

Personal Lines



222 S. Market Street, Suite 101
Elizabethtown, PA 17022
(717) 367-5134
Fax: (717) 367-9244
www.olweiler.com



Homeowners Insurance

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Is that Vacant Home Inviting Trouble?

Approximately 7 percent of single-family detached houses were unoccupied in 2005, according to the U.S. Census Bureau. Ten percent of single-family attached units were unoccupied, as were 13 percent of manufactured homes and 15 percent of multifamily units.

Whether that vacant home is an unoccupied rental, a primary residence waiting to sell or a foreclosed property, a vacant property is more likely to suffer property damage and vandalism. Here's what you can do to protect your vacant home.



Although foreclosures are getting all the publicity, a home can remain vacant for an extended time for many reasons. You might have taken advantage of the current buyers' market to buy your dream house — and it's taking time to sell your old house. Or maybe you've moved out to remodel. A job opportunity could require a temporary relocation. Or maybe your elderly parent has moved out of a home that was too big to manage, and the family hasn't decided what to do with it yet. Whatever the situation, here's what you need to do to protect your vacant home.

1 Check your homeowners coverage. Most

policies will cover a vacant home for a maximum of 30 days. If your house is unoccupied for longer than that and damage occurs, your insurer might refuse to pay the claim.

In New York, state law prohibits insurers from cancelling homeowners insurance only because a home is vacant. But they can limit coverage — for example, excluding coverage for vandalism — and can consider vacancy along with other factors, such as a late payment of premiums, to cancel coverage.

2 Do whatever you can to avoid a vacancy. Spend weekends in the house; let a (responsible!) friend stay there; hire a

This Just In

Congress has extended the National Flood Insurance Program (NFIP) through September 30. Last year, both the U.S. House of Representatives and the Senate proposed legislation to reform the NFIP. Some of the reforms, such as updating flood maps, were straightforward and popular, but a proposal to add coverage for windstorm damage created more controversy. Insurance experts have noted that windstorm coverage is already available to 99 percent of American homeowners. They also fear that a federal program would disrupt the existing private market and state funds, and possibly create a significant burden for taxpayers.

As one congressional aide noted, it was never likely that the new Congress would be able to iron out their legislative differences early in the new session. Many representatives in the House and Senate agree on the need for flood insurance reform, and they may be able to reach a compromise on issues such as strengthening building codes, raising the limits of coverage and aligning premiums with flood risks. Whether or not the program expands to cover damage from wind remains to be seen.



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How to Make Your Claim Settlement Fair and Fast

You buy insurance to protect yourself from catastrophic financial loss. Following proper procedures when filing a claim will help ensure you get a fair and speedy settlement.

- 1 Inform your broker.** This might be the first time you have had to file an insurance claim. But your broker has been in the situation many times before. He or she knows the ropes and the people to contact, and can let you know what to expect as the claims process unfolds.
- 2 If the loss results from criminal activity** or other circumstances that could be of interest to the authorities, you should contact the police and, if necessary, file a police report.
- 3 Document your loss.** After a loss involving property damage occurs, gather as much evidence as possible to back up your claim. If you have a detailed home contents inventory, mark down all the items that have been affected by the loss. Photographs, videos, receipts and copies of appraisals can all corroborate your claim. Make a note of exactly when the damage occurred and a list of anyone who had any connection with the incident.
- 4 Minimize liability.** If the loss could mean your family might be liable for property

damage or bodily injury to another party, include details of the accident, the names and addresses of any injured persons and witnesses, copies of any documents connected to the claim and complete an authorization for the insurance company to obtain records and other information.

- 5 Check your policy.** With your broker, analyze exactly what the policy covers and what your deductibles are. In the case of smaller claims, your deductible and the impact the claim will have on your loss history may make it advantageous to handle the loss internally — in other words, you will pay the loss without filing a claim.
- 6 Wait.** Sometimes the best action is to do nothing. You can immediately respond to any situation that presents an ongoing hazard or take any actions needed to protect your home and contents from further damage. But taking other non-essential actions, such as tidying up damage or making repairs, could make it harder for a claims adjuster to determine the exact extent of your loss. Keep any damaged items or parts to

show the adjuster. Unless your loss resulted from a large-scale catastrophe, an adjuster should be on your premises within a day or two.

