

INSights



A FOREST INSURANCE PUBLICATION



Spring Showers Are Coming. Do You Have a Backup Plan?



Water damage—resulting from backed up drains or failed pumps—is one of the most common homeowners insurance claims, ranking as the third most costly claim behind fire and liability lawsuits, according to the Insurance Information Institute.

WHAT IS WATER BACKUP INSURANCE COVERAGE?

A water backup and sump pump overflow endorsement on your homeowners or renters insurance provides added protection from costly water damage resulting from backed up drains or failed sump pumps.

WHAT CAUSES WATER BACKUP?

Water backup damage most commonly occurs when a drain, sewer or gutter backs up, or a pump fails, forcing water into your home. This could stem from a heavy rain, debris causing a clog or even tree root invasion from your yard—a common problem in established areas with mature trees.

DOES MY HOMEOWNERS POLICY COVER WATER BACKUP?

Homeowners insurance does not typically cover water backup damage. Water backup and sump pump overflow coverage is an optional coverage (called an endorsement) that must be added on to a homeowners policy.

A standard homeowners insurance policy covers certain types of water damage as long as it's sudden, accidental, and originated on the insured property. This means water damage caused by a burst pipe or broken HVAC or protective sprinkler system would all be covered under standard coverage. Likewise, wind-driven rain that enters your home through an opening (like a hole in your roof or window) that was caused by an insured peril would also be covered.

Several types of water damage, such as flooding, surface water, water that seeps up from the ground, and water that backs up through sewers or drains or overflows through a sump pump, are all excluded from coverage. To supplement this gap in coverage, many insurance companies offer separate flood insurance to cover flood disasters. But what about more common household issues like sewer and sump pump backups? This is where water backup coverage comes in.

WHAT DOES WATER BACKUP INSURANCE COVER?

Water backup insurance provides coverage for damage to your property caused by a clogged sewer line, failed sump pump and backed up drains. It also covers mold damage to your home caused by water or sewer backup.

WHAT DOES WATER BACKUP INSURANCE NOT COVER?

Water backup coverage won't pay to repair or replace a broken sump pump (you'll need equipment breakdown coverage for that)—nor does it cover water damage resulting from flooding, surface water, waves, tsunamis, tidal water, or overflow of any body of water—including pools. It also won't cover overflow or backups that can be attributed to routine maintenance issues or negligence.

HOW MUCH DOES WATER BACKUP COVERAGE COST?

Premiums for water backup and sewer coverage vary by company and the amount of coverage chosen. Offered limits can be as low as \$5,000 or go all the way up to the full replacement cost of your home.

THE BOTTOM LINE

Water backup coverage is among the most essential and widely-utilized homeowners insurance coverage enhancements. Because water damage incidents are often not covered by a home policy, it's important to make sure you are protected with a water backup endorsement. Talk to your independent insurance agent about what water backup endorsement limits suit your needs. ▲

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WHAT'S YOUR BACKUP PLAN?	CASH SETTLEMENTS
TRIVIA	CHARITY OF THE QUARTER
MILESTONES	CLIENT(S) OF THE QUARTER
WELCOME ANNIE MADELYN HOPPE!	REFERRALS

For more information on water backup coverage, contact your local Forest Insurance advisors at (708) 383-9000 or visit www.forestinsured.com.



TRIVIA

ANSWER THE QUESTION BELOW FOR A CHANCE TO WIN A \$10 GIFT CARD.

Contrary to its name, this iconic comedy club—which spawned the careers of comedy greats Bill Murray, Steve Carell, Tina Fey, and Amy Poehler—is home to the first improv theater troupe to be continually based in Chicago.

Can you name it?

Email your answer to trivia@forestinsured.com for a chance to win a \$10 gift card.

Congratulations to Elaine Luther, who correctly guessed the answer to last issue's trivia question was American Girl—the female-oriented toy empire created by schoolteacher Pleasant Rowland that mixes history with dolls and was first introduced in 1986. Thank you to everyone who submitted answers.

HAPPY BIRTHDAY

Diane Villagomez (4/10)

Cathy Hall (4/30)

Jeanine Veldman (5/13)

Nichole Hoppe (5/19)

Linda Carrera (5/31)

David Klans (6/23)

Mike Frontzak (6/27)

Cecilia Saavedra (6/29)

HAPPY FI ANNIVERSARY

Cathy Hall (33 yrs)

Linda Carrera (25 yrs)

Judy Shelstad (4 yrs)

Nichole Hoppe (8 yrs)



Welcome Annie Madelyn!

Photos courtesy of Little Bitty Productions

The Forest family is growing! On January 8th, our own Nichole Hoppe and husband Brian welcomed their second child, daughter Annie Madelyn (joining big brother Teddy)—and we are over the moon. Congratulations Hoppes! ▲



Cash Settlement for Home Claims

Most of us don't have home claims very often—but when we do, the choices given to us are important. The majority of insurance companies pay claims on a depreciated basis until the loss is repaired or replaced. Assuming 50% depreciation, a home loss of \$100,000 after deductible would be paid at \$50,000 up front—with the other \$50,000 paid while or after repairs or replacement are made. For a full replacement cost settlement, standard claim settlement procedure—adopted by 99% of insurance companies—requires that replacement be done at the same location.

