



CASE STUDY

Protect Condo Complexes from Catastrophic Water Heater Leaks

Struggling while specifying leak detection? Call RDT to discuss your application! We offer solutions for every space and budget, from large commercial properties to single appliance monitoring.

Plumbing leaks contribute heavily to nearly \$10B in homeowner water damage insurance claims each year.^[1] Water damage is also the leading cause of property damage in offices, apartments and other real estate facilities.^[2] But why would your building be at risk? Your design is sound, your contractors are experts, and your equipment is top notch.

The short answer is that leaks are inevitable. They are not a reflection of design, quality or workmanship. Plumbing fixtures, joints and water-fed appliances are simply prone to failure over time. And when minor leaks go undetected for hours, days, or even weeks, the resulting property damage can turn catastrophic – especially in common-risk commercial, residential or office buildings.

*When leaks do occur, water can spread quickly and cause catastrophic damage. Many insurance companies are now **requiring** that leak detection be deployed, especially in high-end properties, just to reduce potential claim amounts.*



THE CHALLENGE:

- Multiple water heater failures in a 99-unit condo complex
- Rising master insurance costs and monthly fees for property owners

THE SOLUTION:

- FloodMaster® RS-094 units were installed on all water heater tanks

THE RESULT:

- Multiple leaks prevented
- Significantly lower insurance rates and fees
- Happy property owners and tenants
- Improved property value due to lower common fees

Mark Alford has owned, managed and resided in condominiums for more than three decades. Suffice to say, he has seen first-hand how devastating the damage from a simple water heater failure can be in complexes where leaking water can spread very quickly.

“When a water heater fails in a condo, it can lead to absolutely unbelievable damage across multiple units,” Alford says. “It turns lives upside down.”

Alford has personally experienced a major loss tied to a failed water heater located on the top floor of one of his condominium properties. That devastating water heater leak occurred at 11:30 p.m. on Christmas Eve in 2003, while many residents were away or sleeping. A tank that was just four years old and well within its 12-year warranty period failed and flooded his condominium and the two units below. The result was a \$45,000+ insurance claim and a staggering 200% increase in master insurance premiums since it was not the building’s first water heater-related claim. The damage was so severe that a downstairs neighbor never moved back into her unit.

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Reliance Detection Technologies, LLC
27 Business Park Drive
Branford, CT 06405

203-488-2684 or 888-771-4929
info@RelianceDetection.com
www.RelianceDetection.com

RDT_Case-Study_Alford_RS-094_072018_RevB

Alford calls his discovery of RDT's FloodMaster RS-094 water heater leak detection and automatic shut-off system "life changing." When the system's water sensor detects a leaking tank, an alarm is sounded and a valve automatically shuts off the water supply to the tank to prevent catastrophic damage.

"Owning any property – especially a condominium – without having a FloodMaster leak detection system installed is like playing Russian roulette," he says. "A single incident can lead to outrageous cleanup fees and enormous insurance increases – if they don't outright cancel you. These potential issues and liabilities can be mitigated by simply installing a FloodMaster.

"For an investment of a couple hundred bucks, this has a huge impact. You'd have to be crazy not to do it."

Alford has been the President of the Board of Trustees at Rockingham Commons – a 99-unit condo complex in Salem, NH where he continues to own several properties – for 13 years. One of the first things he did after taking over the board was invest in RS-094s for the entire complex.

Just prior to installing the RS-094 units, Rockingham Commons was looking at master insurance quotes of more than \$100,000 a year, which would have raised each homeowner's monthly condominium fees by \$60 to \$70. Alford estimates that the board's proactive measure has saved every individual association member more than \$9,000 in insurance premiums over the last dozen years while maintaining the property's ongoing insurability. The property currently enjoys significantly lower insurance rates and some of the lowest monthly condominium fees (\$195 per month) that you will find anywhere for a professionally managed property.

The investment has paid off in a very tangible way. The FloodMaster systems have prevented at least six catastrophic leaks, which Alford estimates would have resulted in hundreds of thousands of dollars in damage – leading to dramatically increased insurance premiums and potentially effecting the property's long-term insurability.

"Can you imagine putting in multiple water damage claims for \$40,000 to \$50,000 each on a \$35,000 policy? Your premiums would go through the roof," Alford says. "That leads directly to increases in condo fees, and increases in fees have an immediate negative impact on association property values."

Alford recently had another 3rd-floor water heater leak occur at Rockingham Commons late on a Sunday night. The heater was eight years old with a lifetime guarantee. Because there was an RS-094 installed, the management company only had to clean up 40 gallons of water (contents of the tank at the time), at a cost of less than \$1,000.

"With the tenant asleep, several residents could have woken up to an absolute disaster if there was not a FloodMaster on the tank," Alford says.

"I can't say enough good things about the product. I wouldn't own the units that I do without having a FloodMaster installed. I recommend it to other property managers and owners all the time."

References:

1. Insurance Information Institute, Inc. – <https://www.iii.org>
2. Zurich American Insurance Company – <https://www.zurichna.com>



Rockingham Commons now enjoys significantly lower insurance rates and some of the lowest monthly condo fees that you will find anywhere for a professionally managed property.

RDT
RELIANCE
DETECTION TECHNOLOGIES

Leak detection for every space & budget.

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- Localized "point-of-use" systems for appliance monitoring and automatic water shut-off.
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Call us to discuss your application!

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www.RelianceDetection.com



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