Protecting Insured Assets, Part 1: Flood & Weather-related Damage

Presentation Summary

Provide a comprehensive review of property loss trends across state assets, evaluating water, flood, and weather claims from FY23 through FY26 to drive proactive mitigation.

Key Portfolio Performance Metrics

$18.5M
TOTAL GROSS PAID

360
TOTAL CLAIMS COUNT

$52k
AVERAGE PAID PER CLAIM

65%
PLUMBING CLAIM FREQUENCY

Key Takeaways

Plumbing Domination: Internal plumbing failures constitute 218 of the 360 total claims and account for $12.07M (65%) of all payments.

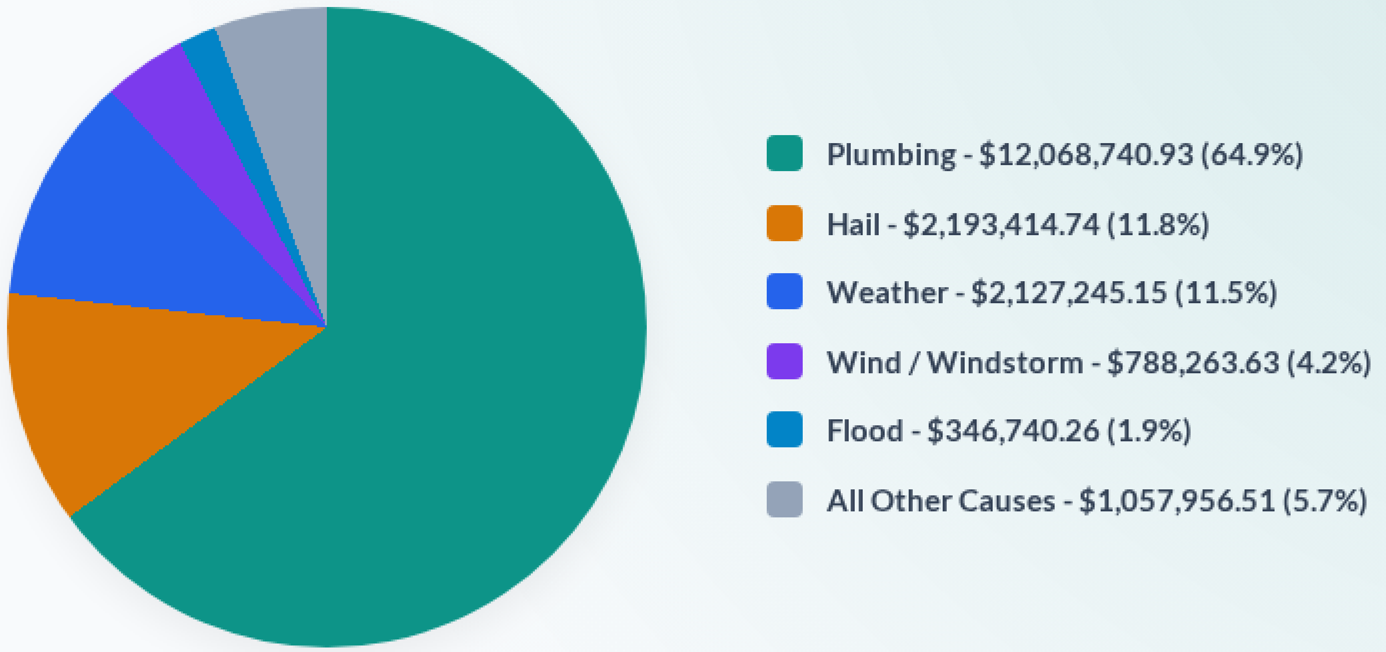
Catastrophic Events: High-severity single occurrences—such as the FY24 Moab school hail storm ($1.87M) and FY23 Monsoon floods—create significant single-year spikes.

Sustained Severity: The average payout per claim increased from $37.6k in FY23 to over $63.8k in FY25, indicating rising mitigation and repair costs.

Gross Paid Breakdown by Fiscal Year

Trend Summary: FY 2024 generated the highest financial payout ($5.69M) driven by hail events and extensive plumbing claims. FY 2025 experienced elevated loss severity per claim, while FY 2026 maintains a substantial plumbing claim burden.

