

# COVID-19: Shutting Down Operations and Vacant Building Maintenance



In the world of coronavirus, many governments are requiring non-essential businesses to shut down to slow the spread of coronavirus. This has caused businesses across the United States and Canada to shut their doors temporarily. This document is intended to provide business owners with instructions and tips on how to shutter their business and maintain the safety and integrity of their operations.

In the following, we will cover:

- The insurance definition of vacant property and coverage implications
- Potential hazards of vacant properties and closed businesses
- Strategies that will mitigate and reduce these risks
- Vacant Property Checklist that can be used to assess and reduce risk

## General Shutdown Information

Temporarily shutting down operations may be a requirement of your local government. This process should ensure the security of your business and adequately maintain your operations to allow for easy re-opening in the future. If you have not already contacted your insurance broker, we recommend you do so to ensure adequate insurance coverage is in place and shut-down procedures are maintained.

It is important for you to support any employees who will be attending to the site to inspect and/or maintain the property. It is recommended that all persons attending sites continue to follow all workplace safety requirements recommended by local health authorities and local government regulations.

If you are asked to use your business for other purposes during your shut-down, please notify your broker as some changes may impact your insurance coverage.

This document has a checklist of actions which may assist with your shut-down process. If you have any questions, please contact your local HUB broker.

## Definition of Vacant Property & Coverage Implications

### VACANT OR UNOCCUPIED - INSURANCE PERSPECTIVE

An insurer views a vacant building as a different risk (increased loss exposure) than an occupied or “unoccupied” building. The occupant’s intention to return is often the difference between the definition of vacant or unoccupied. All situations are unique in defining a building’s occupancy, but a few questions that could help in this assessment include:

- Are the utilities still connected and in operation?
- Has equipment and other business personal property been removed?
- Is the building habitable?

Most commercial properties have insurance coverage restrictions when a building is vacant. Each insurer can determine provisions in their policies for vacant properties. If the building is

vacant for more than 60 consecutive days before the loss occurs, then there is may be no coverage for:

- Water damage
- Theft
- Vandalism
- Breaking glass
- Sewer back-up
- Damage due to the weight of melting snow or ice

For other covered losses, i.e. wind/hail, fire, lightning, smoke, explosion, etc.; payments are commonly reduced for the majority of losses. It's critical for building owners to be aware of the vacancy provision in their insurance policy and to notify their insurer about the vacancy so proper coverage can be continued under the policy.

## Increased Hazards of Vacant Properties

**Fire:** Trespassers (smoking, arson, fires for heat), decayed wiring, and/or drug production

- This becomes more problematic when automatic sprinklers are turned off, damaged, or not maintained
- Vacant buildings also pose a threat to nearby buildings

**Theft:** Valuable fixtures and materials, i.e. copper

**Vandalism:** Graffiti, broken windows

**Environmental Risks:** Groundwater & soil might be contaminated from toxic substances leaking from or into a vacant building

**Susceptibility to Weather Events:** Regular building inspections and maintenance are typically reduced in vacant buildings. Increased risk examples:

- Clogged roof drains or heavy snows could be factors in a roof collapse
- Lack of regular maintenance could accelerate building component deterioration resulting in increased water infiltration or expensive repair costs.

**Trespassers:** People may use vacant buildings as places for illicit activities or squatting.

## Strategies to Mitigate & Reduce Risks

The Vacant / Shut-Down Property Checklist on the following pages list some strategies to mitigate and reduce risks associated with a vacant property. This is not an all-inclusive listing and some site specific situations may need to be addressed separately.

Contact your HUB International representative if you have any questions about vacant property coverage or risk mitigation strategies.

Vacant / Shut Down Property Checklist			
Administration/General	Yes	No	Notes
Is there a plan for the shutdown?			
Partners (Owners, Customers, and Suppliers) notified?			(If N): Please notify
Has your Insurance Broker been informed?			(If N): Please notify
Has the local utility company been informed?			
Have mail and delivery services been suspended?			
Perishable items removed (if applicable)?			
Computers are backed up remotely (cloud) & secured?			
Important documents removed & securely stored?			
Security	Yes	No	Notes
Has the security / alarm company been informed?			
Access keys restricted to specific personnel?			
Cash, valuables, etc. removed from the building?			
Is there perimeter and interior lighting in place?			
Are all doors and windows secured?			
Are vulnerable doors and windows protected by physical barriers (such as plywood)?			
Is there a perimeter burglar alarm?			
Are all perimeter barriers in good condition?			
Are all keys accounted for?			
Is there a guard service in place?			
Will the property appear to be occupied (i.e. grass cut, removal of leaves or snow)?			
Regular inspections conducted and documented?			
Has consideration been made to protect trespassers?			
Environmental Risks	Yes	No	Notes
Are all hazardous materials properly removed or stored?			
Refuse been removed from the outside of the building?			
Refuse been removed from the inside of the building?			
Is all brush and vegetation on the site trimmed and kept at least 25 feet from the structure(s)?			
Maintenance-Building/Fire Safety/Utilities	Yes	No	Notes
Unnecessary furnishings & furniture been removed?			
Has the water to be shut off and lines drained?			
Building temperatures are set to prevent freezing?			
Will pest control be maintained?			
Access scheduled for third party maintenance?			
Are there regular roof inspections planned?			
Any equipment to be removed?			
Is there a maintenance plan for remaining equipment (If applicable)? Access available?			
Turn off or unplug all remaining equipment on site			
Will the boiler be left in operation?			(Y): Regular PM (N):Shut-down
Has consideration been made to protect trespassers?			

Fire Protection	Yes	No	Notes
Is there an automatic sprinkler system?			Conduct regular service
Sprinkler system maintained to NFPA 25?			Conduct regular service
Sprinkler systems require winterizing or building heat?			
Is there an automatic fire detection System?			Conduct regular service
Are fire hoses provided?			(Y): Remove with permission of AHJ
Are portable fire extinguishers present?			Conduct regular service
Is there a fire pump for the sprinkler system?			(Y): Normal Maintenance
Are owned fire hydrants on site?			(Y): Normal Maintenance
Is there a water tank for the sprinkler system?			If tank is heated maintain

HUB International continues to follow developments in order to provide assistance and advice to customers as potential responses are considered to this evolving situation. Visit our online [Coronavirus Resource Center](#) site on the evolution of COVID-19 and resources available to help you navigate through the crisis. Do not hesitate to communicate with your risk management advisers at HUB.

## We're HUB

When you partner with us, you're at the center of a vast network of experts. We advise you on how to confidently identify, quantify and reduce risk through tailored solutions, so that you can protect what matters most: your people, your property, and your profitability.

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