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## COVERAGE SOLUTIONS FOR VACANT PROPERTIES

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With an increase in the vacancy rate of commercial properties due to the COVID-19 pandemic, owners are at greater risk of suffering uninsured losses.

Most commercial property policies contain vacancy clauses that significantly restrict coverage for losses at vacant properties. Business owners should review their coverage with their insurance consultant to understand their insurance policies' limitations and exclusions in the event a property becomes or is already vacant.

If a property becomes vacant for a period of more than 60 consecutive days, coverage is void for losses arising from:

- Vandalism
- Sprinkler leakage (unless the system has been protected against freezing)
- Water damage
- Building glass breakage
- Theft and attempted theft

It is also prudent to note that recovery for any other covered cause of loss is reduced by 15%.

**Thankfully, it is possible to waive these restrictions with just a few steps:**

1. Tell your broker if 70% of your building has or will become vacant, and if it will remain this way for more than 60 days.
2. Your broker should be able to obtain a vacancy permit endorsement from your insurance company, which suspends the restrictions noted above.
3. If your insurance carrier is not able to provide a **vacancy permit endorsement**, there are specialty insurance companies that can provide vacant building coverage.

### ABOUT PARKER, SMITH & FEEK

Parker, Smith & Feek is a private brokerage firm driven by client service. We offer a range of services, including commercial insurance, risk management, surety, employee benefits, and personal insurance. PS&F is ranked nationally as one of the 40 largest privately held risk management and insurance brokers. We are committed to serving the community and proud to be one of the top corporate philanthropists in the region.

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Carriers will want to know more about what you are doing to mitigate losses as the property owner. Your broker and insurance company can help develop a plan. Many insurance companies have created checklists to guide and implement a response if your building becomes vacant.

Building owners should proactively review their portfolios and buildings' vacancy conditions with their brokers, discuss options to secure coverage, and make a plan to protect their assets in the event a property becomes vacant.