Proportions of Total Gross Paid by Cause



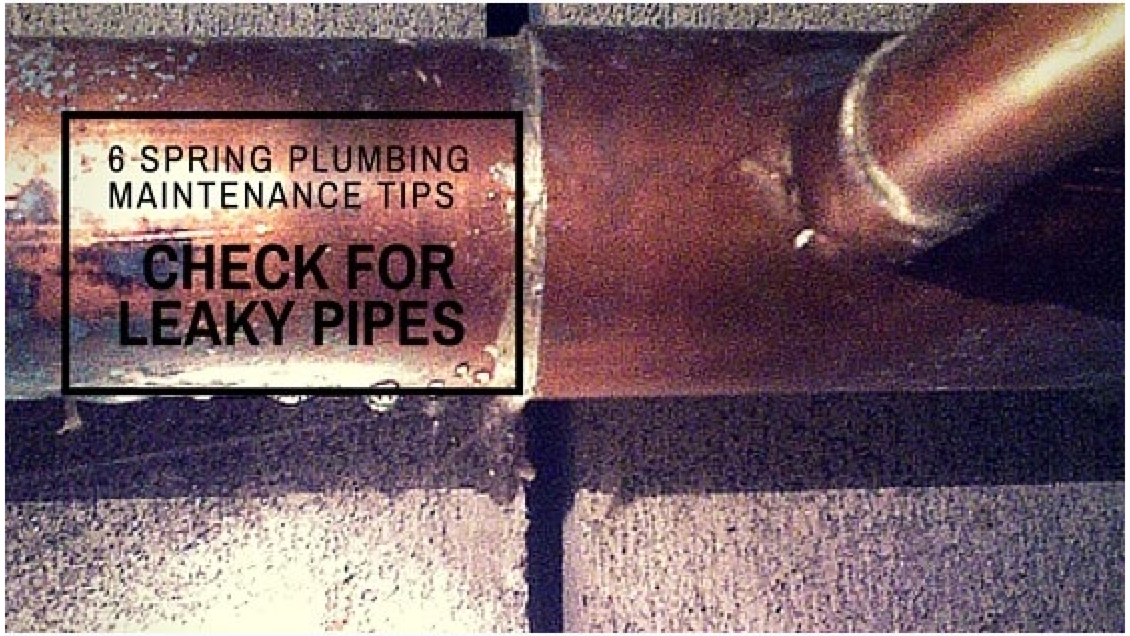
Primary Insight: Plumbing system failures represent nearly two-thirds of total payouts, making internal facility risk management the top priority for future loss reduction.

Complete Breakdown by Fiscal Year & Cause

Fiscal Year	Specific Cause of Loss	Claim Count	Gross Paid ($)	% of FY Total
2023	Equipment Failure	4	$138,601.55	3.68%
2023	Freezing	3	$75,316.90	2.00%
2023	Ice/Snow	5	$142,311.44	3.78%
2023	Negligent Construction	2	$84,105.21	2.23%
2023	Negligent Maintenance	2	$18,241.02	0.48%
2023	Plumbing	47	$1,442,557.89	38.33%
2023	Unspecified Cause of Loss	9	$241,573.65	6.42%
2023	Weather	22	$1,567,149.04	41.64%
2023	Wind or Windstorm	6	$53,839.50	1.43%
FY23 Subtotal	**9 Specific Causes**	**100**	**$3,763,696.20**	**100.00%**
2024	Flood	2	$19,130.96	0.34%
2024	Freezing	1	$52,950.21	0.93%
2024	Hail	3	$2,193,414.74	38.54%

Primary Water Leak Vulnerabilities

- **Pipe Freeze & Burst:** Extreme winter temperature drops lead to burst lines in unheated areas or exterior walls.
- **HVAC & Condensate Overflows:** Clogged drain pans during peak summer cooling cause hidden vulnerabilities.
- **Unmonitored Leaks:** Large leaks occurring after business hours often run undetected for several hours.
- **Aging Supply Lines:** Flex lines and rubber fittings on restrooms and boilers reaching end-of-life cycle.



