



Protecting Vacant Property February 2010

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Protecting Vacant Property

The insurance risks and liabilities associated with owning vacant property can be extensive. To be sure the owner remains protected, it is important to know how a Property Insurance policy functions in the case of a vacancy. For added protection, one option is to purchase Vacant Property Insurance. In addition, there are preventive strategies for maintaining vacant properties to reduce risk and liability.

Insuring Vacant Properties

Most insurance companies include a clause that insurance will expire if a property is left vacant for more than 30 or 60 days (depending on the policy). This leaves the property owner financially vulnerable for all the risks previously noted. However, many insurance companies do offer Vacant Property Insurance (also known as Vacant Building Insurance or Vacant Dwelling Insurance).

Potential Risks

Vacant buildings are an obvious target for theft, trespassing and vandalism. In addition to any loss or property damage that may occur, owners need to keep in mind that they can be held liable for criminal activities or accidents that take place on the premises.

Vacant properties are susceptible to undetected damages, such as fire, water damage, electrical explosions, wind or hail damage, and mold. A study by the National Fire Protection Association shows that approximately 31,000 fires occur every year in vacant buildings, costing \$642 million annually in direct property damage. Many such incidents occur in vacant buildings due to small maintenance issues that go unattended (where someone in an occupied building would have recognized and handled the problem before it caused a larger loss).

In certain facilities, there may also be environmental hazards that the owner needs to consider. The owner may be held liable for any hazardous materials that contaminate groundwater or other nearby natural resources. Also, underground fuel tanks present serious challenges and thus should be frequently and carefully inspected by professionals.

Flood Insurance in the Spotlight

Flood insurance could have a large impact on your business, whether you are on the coastline or inland. The NFIP reports that in 2008, more than one-third of claims belonged to businesses in low-risk flood areas. Keep your eye on flood insurance as it continues to be in the spotlight among lawmakers. Any changes to the program could have a large impact on your business. Meanwhile, educate yourself on flood insurance for the coming winter months.

- Hurricane season is not the only time flood insurance is important – areas prone to heavy snow and rain in the winter are also vulnerable.
- Do not wait until the last minute to invest in flood insurance, as there is usually a waiting period until the policy kicks in.

Flood insurance is also important for those renting space. There are flood policies available for many different kinds of structures.

For more information & complete report about Vacant Property Insurance and other strategies to help protect your assets and mitigate loss, contact PDCM Insurance today.

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