

IMPORTANT COVID-19 UPDATE

ADDITIONAL GUIDANCE ON VACANCY PROVISIONS IN PROPERTY POLICIES

Thirty days have passed since our [prior guidance](#) on property coverage and vacant or unoccupied locations, and many businesses remain closed or have less than full occupancy. As a result, we are providing an update on this important topic.

Many commercial property policies require a policyholder to notify the insurance carrier if their facility is vacant or unoccupied for a period of time, typically 30 or 60 days. If a property is vacant for a longer period of time than allowed in the policy, and you fail to notify the carrier, coverage could be impacted in the event of a loss. In fact, it could result in no coverage for the unoccupied or vacant location.

Early on, many carriers committed to deeming the condition met, if the closure is due to COVID-19, AND the insured maintained the necessary protective safeguards, such as fire suppression systems. This could vary from carrier to carrier.

It is important to note that many policies define “vacant” or “unoccupied” differently, and definitions can be very broad. For example, one carrier defines “vacant” as:

1. 70% or more of the rentable square footage of a building at an insured location is not being actively used by you or a tenant for its intended purpose; or
2. 70% or more of the total square footage of a building at an insured location utilized by you to conduct your business is no longer used to conduct your customary operations; or
3. A building at an insured location utilized by you to conduct your business does not contain enough business personal property to conduct your customary operations, whether or not you intend to use or rent such building.

Even though some carriers have waived the vacancy notice condition, these waivers have typically been put in place for a specified period of time. Therefore, if you have any unoccupied locations, it is important to consult with your insurance broker so you can notify your carrier and make sure you understand any safeguards you may have to take so that your coverage remains intact.

Please visit our [COVID-19 Resource Center](#) for more information.