Weather & Storm Vulnerabilities

Roofing & Drainage Risks

Severe rain events and rapid spring snowmelts create heavy surface runoff that tests building envelopes across state properties.

Clogged roof drains and degraded flashing allow water ponding, resulting in severe roof leaks, structural ceiling collapse, and equipment damage.

Prevention & Asset Protection

Proactive protocols, IoT sensor adoption, and facility maintenance standards designed to safeguard public assets and minimize financial loss.

Three Pillars of Asset Protection

1. Smart Monitoring

Install IoT flow sensors and automatic water shut-off valves in high-risk zones, mechanical rooms, and server areas to prevent catastrophic discharge.

2. Routine Audits

Conduct semi-annual roof inspections, clear storm drains prior to seasonal weather changes, and regularly inspect plumbing supply lines.

3. Emergency Readiness

Establish clear emergency water main shut-off labeling, maintain updated vendor contacts, and deploy rapid extraction teams upon notice.

Targeted Mitigation Actions

Water Leak Inspections

Implement weekly physical checks in high-density water usage facilities and basement mechanical spaces.

Flood Diversion Systems

Deploy check valves, backflow preventers, and perimeter sandbags in known flood-prone drainage basins.

Building Automation

Integrate remote temperature and moisture alarms into centralized facility control systems for 24/7 alerts.

What to do in the event of a loss

Phase 1: Immediate Safety

Prioritizing human safety, electrical isolation, and loss containment in the first 60 minutes.

Step 1: Safety & Hazard Checks

Electrical Hazard Isolation: Shut off the main power breaker immediately if standing water touches electrical outlets, wiring, or basement panels.

Structural Inspection: Inspect ceiling tiles and drywall for heavy sagging before walking under affected areas.

Personal Protection: Wear rubber boots, gloves, and protective eye gear before entering water-impacted zones.

Gas Line Protection: If storm or wind damage affects structure walls, verify gas lines are intact and leak-free.

Step 2: Stop & Contain Water

Source Isolation

Main Water Shutoff: Immediately close the main domestic water valve during pipe bursts or plumbing failures.

Appliance Valves: Shut local angle stops behind leaking dishwashers, ice makers, or washing machines.

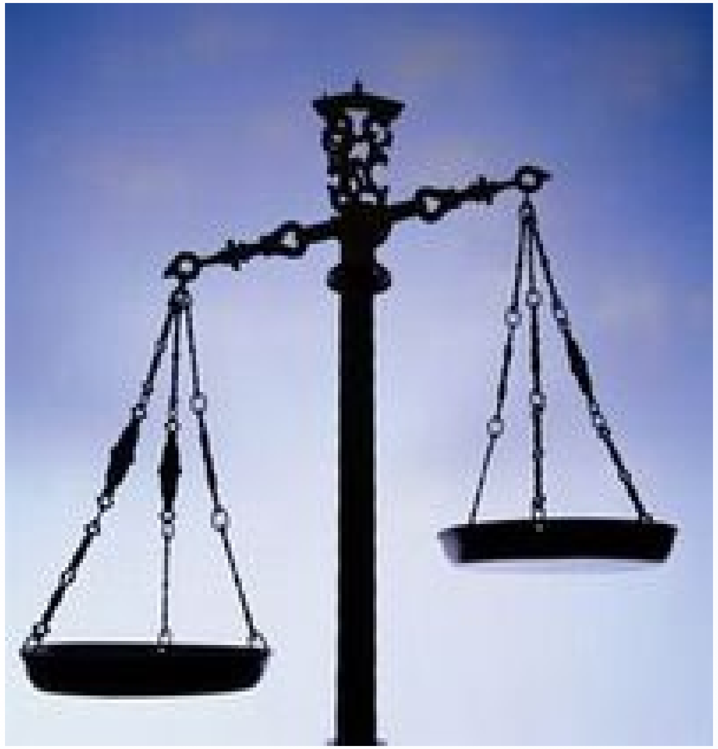
Storm Protection: Cover damaged roof sections with heavy tarps and board up blown windows after high winds.

Loss Mitigation

Elevate Assets: Move electronics, valuable records, and upholstered furniture onto dry blocks or higher floors.

