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Don't let house insurance take a holiday

Going away for the holidays?

Under most insurance policies, if your house is unoccupied for more than four consecutive days during the winter season, your insurance will not cover water damage from the freezing of any part of a plumbing, heating, or air-conditioning system, or an appliance such as a washing machine or dishwasher.

Typically, an insured homeowner will not be able to make a successful claim for this type of damage unless arrangements were made for a competent person to visit the house daily to make sure the heat is maintained.

Another option is to shut off the water supply and drain all pipes and appliances.

What happens if a house is going to be empty for an extended period of time while it is awaiting renovations, for example, or if it is for sale and the owners have moved elsewhere?

In this case, the Insurance Bureau of Canada advises that if your house is vacant for more than 30 consecutive days, all insurance coverage on it stops. A house is considered to be vacant if all occupants have moved out with no intention of returning, and no new occupant has taken up residence.

The quick fix for this situation is to ask the insurer for a vacancy permit. This must be done within the first 30 days of vacancy. This will maintain most of the coverage you had on the house, but will likely not protect against vandalism, or malicious acts, water damage, or glass breakage.

It is up to the insurance company to decide whether or not to grant you a vacancy permit it is not obligated to do so. The decision will depend on individual circumstances, such as loss history, location, and the expected duration of vacancy. Normally, a vacancy permit is limited to a maximum of three months, but again, this depends on your insurer. A monthly additional premium is charged for the duration of the permit.

For insurance purposes, a vacant house is not the same as one whose residents are temporarily away, on vacation, for example. In that case, insurer considers the house "unoccupied."

If the residents plan to return home, the house continues to be insured while they are away even if it is for longer than 30 days. But don't expect coverage for freezing damage unless arrangements were made for daily inspections.

An interesting case on the meaning of "vacant" was released by the Supreme Court of Newfoundland last month. When 83-year old Mamie Smallwood moved out of her house in Bonavista to her new home in St. John's, she left a few "odds and ends" of furniture in the house. She arranged for her next-door neighbour to keep an eye on the house.

When her brother-in-law went to the house to pick up a lawnmower and footstool, he discovered a foot of water on the basement floor, the result of a broken pressure release valve on the hot water tank.

Metro General Insurance held the policy on the Smallwood house and denied coverage on the basis that the house was vacant. The policy said the house was deemed to be vacant when the occupant moved out with no intent to return.

Supreme Court Justice Leo Barry ruled in favour of the owner, saying the policy language was vague because it did not state whether the occupants have "moved out" if they leave possessions on the property. The judge decided that the property was not vacant, and awarded the owner damages of \$1,500.

A 1997 Ontario decision in Hamden v. Farmers Mutual ruled that the insurer had to pay damages resulting from a fire where the owners had moved out. Justice Frances Kiteley concluded that the premises were not vacant since the owners were "back and forth" and a son was "watching over" the house.

The value of these cases to future claimants, however, may be limited to their particular facts. As a general rule:

*If you're going to be away for a short time, turn off the water even in warm weather.

*If your absence will be 30 days or more, ask your insurance agent if you need a vacancy permit.

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