



## **Vacant Properties: What's the Risk?**

### **What is a Vacant or Unoccupied Property?**

A *vacant* property has been unused for a certain number of days and is not often expected to be used in the immediate future. Vacant properties are often empty of content and furnishings. Examples include foreclosed properties and abandoned businesses. An *unoccupied* property generally contains contents and furnishings, and is ready for use, but is not occupied on a daily basis. Examples include storage facilities, meeting halls, seasonal restaurants, etc. A vacant or unoccupied property may be as large as an entire building or manufacturing complex, or may be as small as a single apartment or a small retail space in a strip mall or shopping center. Regardless of their size, construction, or location, vacant and unoccupied properties should carry appropriate and adequate insurance and should be protected by sound risk management and maintenance programs.

### **What Risks Are Present?**

Unoccupied or vacant properties of all types and sizes are vulnerable to hazardous conditions and events:

- Vandalism, criminal mischief, burglary and theft
- Arson and accidental fire
- Water damage, mold, and mildew
- Entry by animals, insects, etc.
- Use as shelter by homeless people or vagrants
- Use as a party site by teenagers or other people
- Use as site for criminal activity (e.g., drug activity)
- Deterioration due to poor maintenance and neglect
- Greater damage from weather and natural disasters
- Noncompliance with building codes and regulations

Poorly-maintained properties create eyesores, contribute to neighborhood blight, lower property values, and contribute to higher crime. Owners who fail to maintain and secure their vacant or unoccupied properties face increased liability, higher insurance costs, and, in many cases, civil penalties.

### **Develop a Risk Management Plan**

**Insure the Property.** Most insurance policies *exclude* vacant or unoccupied properties, or impose specific coverage restrictions. Check with your agent or insurer to determine the best coverage for your property. Work with your insurer's loss control professionals to identify and manage the risks that may be present at your properties. *Inform your agent or insurer immediately if the status of your property changes.*

**Secure the Property.** Property owners have a "duty of care" to any person who enters the property, even those who enter illegally. Every effort should be made to prevent unauthorized entry. The property should have appropriate and functioning locks, alarms, security lighting, fences and gates. If the property is going to be unoccupied for an extended period, cover the doors and windows to prevent broken windows and illegal entry. Warning signs are effective deterrents. If any part of your security system is broken or faulty, restore full functionality immediately.

**Maintain the Property.** Most vandals, thieves, and burglars are strongly influenced by the "look and feel" of the property they plan to target. Would-be trespassers and criminals look for properties where poorly-maintained landscaping, un-mown lawns, graffiti, trash, broken windows, poor lighting, and general disrepair indicate inattention to the business and inattention to security. Take the same care with an unused property as you would with an occupied site.

**Inspect the Property.** Inspect your property often, looking for signs of illegal activity, trespassing, or vandalism. Check the integrity of all security measures, making repairs and updates immediately as needed. Maintain a log of all inspections, suspicious activities, or trouble signs. Engage a security firm to keep an eye on the property if you cannot do so yourself.

**Shut Down or Safeguard Utilities.** If a property is to be unoccupied for any length of time, shut down or modify settings for water, heat, air conditioning, electric, gas, telephone, internet access, and other utilities. Seek assistance from your utility vendors as needed to ensure that your property is adequately protected from fire and water damage. *Do not deactivate fire sprinklers or alarms.*

**Team with Police, Fire, and Neighbors.** Inform local police and fire officials that your property will be empty. Share details of your security risk management plan. Ask police to patrol the property and to let you know of any irregularities. Inform police immediately if you see suspicious people or vehicles, evidence of trespassing or theft, or other criminal activity. Get to know your neighbors and tenants; ask them to alert police if they see suspicious activities, vehicles, or people.

For more detailed information on this topic, request *Sequoia Risk Management Guide: Vacant and Unoccupied Buildings* (SRMG-016)