Deploy Barriers: Use absorbent snakes, sandbags, or wet vacuums to stop fluid migration to adjacent rooms.

HVAC Control: Turn off central AC/heating to prevent spore circulation if water source is unknown.



Claims & Reporting

- 2027 Property Coverage has a $5000 deductible that applies. If the anticipated amounts do not exceed deductible we can still assist with mitigation / repair scope protocols and vendor management. Filing claim is encouraged.

Document the loss

Photographic Proof: Capture wide-angle and close-up video footage of standing water, water marks on walls, and structural entry points before cleanup begins.

Itemized Inventory: Catalog damaged property with brand names, model numbers, estimated age, purchase receipts, and approximate replacement values.

Preserve Damaged Samples: Retain samples of cut carpet or damaged pipe components for the adjuster’s physical inspection prior to disposal.

Track Expenses: Save receipts for incurred expense, labor hours for your staff, and all other pertinent expenses.

Water Contamination Types

Category	Typical Source	Health Risk Level	Required Action Standard
CATEGORY 1	Clean water: burst supply line, tub overflow	Low initial risk	Direct extraction, structural drying, preserve materials
CATEGORY 2	Grey water: dishwasher, washing machine, sump pump	Moderate contamination	Sanitize surfaces, replace carpet cushion, forced drying
CATEGORY 3	Black water: sewage back-up, river/storm flooding	Severe biohazard	Full tear-out of porous drywall, deep decontamination

