

HOME VACANCY IS AN INSURANCE CONCERN

By Basil Housewright, Jr.

Be aware the current market for homeowners insurance in Texas has resulted in many different types (forms) of homeowners' insurance policies being sold and they are not created equal. Vacancy is an issue, which many face when they have purchased a new home and have not yet sold their old home or have been transferred and move away. All home insurance policies have limitations but some are more severe limitations than others. Some will suspend coverage when you move from the residence per the policy language. Below is a sampling of the language being used to address this issue. Be aware the following provisions are a portion of the insuring agreement for homes.

HOB Policy Form

Vacancy. During the policy term, if an insured building is vacant for 60 consecutive days immediately before a loss, we will not be liable for a loss by the perils of fire and lightning or vandalism or malicious mischief. Coverage may be provided by endorsement to this policy.

HOA Policy Form

Vacancy. If the **insured** moves from the dwelling and a **substantial part** of the personal property is removed from that dwelling, the dwelling will be considered vacant. Coverage that applies under Coverage A (Dwelling) will be suspended effective 60 days after the dwelling becomes vacant. This coverage remains suspended during such vacancy.

HO3 Policy Form Endorsement

Occupancy Endorsement. It is a condition of this policy that any vacancy or unoccupancy of the described building after the inception date of the policy must be reported to the company. It is understood and agreed that with the exception of coverage of fire and lightning, windstorm or hail (where applicable), smoke, and falling objects, this Company shall not be liable for loss occurring while a described building, whether intended for occupancy by owner or tenant, is unoccupied beyond a period of sixty consecutive days. "Vacant" or "Unoccupied" means neither you nor your guest has slept overnight in the dwelling for a period of 60 consecutive days. Another Company states coverage is suspended if the home has been vacant for more than 30 consecutive days immediately before the loss. Another Company states coverage will only exist if the Insured is residing at the insured resident premises. In layman's term when you move from the home coverage is suspended.

Major concerns for a vacant home are vandalism, theft damage or a water leak, which goes undetected because no one is home. By using the above stated and other similar policy provisions the insuring company limits their liability when a home becomes vacant. The home insurance policy is priced for exposures of a typical owner occupied home not a vacant dwelling. The "For Sale" sign in a front yard is an advertisement to thieves of a potential vacant home. If you own a home, which is going to be vacant, make sure you know what coverage and limitations of coverage exist in your specific insurance policy when the home becomes vacant. Short-term policies for vacant homes are available and yes they are more costly but the potential for a loss is greater at a vacant dwelling. Paying a higher price for proper coverage is more prudent than having a policy which provides no or very limited coverage.

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