



Strengthening **FITNESS & SPA** Insurance

## LOSS CONTROL SERVICES

### WATER DAMAGE MITIGATION: DON'T LET CLAIMS SINK YOUR BUSINESS

Water damage can cause catastrophic losses for any business. Whether the culprit is a burst water pipe or a failed sprinkler head, your business is more likely to have damage from water than from a fire. Unfortunately, these types of losses very often happen overnight or when the building is unoccupied. The water can flow unchecked for hours before it can be shut off and the resulting damage can be extensive. In addition to the physical damage, the subsequent loss to business operations can be devastating and embarrassing as it may be necessary to prevent access to the damaged area.

Approximately 14,000 people in the US experience a water damage emergency each day and the costs are just as staggering as the frequency. The good news is that there are steps you can take to prevent or mitigate a loss. If your business owns or leases property or office space, it's best to have a plan and be prepared. Here are a few actions you can take:

#### 1. Review your lease

Many gym/landlord lease agreements include a reciprocal waiver of subrogation. In nonprofessionals' terms this means: if you, as the tenant, cause fire damage to the property owner's building/structure, then the property owner must remedy the damage. If you, again as the tenant, suffer damage from water, intrusion based on, say, a faulty or leaky roof, you are responsible for the loss. Understanding your lease is critical to the proper handling of claims and knowing your responsibilities.

Below is the description of an actual claim:

- *Water main break during off hours due to deterioration of underground pipe; the landlord was responsible for the pipe itself; lease terms held the gym responsible for damages.*

Total paid \$2,016,447

#### 2. Have a comprehensive, regular, documented inspection program

We talk a lot about roofs and sprinkler systems because we see many claims from these areas; but there are other areas that can be regularly inspected (and documented!) water-based areas such as locker rooms, pool and hot tubs and

water fountains. Look up! Check ceilings for discoloration or any beading of water that could indicate a leak forming. These proactive steps will create a safe environment and prevent loss of business revenue.

Below is the description of an actual claim:

- *Water fountain moved from original location and reinstalled by employee rather than water technician and leaked during non-business hours.*

Total paid \$412,472

#### 3. Have regular vendor inspections and preventative maintenance

If you are a tenant and have responsibilities per your lease for damages to your business, personal property and betterments and improvements it is incumbent upon the gym owner to schedule frequent inspections by qualified vendors to ensure proper maintenance and upkeep to avoid potential issues.

#### 4. Add water leak detection systems

Let's face it - your business is not necessarily open 24/7 nor are you there to monitor things every waking hour. A water leak detection system is an excellent means of recognizing when there is a leak or water detected from an outside source. Water leak detection devices range in both price and level of detection capabilities. Some systems are able to alert you of an issue via SMS alerts or phone calls. Most of these are quite simple to install. This affordable addition could save you thousands in costly repairs and business shut down periods.

Below is the description of an actual claim:

- *Sprinkler head and water line froze during off hours; lease terms held the gym responsible for damages.*

Total paid \$703,783

**Taking preventative measures to discover and mitigate potential water damage losses can go a long way in keeping your business flowing smoothly. Working with the right insurance partner is critical to keeping your business operating and ensuring you are free from water damage claims.**

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