- 7 Protect undamaged property.** Some policies reimburse insureds for the initial damage from a loss but place the responsibility on policyholders if they fail to take reasonable steps to prevent further damage. Make sure to fix blown-out windows, replace damaged locks, and move any intact furniture or appliances away from danger.
- 8 Start estimating the cost.** After you have an idea of the extent of the damage, contact several contractors to get a variety of quotes to give to your insurer.
- 9 If you are making a claim for additional living expenses,** keep detailed records of the additional costs you incur, such as rent, meals out, etc. Check whether your homeowners policy provides coverage for additional living expenses, which pays for your additional expenses if your house becomes uninhabitable because of a covered

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house sitter. According to *Real Estate Digest*, “some real estate companies are getting house sitters to help keep the home maintained and give it that lived-in feel.” In exchange for a low rent, the “house sitters or caretakers are responsible for keeping up the home and paying for utilities and any homeowners’ association fees. They aren’t usually offered a lease term and they’re required to move out with as little as five days’ notice if the home sells.” In addition to protecting your home from damage and vandalism, *Real Estate Digest* reports “homes with sitters can sell for 20 percent more and 30 percent faster.”

3 Look into vacant home insurance. If you cannot avoid a vacancy, you’ll want coverage. Check with your current insurer first — it might give you a “vacancy permit” for vacancies longer than 30 days if you notify the insurer before the end of the 30-day period. In general, however, insurers dislike insuring empty property because the risk of property damage — whether unintentional, such as a plumbing leak, or intentional, such as vandalism — is so much higher.

You can buy special vacancy insurance. This non-standard coverage varies by insurer and by state. However, you will want a policy that covers property damage, vandalism and malicious mischief and liability. You’ll also want a policy that covers burglary — thieves often target vacant homes and strip them of appliances, copper plumbing, old trim and other valuable materials. Look for a policy that will cover you for up to 24 months. Some companies will refund a portion of your unused premium if you cancel before the end of the term.

4 Know local laws. Many municipalities have begun to crack down on owners of vacant properties. For example, *Real Estate Digest* reports, “[C]ity officials in Medford, Mass., have adopted an ordinance requiring property owners to advise the city when a home is empty...so that city departments can monitor their upkeep. In the past, the

only way the city would know if a home was empty was when neighbors would call and complain about vandals or such things as the smell of gas.

“In Florida, the state is considering legislation that would require property owners to identify empty homes as well. The bill requires that property owners pay a fee to place vacant, abandoned and pre-foreclosure homes on a Web site. The site would be monitored by both state and local officials to make sure homes are kept in good repair. The purpose of the bill is to stabilize housing markets in areas hard hit by foreclosures, said sponsor Rep. Ari Abraham Porth, D-Coral Springs.”

5 Take steps to give your home that lived-in feeling. If your home must be vacant, do your best to hide that fact. Keep the front lawn and gardens maintained. Pick up newspapers and mail regularly — or ask a neighbor to do so. Park a car in the driveway on occasion — or ask a neighbor to. Keep the power on and put a few lights and a radio on electric timers. Keep your security system functioning; if you don’t already have one, consider installing one. In addition to protecting your home, you’ll increase its value and, if you plan to return to that home, you can qualify for a discount on your homeowners insurance.

6 Watch vacant properties near yours. If an empty dwelling is not maintained, contact the property owner. If he/she doesn’t respond, take turns with your neighbors to remove debris and perform routine outdoor maintenance — doing so will help deter vandals and squatters and help maintain property values in the neighborhood. If you suspect squatters or a significant safety hazard, however, do not enter the building — contact the property owner or local authorities if the owner doesn’t respond.

