

Protecting Your Dream Vacation Home With Proper Insurance Coverage

Written by Cary P. Yates

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The opportunity to purchase a vacation home is a “dream come true” for many. Spending time away from home allows you to take a break from work, relax with your family, and enjoy fresh surroundings.

Yet to enjoy the benefits, owners of second homes face a few major responsibilities. Among the most important is protecting their properties — and their financial investments — against life’s unexpected events. Having sufficient insurance for your home-away-from-home can help protect your vacation haven — and your finances.

The reality of property ownership is that unfortunate events — such as fires, tornadoes and burglaries — may occur. At minimum, it’s important to have homeowners’ insurance coverage so you can protect the structure of the home itself. If your vacation home is damaged – or worse yet, destroyed — your policy should provide the resources you need to recover or rebuild. With replacement cost coverage, you should be able to replace most of what was lost and rebuild what was damaged.

Oftentimes, second-home purchasers are tempted to skimp on their vacation home insurance coverage. The reason? These vacation homeowners believe only a basic, bare-bones policy is needed because the property is not their primary residence.

This line of thinking may be shortsighted because vacation homes tend to be in locations and have features that make additional insurance important.

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For example, floods and earthquakes are excluded under basic homeowners' insurance policies. If your vacation home is along a coastline, river or lake, it may be worthwhile to extend your coverage against these types of natural disasters.

In addition, vacation homes often come with "attractive nuisances," like trampolines, floating docks and swimming platforms — all fun toys that may result in costly expenses due to accidents that may not be covered by your basic insurance.

Whether you're present or not, if a guest or stranger is injured on your property, you may be held liable if the accident is deemed the result of property-owner negligence. The appropriate insurance policy can provide coverage for those types of expenses.

To gain the best protection for your particular property, talk with a qualified insurance representative about additional coverage options that may be right for you. These could include:

Umbrella policy coverage – This covers identified costs over and above the dollar limits of an underlying policy, and it may give you peace of mind for many unexpected situations.

Liability coverage – If you are hurt in an accident or sued for a mishap on your property, expenses could include medical and other costs. Make sure your policy covers these expenses with adequate limits of coverage.

Boat and personal watercraft coverage – Your watercraft may be eligible for coverage under your homeowners' policy, depending on its size, type or other characteristics. Whether it's covered or not, you may still benefit from specialized coverages not available under a homeowners' policy. For example, watersports liability coverage provides protection when towing a waterskier or tube with your boat.

Once you select the right insurance policy for your vacation home, it's important to review your policy annually — to make sure your current coverage is adequate and to update coverage for

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any improvements you've made to the property.

Evaluating and choosing your insurance coverage is an important step in the vacation home buying process — one that is often neglected. Make sure your dream vacation home has the full insurance coverage and options that keep it as stress-free as a vacation home should be.

Cary Yates is the market growth & development manager for Wells Fargo in Houston. {jcomments on}