

Home Insurance Alert

by Broderick Perkins

It may be cheaper -- and safer -- to keep a home for sale occupied, especially if it doesn't sell soon enough.

With swelling inventories of vacant homes on the market, more and more home sellers are learning the hard way -- your homeowner's insurance policy can expire if the home is vacant for more than 30 days.

The vacancy rate, the share of unoccupied homes for sale, also hit a record of 2.3 million, up nearly 3 percent from a year ago.

Some of that higher vacancy rate is due to the estimated more than 1 million foreclosed and repossessed homes on the market right now, according to the Mortgage Brokers Association. Other vacant homes have been abandoned by those yet to reach foreclosure, but who are no longer able to make the payment.

Insurers put a higher risk (and cost) on insuring vacant homes for the same reasons some owners are discovering -- theft, vandalism, fires and water damage are more likely to happen in an empty home.

The damage is also likely to be worse because there's no one around to report it or stop it.

"You also have a liability problem because the word goes out, 'Nobody lives there. Let's go play in that yard'," said Tully Lehman spokesman for the Insurance Information Network of California.

Vandalism and theft brings an unsavory element and, well, there goes the neighborhood and the values of surrounding properties.

Lehman says before your home is vacant, take a look at your policy and talk with your insurance agent for guidance.

He also said vacant homeowners insurance is available to cover the property and liability. Coverage varies from state to state and policies vary from company to company and the policies can be costly.

The typical policy has a 24-month term for vacant homes for sale or not, homes in the name of an estate, or homes under renovation.

Comparison shop several insurers. You could get the best deal from your current insurer. You can raise the deductible to lower costs. Coverage may also be available through some state-run insurance plans, such as Fair Access to Insurance Requirements (FAIR) Plan.

But you also have some options to help you avoid the cost of vacant home insurance.

- Find a savvy real estate agent who has a proven track record of moving homes in a slow market, including the current slow market.
- Don't move out until you've sold the home. If you are one of a couple, consider staying behind, or living there occasionally until the home is sold.

- Rent out the home. Not only will the home be lived in, the rent will help cover your carrying costs. You may still have to change your homeowners insurance policy to reflect the property's new rental status -- say to reduce your contents coverage -- but it'll be cheaper than vacant home insurance. Otherwise, hire a house-sitter or let someone you trust live there until it's sold.
- Make the home look lived in. No matter what you do, you still have to keep the home maintained by cleaning the yard and gutters, trimming trees, clearing the gutters, checking for leaks, shoveling the sidewalks and driveway, and winterizing or summer-izing as necessary.
- You also have to protect your property. Install and keep operable a monitored home security system and make sure the smoke detectors have fresh batteries. If your home has a sprinkler system, monitored central alarm for fire, smoke and theft and deadbolt locks, your home is safer and the features can lower the premium on your existing homeowner's insurance policy.
- Give the lived-in look some redundancy. Have an acquaintance bring in mail (Security experts say to stop mail and other deliveries when you are away). Ask a neighbor to park their car in the driveway. Install timers on lights and leave window coverings and some furniture in the home.
- Don't commit fraud. If leave your home vacant longer than your current policy permits before expiring due to vacancy, you could save a bundle. However, if the place is damaged or destroyed while vacant, after the policy should have expired due to vacancy, the insurer can challenge the claim.

Learn About Insuring Vacant Homes

By [Groshan Fabiola](#)

Homeowner's insurance is something that every homeowner must have in place at all times. But one issue concerning homeowner's insurance has been occurring a lot lately and causing a variety of problems for homeowners who have bought a new home yet have not sold their old one yet.

And that is the issue of insuring vacant homes.

In today's market, it is not uncommon for homeowners to buy a new home without selling their old one first.

It is taking longer and longer for a home to get sold nowadays, so this problem is not uncommon for people to move into their new home while their old one remains vacant for some time.

The problem with this is that many insurers will not insure a vacant home because there is a greater possibility that something could happen to it.

A February 25, 2007 article by Steve McLinden of Bankrate.com, "Vacant home for sale carries insurance dangers," discusses some issues that could arise when attempting to insure a home that is un-occupied.

The reason why this issue of vacant homes needing to be insured is becoming such a hot topic lately is because so many are now just sitting on the market due to the lack of activity in many areas.

Many insurers do not want to take the risk of insuring these types of homes, although most of the time it is fine and nothing happens to these homes while no one is staying in them.

“Insurers in general don't like to cover vacant homes. That's because such occurrences as theft, vandalism, fire and water damage are far more likely to happen in vacant houses than occupied ones and the resultant damage is more likely to be worse because no one is around to report it or stop it.

Most insurers will simply stop coverage all-together when a home becomes unoccupied for over 30 days and no new residents have moved in.

Although there are some things that can be done to avoid this situation, although homeowners must remember that every policy and insurance company is different.

“However, some insurers will grant you a ‘vacancy permit,’ providing that you request it before those 30 days expire. Such permits will provide you most of the coverage you previously had, but will not protect the house against such things as malicious acts, glass breakage or water damage.”

If you know that you will have a vacant home on your hands for some time, all hope is not lost.

Some insurance companies do offer insurance especially made for vacant homes, although it is not always at a cheap price. If you find yourself in this type of situation, your best bet would be to shop around and look for the best priced policy.

“Some major insurers and surplus-line insurers do offer vacant-home insurance -- for a stiff price, of course. Call around and do a Web search. Those same insurers may cut you a rate break if you have a central alarm system for fire and theft, have had deadbolts locks and smoke detectors installed, and have winterized your home to protect plumbing from freezing temperatures. Arranging for someone to come by regularly to check on the place also is likely to earn you a lower premium.”