

When Your Home is Vacant

Phyllis Van Wyhe, CPCU, CIC, CSP

When a home is unoccupied or vacant, there are two primary problems. The house can become a target for vandalism and theft; in addition, a water loss will often go undetected for a longer period of time causing more extensive damage. The insurance industry experiences more frequent and severe losses on dwellings that are vacant or unoccupied.



Impact on Coverage

Your Homeowners insurance policy will respond differently if your home is vacant at the time of loss. Most Homeowners policies exclude vandalism coverage after a home is vacant for longer than 60 days. The policy also does not cover frozen pipes if you have not maintained the heat or drained the pipes.

Coverage Denial

Even worse, some insurance companies deny a claim entirely when a home is unoccupied or vacant. The policy states, "We cover the dwelling where you reside." The insurance company may contend that coverage ceased the day you stopped living there on a regular basis. Many courts have upheld such a denial of coverage when the policyholder is no longer living in the home, even if belongings were left there.

Seasonal Dwellings

Increased loss exposures also exist on seasonal dwellings, but the insurance industry looks at those homes differently. A company is usually willing to insure the summer cottage up north as long as they know you have someone checking on the building when you are not there. However at the time of loss with a seasonal dwelling, your insurance company may ask for documentation as to the number of days you have spent there over the past few years to determine whether the dwelling is actually used as a seasonal residence or is actually an unoccupied dwelling that is not used. In the later case, the company may deny coverage on the basis that you no longer reside there.

If your home is vacant or unoccupied, notify your agent promptly, disclosing all details. Some companies may permit the situation for a short period of time; most will send out direct notice of cancellation. Your agent can offer you a specialty policy covering a vacant dwelling; unfortunately, the terms of that policy are never as good as those of the Homeowners policy. When discussing the occupancy of your home, you should be totally candid about the circumstances. If an insurance company denies a claim, you may end up paying for an attorney to challenge their decision. That can be expensive and time consuming and you may lose. It is much better to simply have the proper coverage.