



Three building changes to notify your insurance broker

June 09, 2014 - Front Section

As a busy building owner, I'm sure you're more concerned about filling up your next apartment, closing your next deal, and getting your building refinanced than you are about notifying your insurance broker with changes to your building.

The following are three important changes to your building that you should notify your insurance broker about immediately:

1. Vacancies

If the occupancy of your building dropped below 75%, you should notify your broker right away. Most insurance companies that insure occupied buildings require the building to be 75% occupied. Once the occupancy rate drops below 75% they might consider the building vacant, in that case you might not be covered for a claim. Other companies allow your occupancy rate to be below 75% for a period of 30 to 60 days, as long as you are trying to fill it with tenants. Some may even require you to provide copies of leases.

If the occupancy of your building falls below 75% make sure to contact your broker right away to ensure you are in compliance with your insurance company's guidelines, and to see whether you have to get a vacant building insurance policy.

2. Construction

Although renovating an apartment after a tenant has moved out may seem very minor to you, to the insurance company it can make or break whether you're covered or not. Some insurance companies may allow minor construction such as repainting an apartment. Some companies may allow any type of work as long as it is not structural. Other companies may allow even bigger projects as long as 80% to 90% of the building is occupied and not under construction.

That being said, it is crucial for landlords and building owners to always check with your broker before doing any type of construction to make sure that your insurance company allows it. If they don't, you will be advised whether you need to get additional builder's risk, or general contractor's policy.

3. Occupancy type

The types of tenants you have in your buildings make a huge difference to insurance underwriters. Some companies may not cover any type of store with cooking on the facility. Other occupancies insurance companies can be picky about are: day cares, student housing, subsidized housing, SRO (single room occupancy), churches, cleaners, or manufacturers.

If the occupancy types of your building changes during your policy period, make sure to notify your broker about it.

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