

Greetings. Homeowners policies cover buildings and contents on the "residence premises." They define "residence premises" as the dwelling where you reside. That seems pretty logical. 98% of the people who buy homeowners insurance policies reside at the premises listed on the policy.

***WHAT ABOUT THE 2%  
WHO OWN BUT DON'T  
RESIDE AT THE  
PREMISES?***

These people can be caught in a transitional circumstance where their coverage might be compromised. There have been some court cases over the years, where an insurance company successfully denied the claim, when it was determined that the owner/named insured was not a resident, such as foreclosures, rentals and death.

One denied claim involved a couple who bought a home but continued to live in their existing home while the new home was being remodeled. A fire during the construction caused a six figure loss. The reason for the denial was that the insured was not residing there at the time of loss.

***STORYTIME***

Laura, 86, lives alone in her lake home. Recently, at the urging of her adult children, she moved into an assisted living apartment. Maintaining her home was getting too hard to do by herself. She told us this is a six-month trial and that she is keeping the house for a while to keep her options open. During this time, her kids are maintaining the property and they are checking on it regularly. Suppose that, after three months, her home is destroyed by fire. Since she is no longer a resident at her home, could her claim be denied? Yes, it could. And, in a similar case, the insurance company did just that.

***HERE IS THE SAFE WAY  
TO HANDLE TEMPORARY  
NONRESIDENT  
SITUATIONS***

Fully disclose circumstances to the insurance company underwriter. That way, if they are aware of the nonresident status and they go along with it, they can't deny a claim later based on non-residency. If they do object and want to cancel the policy now, you will have to buy a more expensive policy designed for unoccupied homes. Yes, the added cost is a burden, but it's much better to pay the premium now rather than doing nothing and later having a claim denied.

***SO, FOR WHATEVER  
REASON YOUR HOME IS  
NOT OCCUPIED BY YOU***

Be sure to let us know ASAP. Then, depending on the circumstances, we can advise you what steps to take to avoid a claim problem later. Maybe the underwriter would be comfortable continuing on the risk if you installed a central burglar and fire alarm. Or perhaps if you moved in a family member (i.e., son or a grandson) to take care of the property.

**WHY I RECOMMEND  
“SPECIAL PERILS”  
CONTENTS COVERAGE  
ON YOUR HOMEOWNERS  
POLICY**

Special Perils Contents coverage covers any loss, no matter how bizarre, if it is not excluded. Here’s an example of damage caused by a faulty thermostat (covered because it’s not excluded). This was sent to me via email by a purchaser of my book, *Insurance for Dummies*. She wanted to reiterate my book recommendation to buy Special Perils Contents coverage.

“After being out of town for two weeks, I arrived home, opened the door, and literally had my breath taken away from the heat. Based on meter readings, it appears that the heater had been running nonstop for a minimum of 12 days. All candles in the house had melted. Wax was splattered on surfaces and walls. Two 12 packs of Diet Seven Up exploded in the kitchen pantry and completely evaporated. A heavy plastic shoe rack located in a closet warped to the point where shoes will have to be cut out. Based on these findings alone, it is believed that the inside temperature was between 125-130 degrees.

“The following is a short list of known damages to the home and contents: Laminated wood floor shrunk. Subflooring is warped. Cabinets shrunk, cracked and warped (solid oak.). All doors, door and window frames shrunk and/or cracked. Baseboard and crown molding cracked and shrunk. Pine groove walls shrunk. Kitchen countertops warped. Most glued surfaces (i.e., laminated furniture, Formica countertops, etc.) have separated and peeled. Solid wood furniture has either split or experienced excessive shrinking. Sheet rock cracked.

“Even though the temperature that day was in the low 70’s and breezy, it took more than nine hours, with all windows and doors open to the house, to cool below 85°. Once the house did begin to cool down, the popping noises were loud enough to make one take cover!”

(Thank you Teri J. for sharing your story with us. What a nightmare!)

**A FOLLOW-UP**

Teri did have Special Perils Building coverage which comes standard on almost all homeowners policies sold today. But unfortunately she did not buy the optional Special Perils Contents coverage, so she had no coverage for all the contents losses she suffered.

**CALL 952-893-9218 AND  
ASK FOR PERSONAL  
LINES CUSTOMER  
SERVICE**

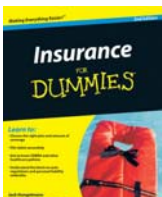
They will be happy to advise you as to whether or not you have Special Perils Contents coverage now—and, if you don’t, what it will cost to add it to your policy. If you can afford the premium, I recommend that you do add it.

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*Wishing you a cool, breezy, wonderful Summer!*

*All the best!*

*Jack Hungelmann*



Insurance for Dummies second edition, authored by Jack Hungelmann. Buy it online at [www.dummies.com](http://www.dummies.com) or [www.amazon.com](http://www.amazon.com).

