

# MONEY MATTERS



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## LIMITING LIABILITY AT YOUR SECOND HOME

### **What are the most important considerations in protecting my seasonal home?**

The greatest challenge is to protect your home when you are not in residence. The best “insurance” often involves simple precautions, such as installing and maintaining remotely-monitored systems. Have your seasonal property regularly and thoroughly inspected by a caretaker, property manager, or trusted year-round resident.

An insurance program should be viewed broadly and encompass all personal insurance exposures. Many people make the mistake of purchasing insurance for their various homes through local insurance brokers. This often leads to gaps in coverage, higher premiums, and unnecessary exposures to losses that can be emotional and time-consuming.

Your entire insurance program should be handled by the most qualified insurance advisor and company. An advisor will help you design a comprehensive, well-structured program aimed at preventing loss or damage to your homes and personal belongings as well as providing sufficient liability coverage.

### **What should I ask my insurance broker before my home is occupied?**

Your broker should ask you about activi-

ties that might subject you to unforeseen financial loss such as hosting guests, permitting public access to your property (i.e. garden tours), entertaining, or activities, such as boating. Liabilities increase when minors are involved in these activities.

This time of year we are frequently asked about any increased liability in hiring staff. Aside from the normal prudent measures that need to be taken for proper screen-

ing, it is important to consider obtaining workers’ compensation for injuries related to employment. International travel with nannies or other staff might necessitate modifying coverage.

### **Why are hosting guests and entertaining areas of potential concern?**

While our clients’ homeowner’s policies should cover them from loss if a guest is injured on their premises, often the greater liability lies when entertaining.

We recommend that our clients obtain evidence of liability insurance from vendors or contractors working on their property, i.e. caterers, entertainers, etc. The client should be named as an additional insured under the vendor’s coverage. We suggest making a similar request of the charity, if you are hosting an event on their behalf. Depending on the size of the event, liability limits for all vendors should be reviewed. Liability limits of \$1,000,000 are considered low and we frequently recommend coverage up to \$5,000,000, which can be purchased on a single event basis at a modest cost. Another related issue is having your broker make certain coverage terms for the charity or vendor are appropriate. A final consideration is the potential damage or disappearance to one’s own property. Unfortunately, not every guest at a charitable event is going to have charitable intentions, so, depending on the size of the event, it may make sense to secure valuable articles or even

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consider hiring a security firm.

### **What steps can I take to control the cost of insurance for a seasonal home?**

This is a good question to ask even before one acquires or constructs a seasonal home. In addition to the value of the home, insurance premiums are largely determined by the property’s location, construction type, and protective devices aimed at reducing risk. In coastal areas, for example, windstorm coverage can be