Mitigation / Repairs

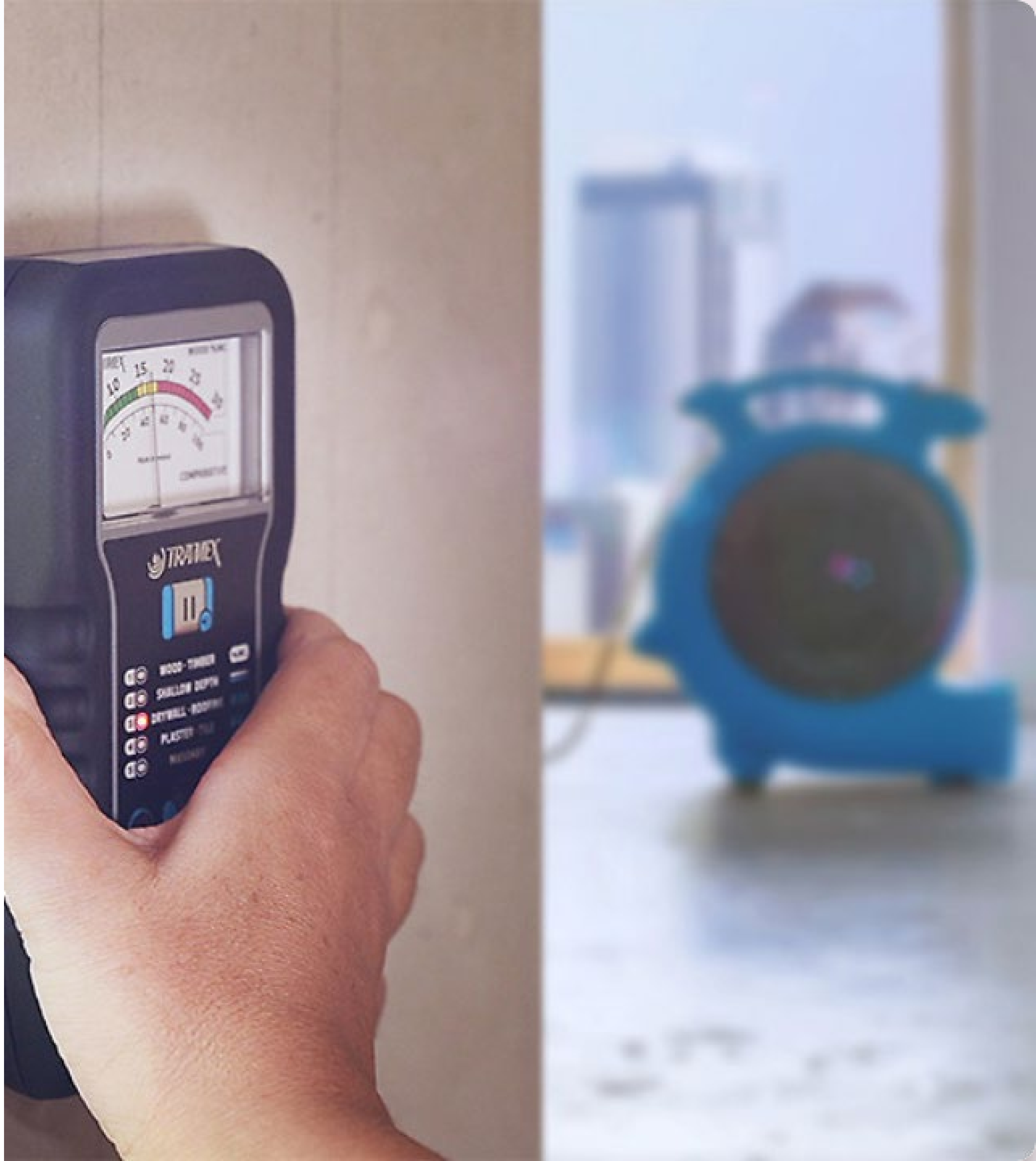
Industrial Drying Equipment

Certified restoration vendors use thermal imaging, high-capacity LGR dehumidifiers, and axial air movers to pull hidden moisture from wall cavities and subfloors.

Professional moisture mapping guarantees the structure returns to pre-loss dry standards, preventing long-term dry rot and toxic mold growth.

Emergency Service Vendors are on State Contract and are governed by terms and pricing in the contract. .

Utah Division of Risk Management has worked closely with the contracted vendors to establish mitigation protocols and best practices.   We do encourage equitable approach in the rebuild process by utilization of available staff, outside contractors and specialty tradesmen.   (Open Discussion)



Insurance Subrogation

Identifying Recovery Opportunities, Key Liability Indicators, & Documentation Best Practices

What is Insurance Subrogation?

Subrogation empowers Risk to step into the shoes of the insured to pursue recovery from the at-fault third party.

- **Financial Recovery:** Recovers paid claim costs and insured deductibles directly from negligent parties.
- **Fair Allocation:** Ensures the financial burden of a loss rests on the responsible party, not policyholders.

Identifying Subrogation Opportunities

Third-Party Presence

Contractors & Maintenance: Recent repair or installation work performed within 30–90 days prior to the incident.

Leased Property / Bailee: Damage caused by tenants, vendors, or third parties holding property under custody.

Utility & Service Providers: Power surges, gas line leaks, or municipal water main breaks causing structural loss.

Physical & Product Signals

Component Failure: Burst supply lines, failed flex hoses, defective circuit breakers, or appliance recalls.

Burn & Origin Patterns: Concentrated fire origin points near specific electrical devices or machinery.

Missing Maintenance Logs: Failure by property managers to perform required safety or inspection standards.

Critical Evidence Preservation

- **Spoliation Prevention:** Issue formal written litigation holds immediately to prevent destruction or alteration of physical evidence.
- **Scene Control & Documentation:** Capture high-resolution overall and close-up photographs before any cleanup or emergency repairs take place.
- **Strict Chain of Custody:** Tag, log, and store failed physical parts (valves, wiring, parts) in secure, tamper-evident evidence storage.

Essential Claims Documentation

Category	Required Documents	Subrogation Purpose
Official Reports	Police reports, fire department origin reports, OSHA filings	Establishes independent initial liability and party identification
Contracts & Leases	Subcontracts, lease agreements, hold-harmless clauses, COIs	Reveals contractual indemnity, waivers, and insurance requirements
Financial Proof	Itemized repair bills, contents inventories, paid loss drafts	Substantiates quantum of damages and proves subrogation payment
Technical Evidence	Forensic engineering reports, recall notices, maintenance logs	Proves causation and defeats product defense arguments

Common Pitfalls to Avoid

Evidence Spoliation

Allowing contractors or insureds to discard broken parts before expert examination destroys recovery rights.

Broken Chain of Custody

Lacking clear documentation regarding who handled, stored, or transported physical evidence from scene.

Questions & Discussion

Working Together to Safeguard Utah State Assets

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