



Abandoning Property Covered by an Insurance Policy After a Hurricane or Storm

When a catastrophic event such as a hurricane occurs, and total loss and devastation ensues, the reality is that people may decide not to rebuild and in some cases actually walk away from the remains of their 'property'. While the choice remains with the owner of the property as to whether or not to repair, there are conditions within your insurance policy that you need to consider.

Under all insurance policies, there is a Statutory Condition that addresses Abandonment that should be understood.

A typical clause will state:

Entry, Control, Abandonment

After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.

This condition means that the insurer is entitled to access the property to survey the damage and prepare an estimate and that an insured CANNOT abandon the property to the insurer, without their consent.

When "property" means the physical debris from the building, an insurer will not take over the responsibility to clean up the remaining debris, unless it is part of a plan to rebuild or an agreement to clean the debris and then cash out.

As an insured, or legal owner of the 'property', you may be legally liable to ensure that any debris is addressed, regardless of whether you choose not to rebuild and move away to start over in a new location.

Also, note that an owner who leaves debris, remnants of structures, or other hazards accessible by the general public at an unsecured site, may also open themselves up to potential premises liability claims and/or litigation.

Before you decide to walk away, please speak to your insurer or your local government official regarding your responsibilities under the law.

CONTACT YOUR LOCAL HUB for advisement on your business insurance policy and additional risk management resources.

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