For more information on protecting your vacant property or home for sale, please contact us. ■

Vacancies in Second Homes and Rentals

Vacancies in second homes or vacation homes do not cause the same insurance coverage problems as vacancies in primary residences. If you bought your vacation home as a second home, your insurer knows it is not occupied all the time and has priced your homeowners insurance accordingly. Likewise, owners of rental properties should have rental property insurance or a landlord’s policy, which covers both property and liability exposures. However, whenever your second home or rental property is vacant, take the same steps outlined in #5 to make the property look lived-in. This will help prevent burglaries and vandalism and protect your investment. ■

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loss. Do you need this coverage? Consider that you’ll have to continue making mortgage payments, even if your house burns to the ground, then add in the extra expenses a forced relocation would mean, such as rent, deposits, renters insurance and the cost of renting furniture and electronics comparable to those you had in your home.

10 Remain in close consultation with your agent or broker. Ask for specific timelines on resolving your claim. If the insurer falls behind in settling your claim, your broker might be able to intervene on your behalf. If your insurer comes up with a settlement you consider inadequate, you might want to consider hiring an independent adjuster.

For any questions on what your homeowners or renters policy covers, please contact us. ■





Planning for Power Outages

We used to take electricity for granted. You flip a switch, and a light comes on. But rolling blackouts have become a part of life during summer in certain areas of the country, while lightning strikes and other disasters can cause longer-lasting power outages. Here's what you should know about power outages.

Your first priority will be to ensure the safety of anyone who might be on your property when an outage occurs. To do so, you will need:

- 1 At least one non-electrical telephone. Cordless telephones and those with built-in answering machines require electricity to work. You should have at least one non-electrical unit that can plug directly into the jack. Emergency lines are likely to be jammed — to check on the status of a power outage, contact your utility company directly. You may also want to buy a battery-powered charger for your cell phone(s).
- 2 A battery-powered radio and extra batteries, to hear newscasts and emergency reports.
- 3 Flashlights and spare batteries, located in a place easy to find in the dark.
- 4 Emergency supplies, in case the outage lasts more than a day. These include blankets, water, emergency food (that does not require refrigeration or heating) and a

cooler and ice packs for medications that need refrigeration.

What to do during a power outage

To prevent your house from heating up to an unhealthy degree while air conditioning is unavailable, close shades, curtains or drapes during daylight hours; open windows and doors to allow ventilation when it's darker and cooler outside. If you have frail or elderly family members who might find heat too stressful, consider buying a generator to power air conditioners and fans during an outage.

Avoid opening the refrigerator and freezer. Homeowners policies exclude coverage for loss due to power failure; however, some comprehensive policies provide a minimal amount of coverage, up to \$500, for food spoilage. If you need more coverage — say you're a hunter and keep freezers full of valuable game — you can usually add this coverage to your policy by endorsement. For information, please contact us. ■

Last year, wildfires in California caused between \$600 and \$800 million in insured losses. Most of the property damage occurred at urban/wildland interfaces.

What sparks these fires? In 2007, lightning caused 12,261 wildfires, but human error caused 73,446. Here's what you can do to minimize risk of fire on your property.

- 1 Maintain a "safe zone" of at least 10' around your home and other structures. Keep landscaping in these areas short and well-watered. Remove any debris. Avoid planting resinous plants, such as eucalyptus, in these areas, as they can explode when exposed to high heat.

- 2 Keep grass and weeds on your property mowed short. This will lessen the amount of fuel available to burn and spread a fire.

- 3 Remove tree limbs from the ground to 10 feet. This helps prevent fire from "laddering up" into the tree canopy. For trees that hang over roads or driveways, remove branches from the ground to 13.5 feet to allow passage of fire trucks.

- 4 Store firewood at least 30 feet from the house.

- 5 Remove flammable materials, such as leaves, grass and other debris, from around propane or other fuel tanks.

- 6 When building or remodeling, use fire-resistant materials, especially

on the roof.

- 7 Know where extra water sources are if needed to fight a fire, such as a swimming pool, stream or well.

- 8 Keep a fire extinguisher in the kitchen, garage and shop. Check them regularly and refill or replace as needed.

- 9 Install sprinklers if building or remodeling. Sprinklers protect property by preventing fires from spreading; they also earn you a discount on your homeowners insurance.

- 10 Exercise judgment when using power equipment. Do not use chainsaws or other power equipment that can throw sparks in excessively dry areas or in areas where fuels exist. ■