



## Current Articles 1999 – January

### Going South

At this time of the year many of your clients are heading to warmer climates for a vacation or in the case of "snowbirds" for the entire winter. Brokers should be aware of policy conditions that may apply for both their property and automobile.

Let us deal with the property first. Residential property policies exclude coverage if the premises are vacant for more than 30 consecutive days. Whether an insured goes to Florida for 2 weeks or 4 months, his residence is not vacant but is unoccupied because contents are left behind and the insured intends to return. So the vacancy exclusion does not apply in this example. However, there is a condition with regard to water damage that does apply if the residence is unoccupied for 4 consecutive days or more. (Some insurers may use 5 or 7 days in their policies.)

When an insured is going to Florida as above, he must have the residence inspected daily by a competent person or shut off the water and drain the plumbing system. This applies whether your client is a homeowner, tenant or condominium unit owner. In addition to the premises for a homeowner, the current definition of premises for a tenant or condo refers to the "unit" that your client occupies. The fact that there are other residents in the building does not matter. Inspection of the unit is the same as for a homeowner.

Because of different handling of sewer back up coverage, either included or added by endorsement, this condition to inspect may apply to a sewer back up claim also if related to freezing.

If your client has a monitored alarm system you may want to recommend that he add a low temperature monitor. Many insurers will waive the necessity to inspect if there is a monitored alarm system so equipped. At the same time why not recommend various timers for lights as a risk management suggestion.

The automobile coverages and requirements will depend if the client is taking an Ontario car to Florida or is renting from a Florida rental company. Remember, Florida is one of the states that permit "Liability Shifting". 1979 Florida Statutes permits your clients' automobile liability coverage to be primary (rather than on an excess basis), if the client is notified and signs the Florida agreement. The Ontario policy will cover this situation providing that you have not deleted "all but comp!!" Similarly, if the rental company does not require the liability shifting agreement, your client's liability coverage will apply on an excess basis, unless you deleted the liability section. Minimum limits in Florida are 10/20/10 or 30,000 inclusive limits. So many rental companies have very low primary coverage. Be careful in counseling your client, particularly with regard to deleting coverage.

There was a case in British Columbia where a broker "deleted all but comp". The client was seriously injured in a taxi in Hawaii while returning from Australia. Since coverages were deleted,

the client had no access to Accident Benefits and was successful in a court action against the broker.

If the client is renting in Florida and his vehicle is not going to be used in Ontario while he is away, the better method is to apply the Suspension of Coverage (OPCF 16) endorsement. This endorsement will delete coverages on his owned vehicle but continue to effect coverage for liability, accident benefits, uninsured auto and DCPD on a non-owned auto. This is primarily recommended for longer vacation periods because in order to obtain a refund of premium for the lay up period the vehicle must be off the road for a minimum of 45 days. And don't forget the OPCF 27 - Liability for Damage to Non-owned Auto, which was in my column in April 1998.

**James E. Bonnay,**  
C.I.P., C.C.I.B.  
Insurance Consultant

Phone 905-333-1727  
Fax 905-333-0683  
E-mail - [jamesbonnay@cogeco.ca](mailto:jamesbonnay@cogeco.ca)