However, several Forest Insurance companies offer a rare “no depreciation, no rebuild/replacement” cash settlement feature that enables cash payout without depreciation or the requirement to replace or rebuild. So, in the example above, a check of \$100,000 would be written up front for a claim. If the claim turned out to be higher, an additional check would be written. This type of settlement feature becomes even more important when the destroyed items are irreplaceable—such as antiques or fine art. It's also quite handy if you decide to simply relocate rather than rebuild.

So, where to find this feature in your policy? In the Claim Settlement section, tucked in the verbiage addressing a “Total loss” of the property. Remember, it's at the insurance company's discretion to handle partial property or contents claims on a cash settlement basis. And appraisals—for homes, fine arts, jewelry, etc.—go a long way in helping establish value and expediting a desirable claim settlement.

Beware of agents who tell you they offer “cash settlement.” It must be “cash settlement without depreciation or the requirement to replace”—from a reputable company with a proven track record of settling claims in that manner. Forest Insurance carriers offering a “no depreciation, no rebuild/replace” cash settlement option include: AIG, Chubb, Cincinnati Capstone, Nationwide Private Client, & Hanover Prestige. ▲

To learn more about cash settlement options, contact your local Forest Insurance advisors at (708) 383-9000 or www.forestinsured.com.



Charity of the Quarter Oak-Leyden

Q1 Wrap Up: For every referral we received during January, February, and March, we made a \$10 donation to the [West Cook YMCA](#). In all, we were able to donate \$420 to the West Cook Y for the first quarter of 2021. Thank you for helping support a great organization!

For Q2, our Charity of the Quarter is [Oak-Leyden Developmental Services](#). So, for every friend, colleague or family member you refer to us for a quote from April through June, we'll send YOU a \$10 gift card and also donate \$10 to [Oak-Leyden](#)! ▲

Oak-Leyden Developmental Services is a 501(c)(3) nonprofit dedicated to enhancing the lives of children and adults with intellectual and developmental disabilities through programs and services that help them reach their highest potential. They provide a wide range of vocational and residential services for adults with intellectual and developmental disabilities, comprehensive therapeutic services for infants and young children, as well as support for families and guardians. For 65 years Oak-Leyden has been the local option for services for the communities Oak Park, Forest Park, Elmwood Park, Chicago and the near west suburbs. In the past year, Oak-Leyden has:

- Integrated 54 adults into the community through family-style homes;
- Provided over 6,000 hours of services to 305 children with developmental disabilities or delays;
- Taught a wide range of life-enriching skills to 125 participants through Zoom;
- Coached over 50 adults to get and retain employment through its Supported Employment Program.

Please visit www.oak-leyden.org to learn more.



April is Distracted Driving Awareness Month

While driving, please refrain from:

- Using your phone
- Eating
- Grooming
- Reading
- Adjusting the stereo



CLIENT(S) OF THE QUARTER

Congratulations to James & Dawn Mizgala—who were randomly selected from the list of clients who referred business to Forest Insurance last quarter. We'll be sending James & Dawn a \$100 Visa Gift Card as our way of saying thanks.

SIMPLIFY YOUR LIFE

FOREST INSURANCE
CAN CONSOLIDATE
ALL YOUR INSURANCE
ACCOUNTS

Home | Auto | Umbrella
Jewelry | Fine Art
Private Client
Aviation | Life
Business | Commercial

REFERRALS

When you refer someone to Forest Insurance, we'll send you a \$10 gift card and enter your name into our quarterly raffle. We'll also make a \$10 donation to our Charity of the Quarter, which, April through June, is [Oak-Leyden](#).

Thank you to our clients who referred a friend or family member during January, February, and March:

Marcia Anderson
Jane M. Bachmann
Robert Baker
Antonette Consalvi
David Erickson
Jerry Frank
Glenn Gierke
James & Cathy Gregory
Rob Guenther
Luke Harrison
Kevin Hayden & Christine Baissac-Hayden
Suzanne & Thomas Henry
Jeremy & Heather Jackson
Jan Karwoski
Taylor Lewinski
Lindy Air, LLC
Little Explorers Learning Academy (2)
Dan Locke
Betty & James McEnroe
Marisela Melecio (4)
Mi Pequeno Mundo 1 Inc.
Tobin Mitchell (2)
James & Dawn Mizgala
Tom Myers
Pequenos Giants Academy Childcare
Felisha Phillips (2)
Charles & Christi Raymond
Deanna Romo
Callum Ross & Donna Rowsell
Bill Shugart (2)
LaToya Spann-Martin & Calvin Martin
Together for Childhood Network(2)
Al & Elvia Villarreal (2)



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Nationwide Private Client | Progressive | Safeco | Travelers | West Bend

trusted solutions.
vast possibilities.

Leadership



Dan Browne



Cathy Hall

Contact us for more information
about our services and products:

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Our Team



David Klans



Linda Carrera



Melissa Keshen



Nichole Hoppe



Mike Frontzak



Diane Villagomez



Cecilia Saavedra



Maria Lopez



Cristine Saucedo



Susan Huizinga



Bonnie Casper



Fred Arkin



Judy Shelstad



Marcia Johnson



Gina Costello