



LINE-BY-LINE FORM ANALYSIS

Homeowners Exception to Overflow of Water Exclusion 2.c.(6)

- **Exception To c.(6)**
- Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:
 - **(i)** Storm drain, or water, steam or sewer pipe, off the "residence premises"; or
 - **(ii)** Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".
- We do not cover loss to the system or appliance from which this water or steam escaped.
- For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section I – Exclusion **A.3.** Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Source: Insurance Services Office, Inc., Homeowners 3—Special Form ([HO 00 03 03 22](#)), © 2021

Summary

This provision grants an extended exception to the preceding group of exclusions labeled as 2.c.(6). Unless the loss is otherwise excluded, the insurer will cover losses to

the dwelling and other structures resulting from an accidental discharge or overflow of water or steam under certain situations and within certain property.

IRMI Analysis

This provision details exceptions to the preceding group of exclusions (wear and tear, mechanical breakdown, smog, smoke from certain sources, pollution, settling, and animals). Unless the loss is otherwise excluded, an accidental discharge or overflow of water or steam from within a storm drain or water, steam, or sewer pipe *off* the residence premises is covered. For example, John Smith has a homeowners policy and a storm drain located next door to him backs up and damages his detached garage. John's HO 3 covers the damage to his garage.

However, there is an important nuance here. If the loss stems from an overflow within a storm drain or water, steam, or sewer pipe on the residence premises (e.g., John's French drains), the [water damage exclusion](#) (3.b.) under the Section I—Exclusions precludes coverage. Another important distinction is that this exception does not apply to damage caused by the overflow of a sump or sump pump. Note that the policy excludes such damage in exclusion 3.b. (water damage). When trying to determine whether or not sump pump damage is covered, the policy should be read closely. Some insurer forms have not adopted this language that limits sump pump coverage. These insurers still provide coverage for such damage as a plumbing overflow.

Also, note that there are provisions and limitations related to this under named peril 12—accidental discharge or overflow of water or steam (sub-provision b. (3)) *for personal property*. Finally, note that the standard ISO homeowners program allows the insured to purchase an endorsement to provide \$5,000 of coverage (subject to a special deductible of \$250) for such incidents—the [Water Back Up and Sump Discharge or Overflow Coverage](#) (HO 04 95 03 22) endorsement.

Unless the loss is otherwise excluded, the HO 3 also covers an accidental discharge or overflow of water or steam from within a plumbing, heating, air-conditioning, or automatic fire protective sprinkler system or household appliance on the residence premises. This coverage includes any costs to tear out and replace any part of the building; however, this applies only when necessary to repair the system or appliance. For example, unknown to her, Pat's outdoor faucet (and the inside pipe that leads up to it) froze over the winter. When she watered the grass the next spring, the crack in the pipe allowed water to leak through the ceiling of the family room. The water did extensive damage to the ceiling, walls, carpet, and personal property in the family room, which was entirely below ground level. Pat's HO 3 insurer covered all the damage, including the tearing out and replacement of part of the ceiling to get at the broken pipe. The only expense that was not covered was the cost of the replacement pipe and the labor to do that part of the job. Note that since this accidental discharge of water happened in the dwelling, the insurer would have covered the cost to tear out the ceiling and repair the leak, even if no covered property had been damaged.

For other structures, this tear-out coverage only applies if the water or steam causes actual damage to a building on the premises. Suppose that John's air-conditioning unit (located between the home and the detached garage) accidentally discharges a large

amount of water, causing damage to the garage. Some of the walls in the garage have to be torn out in order to repair the air-conditioning unit. The walls would then need to be rebuilt. These costs would be covered. However, if the walls need to be torn out and replaced but this is not necessary in order to repair the air-conditioning system, this tear out or replacement work is excluded. Note that the insurer does not provide coverage to the system or appliance from which the water or steam actually escaped. In the example above, any loss to the air-conditioning system itself is excluded.

As respects this provision, a plumbing system or household appliance does not include a sump, sump pump, or related equipment or a roof drain, gutter, downspout, or any similar fixtures. Note that this clarification of what does not constitute plumbing was added in response to several claims by insureds that drains, gutters, and downspouts were part of the home's "plumbing system." These claims were based, in part, upon reliance on a broad interpretation of the meaning of the word "plumbing." A standard desktop dictionary says that plumbing constitutes "the pipes, fixtures, and other apparatus concerned in the distribution and use of water in a building." Those making such claims argued that gutters, downspouts, and roof drains were necessary for the "distribution and use of water in a building;" thus water that escaped from them was actually coming from the home's plumbing system.

A "sump" is a pit or reservoir serving as a drain or receptacle for liquids; a cesspool." A "sump pump" is "a pump (as in a basement) to remove accumulations of liquid from a sump pit" (both definitions from *Merriam-Webster's Online Dictionary*, 2021). A sump pump is placed at the lowest level of a home. Its purpose is to keep water away from the foundation. Although most insurers have adopted this language specifying that a sump pump is not part of the plumbing system, some insurers have not. A careful reading of the form in question is important.

There are two parts of the [Water Damage Exclusion](#) (Section I—exclusion A.3) that do not apply to water loss covered under c.(5) and (6). Those parts of exclusion A.3 that do not apply are the surface water exclusion and the exclusion of water beneath the surface of the ground. Paragraphs a. and c., which apply to surface water (water that runs, stands, or accumulates on the ground) and water below the surface of the ground, do *not* apply to loss by water covered under c. (5) and (6), which include mold, wear and tear, mechanical breakdown, smog, smoke, pollution, settling, birds, and animals.

An example will illustrate this exception. Assume John Smith's foundation bulges and expands as the result of water below the surface of the ground due to an underground spring on his property. At first glance, coverage is precluded under Section I—exclusion A.3. However, this loss scenario fits into the A.3.c exclusion as an exception; thus, coverage applies. Again, this exception only applies to surface water and water below the surface of the ground. It does not apply to any other causes such as flood.