Service Line Coverage Pros and Cons

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Aging infrastructure means an increase in breakage of water and sewer/septic lines. Standard insurance policies exclude coverage for underground property including water and sewer pipes and other service lines such as utility, phone, and internet wiring. Homeowners may be surprised to learn that damage to these lines is their responsibility. The cost to dig up and repair service lines can be significant. On average a water line break in New York City costs $6,000-$10,000 in outer boroughs and significantly higher in the city (harriswatermainandsewers.com) while a sewer line break may exceed $20,000 (plumbingnyc.com). Helping clients understand exposures created by underground service lines, and ways to provide coverage for potential losses, is another value-added service of the professional insurance agent.

As our infrastructure ages, water main breaks are becoming more common due to corrosion. It is estimated that each year there are 260,000 water main breaks in North America - over 760 per day. Annual repair costs exceed $2.6 billion with total costs for fresh and wastewater systems, including pipe repair and replacement estimated at $50.7 billion per year. The Sewer and Pipeline Rehabilitation Industry – those responsible for repairing and replacing sewer and water lines – has a market value of $18.4 billion in 2026.

Repairing the damaged pipe or wiring is usually just a small part of the entire cost. Excavation of the site, removal and replacement of landscaping and outdoor features such as driveways and walkways, can be very expensive. As mentioned previously, depending on the location, the cost for service line repair can range from $6,000 to over $10,000. Cost to replace pipe can range from $60 to $250 per linear foot, depending on type plus location, plus labor. Factors impacting cost include type of equipment, location, accessibility and condition of the pipe or service line, and length of line to be replaced. For example, if connection to the main line is under the street, the cost to access it will increase, as the street will need to be excavated.

Service line coverage is offered by a variety of companies, from traditional property and casualty insurance to organizations that work with utilities and communication companies. It is important to read conditions of the policy to understand limitations. For example, a policy from a utility company may only cover the utility lines, and not the water, sewer, gas, or communications lines. Coverage varies but usually applies to breaks or damage to the piping or wiring. This could include damage done while digging, freezing, penetration by tree roots, or normal wear and tear.

An advantage of getting the coverage through a homeowners policy rather than a utility is that coverage may be available for all types of service lines, rather than just those of a particular utility company. Another advantage is that with some of the utility-connected companies, the homeowner is limited to the company's service technicians and contractors. In addition, the



service line coverage may only cover the freshwater pipes going to the house, and not the wastewater leaving the house.

Optional coverages may include expediting expenses, temporary repairs, loss of income, and additional living expenses. Expediting expenses reduce time needed to complete repairs. Temporary repairs may enable the homeowner to continue to live in the residence until issues are resolved. Loss of income coverage is needed if the homeowner is losing rental income due to the loss. Additional living expenses are needed if the service line damage makes the home uninhabitable.

Dealing with damage to underground water, sewer, and utility service lines and pipes can be a messy and costly process. Helping clients understand the risks and how to protect their interests is another sign of the true insurance professional.

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