EJF REAL ESTATE

WATER DETECTION SYSTEMS

PROTECTING YOUR BUILDING & BOTTOM LINE

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WHAT ARE WATER DETECTION SENSORS?

DEVICES THAT DETECT MOISTURE OR ABNORMAL WATER FLOW

Types of Systems:

- Spot Detectors – Under sinks, near water heaters, behind toilets
- Flow-Based Systems – Monitor usage patterns with shutoff capability
- Smart/Connected Systems – Real-time alerts via app or monitoring service

WHERE SHOULD THEY BE INSTALLED?

RISK-BASED PLACEMENT STRATEGY

Unit-Level

- Under sinks
- Behind toilets
- Near washing machines
- Water heaters / HVAC closets

Common Areas

- Mechanical rooms
- Interior Drains
- Elevator pits
- Amenity areas
- Garage piping

Key Takeaway: The highest ROI is targeting the highest-risk water sources.

WHY BOARDS SHOULD CARE

WATER DAMAGE = MOST FREQUENT INSURANCE CLAIM IN MULTIFAMILY HOUSING

- Rising insurance premiums
- Higher deductibles & claim costs
- Owner disruption & liability
- Reserve strain & special assessments
- Reputation damage

💡 **One $30 sensor can prevent a $30,000 claim.**

BUILDING AN EFFECTIVE POLICY

YOUR POLICY MUST DEFINE

- Required installations
- Maintenance responsibilities
- Installation locations & types of sensors
- Enforcement

BEST PRACTICE

Have legal counsel review the policy prior to implementation!

IMPLEMENTATION STRATEGY

PHASE 1 Define the policy and board consensus

PHASE 2 Educate owners

PHASE 3 Implementation

BONUS OPPORTUNITIES

- Vendor partnerships for bulk pricing & ongoing support

INSURANCE AGENT PERSPECTIVE

THE REALITY

- Water damage = top source of claims in HOAs and condos
- Claim frequency is increasing year over year
- Repair costs continue to rise significantly

HOW CARRIERS EVALUATE BUILDINGS

- Loss history & claim patterns
- Preventative measures already in place
- Building age & maintenance records

IMPACT OF WATER SENSORS

WHAT SENSORS CAN DO

- Reduce claim frequency through early detection
- Improve overall insurability of the building
- Potentially reduce premiums or avoid increases

CARRIER INCENTIVES

- Premium credits or discounts for proactive mitigation
- May require mitigation plans for renewal

💡 **Carriers are no longer just pricing your risk—they're evaluating how you manage it.**

REAL DATA: TYPICAL INCIDENT COSTS

PIPE BURST AFFECTING 6 UNITS: ~$180K TOTAL CLAIM

- Plumbing repair $1,500
- Emergency Service and Mitigation $30,000
- Asbestos Testing $3,000
- Reconstruction $145,000

WASHING MACHINE LEAK UNDETECTED FOR 8 HOURS: $45K–$75K

- Plumbing repair $500
- Emergency Service and Mitigation $9,000
- Asbestos Testing $1000
- Reconstruction $40,000
- Betterments (cost to homeowner’s HO6) $10,000

WHAT HAPPENS DURING A WATER LOSS?

Water Loss occurs (most common: plumbing failure or error and often unnoticed for hours or days)

- Water spreads through walls, flooring, multiple units
- Damage can be hidden beyond what is visible (insulation, carpet padding, subfloor)
- Secondary damage can begin in as little as 24-48 hours

Emergency response triggered & containment begins

- Restoration team responds 24/7/365
- Documentation, extraction, stabilize

Dry-out process initiated (days to weeks)

- Non-salvageable materials removed
- Equipment sent (dehumidifiers, air movers and air filtration devices)
- Typical drying process is 3++ days, once non-salvageable materials are removed

Insurance review and scope approval

- Reconstruction & restoration follows
- Drywall, flooring, paint and specialty trades are coordianted by restoration contractor
- Final inspection and insurance depreciation release

EARLY DETECTION CHANGES EVERYTHING

HOW EARLY DETECTION REDUCES COSTS

- Smaller containment area (fewer units affected)
- Lower remediation & restoration costs
- Faster recovery & minimal disruption
- Reduced insurance claims & deductibles

💡 **Time is the most expensive factor in water damage.**

Next Steps: Three Options for Your Board

Option 1: Do nothing (but understand the risk)
Option 2: Common-area protection
Option 3: Full building strategy

Q & A

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