Mutual Insurance Company in Salem Massachusetts are offering such a program in partnership with Control Products, Inc., the manufacturer of the popular FreezeAlarm™ temperature-monitoring device. They have created a specialty program for their vacation/rental property owners. These properties typically are vacant for extended periods of time over the winter months leaving them vulnerable to undetected damage due to frozen and broken pipes. Due to this high risk, it is extremely expensive to insure these types of properties. By offering policyholders a FreezeAlarm, the insurance company can reduce their risk thereby allowing them to offer a discounted insurance rate to the policyholder. It's a win-win for both the policyholder and the insurance company.

The FreezeAlarm by Control Products will alert the property owner to the early warning signs that can lead to frozen pipes. It will electronically monitor the property's temperature and power status automatically calling the designated caretaker should the temperature drop below acceptable levels. The FreezeAlarm is easy to install - simply plug into an existing telephone jack, program the call out numbers and the alarm settings. There are no monthly monitoring service fees. You can also easily add a WaterAlarm™, which detects the slightest leak from a washing machine hose or water heater.

In terms of cost, the FreezeAlarm product is minimal in relation to the policy rates and the potential damage frozen pipes can cause. In many cases, the insurance company can provide the device at a reduced price. Coupled with a discount on their policy premium, homeowners can get a quick return on their investment. Although most insurance companies cover repair costs, homeowners often fail to realize the cost of damaged photos, ruined antiques, and the time required to clean up the mess and coordinate the repairs. When faced with a potential loss caused by frozen, burst pipes or a leaky washing machine hose, the cost of the

FreezeAlarm pales in comparison to the cost of repair.

One east coast insurance company is taking it's offering a step further by actually purchasing a stock of FreezeAlarms and selling them directly to their policyholders. In the past few years, they have installed over 600 devices. What better way to minimize costs and ensure peace of mind to the homeowner. In fact, the policyholder gets an annual reminder of the cost savings when the insurance company sends a replacement battery for the FreezeAlarm to keep the property safe from frozen pipes for another winter season.

In the search for new ways to prevent and reduce insurance claims, insurance companies are turning to products that enhance the homeowners own prevention measures. By actively seeking ways to reduce their risk, insurance companies like Middlesex Mutual and Holyoke Mutual are able to differentiate their coverage plans and offer a unique product to their policyholders.

For more information on the FreezeAlarm and waterAlarm, contact Control Products, Inc at 1-800-880-6000 or visit online at www.protectedhome.com.

Author: Victoria Hartwigsen is a freelance writer and marketing consultant specializing in wireless data and electronic control technology.

Tips For Preventing Frozen Pipes

Be sure to **insulate** any pipes in your home's crawl space, attic and outside walls. When the temperature drops below 20 degrees, pipes in homes without adequate insulation are very susceptible to freezing. Also, **seal any leaks** that allow cold air inside where pipes are located. Look for air leaks around electrical wiring, dryer vents and pipes. With severe wind chill, a tiny opening can let in enough cold air to cause a pipe to freeze.

Do not set your thermostat any lower than **55 degrees**. A lower setting may keep the air near the thermostat sufficiently warm but leave air cold where pipes are found – along outside walls, near windows and under cabinets. **Disconnect garden hoses** and use the indoor valve to **shut off and drain water** from pipes leading to outside faucets.

Should you detect a frozen pipe, again **turn off the water** at the main shut off valve and turn the faucet on to prevent further pressure build-up. Next, **warm the pipe gradually** with a hair dryer starting closest to the faucet and working towards the coldest section of the pipe.

If you are going to be away, it is recommended that you **keep an eye on your property** to make sure the temperature is maintained and no power failures have occurred. You could ask a neighbor or relative to do this or for the ultimate peace of mind, simply **install a FreezeAlarm**. It will electronically monitor your property's temperature and power status automatically calling you or a designated caretaker should the temperature drop below acceptable levels.