

# Vacant Dwelling FAQs



Our underwriters answer the most frequently asked questions.

**Q:** My client owns an investment property that has been vacant for three months and his current insurance carrier is cancelling his policy. Will American Modern insure this home?

**A:** A qualifying home can be insured in the DP-1 Vacant program where most states offer a three, six, or twelve month term.

**Q:** I have an insured that is selling their home and has already moved into their new home. Since their home is no longer occupied, how do I insure it?

**A:** A home that is unoccupied and on the market can be insured in the DP-1 Vacant program.

**Q:** My policyholders have a DP-1 rental policy with American Modern. The tenants have moved out. While they seek new tenants, do I have to cancel the current policy and write the home in the DP-1 Vacant program?

**A:** No. American Modern's Vacancy Permission endorsement allows rental dwellings to be temporarily vacant. Once the home has new tenants, the endorsement can be removed.

**Q:** Will a DP-1 Vacant policy properly insure a furnished, but seasonally vacant, home in New York that is owned by a family that lives in Illinois?

**A:** A secondary residence that is seasonally occupied should be written as a DP-1 or DP-3 seasonal risk, not as a vacant risk.

**Q:** One of my customers is an investor who buys multiple properties in the name of her company. After purchasing the homes, she renovates and re-sells them. In which program should I insure these homes and for what value?

**A:** Vacant homes under renovation should be placed in the DP-1 Vacant program. This program offers a Builder's Risk endorsement that is intended for vacant homes that are undergoing major renovations. In most instances, the dwelling should be insured for the purchase price plus renovation costs. However, there are limits on the amount of renovation coverage that can be offered. This amount should be discussed with and approved by the state underwriter.

**Q:** If a home is inherited, but it is uncertain whether it will be leased or sold, how should it be insured?

**A:** An inherited home that is vacant should be insured in the DP-1 Vacant program. However, an inherited home occupied by tenants can be insured either in the DP-1 or DP-3 rental program.



**Q:** How do I insure a second home that is not occupied, leased to others, or soon to be sold?

**A:** Homes that are vacant indefinitely are not eligible.

**Q:** Will a home that is for sale (windows boarded for protection) qualify for the DP-1 Vacant program?

**A:** Possibly. Vacant dwellings that are for sale or undergoing renovations may have temporarily boarded windows. However, the home and premise must be properly maintained.

**Q:** I need to place coverage on an unoccupied home that will be rented out at some point. Do I write this in the vacant or rental program?

**A:** Newly purchased investment dwellings that are unoccupied, but do not have a lease agreement taking effect within 30 days of the purchase date, should be placed in the DP-1 Vacant program.

Have questions? Need help with a modernLINK® quote?  
We're just a phone call away at 800-543-2644.

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