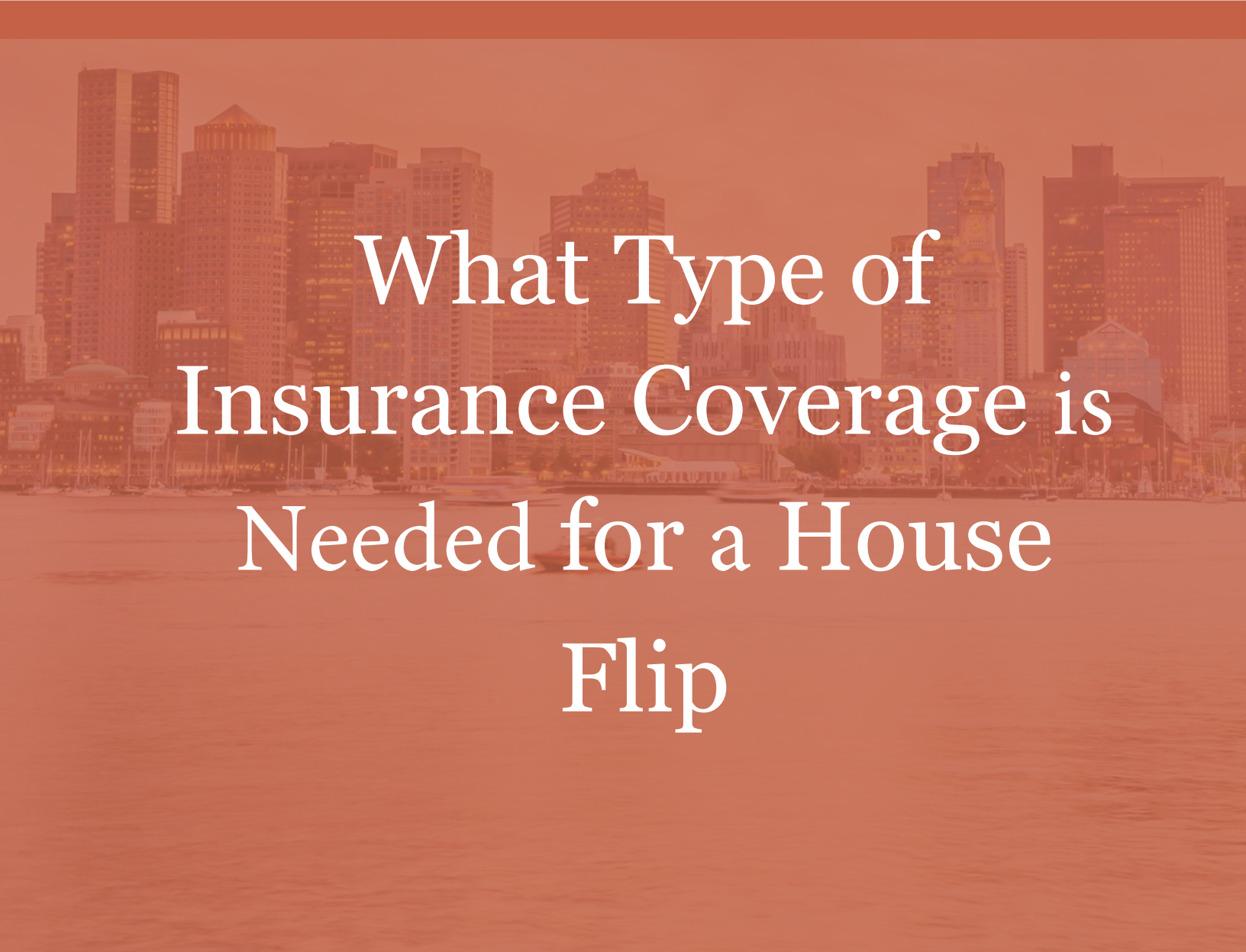


# Boston Trust

Fast Financing you can Trust

---



What Type of  
Insurance Coverage is  
Needed for a House  
Flip

**First and foremost it is very important to have a good insurance agent on your team.** Flipping houses demands unique insurance coverage not provided by standard homeowner's policies. Traditional insurers typically view house flipping as high risk due to the vacant periods and renovations involved.

For this reason, when flipping houses you will need to consider 3 Special Types of Insurances:

1. Dwelling Policy
2. Builder's Risk Policy
3. General Liability Umbrella



**Dwelling Policy:** This coverage is crucial for properties undergoing renovation or vacancy. As a flipper, whether conducting light renovations, preparing for sale, or seeking tenants, insurers perceive these properties as high risk due to potential damage. Keep your agent updated on renovations and ensure proper valuation for both building and renovation.

**Builder's Risk Policy:** Think about Builder's Risk insurance for structural renovations, covering direct property damage during construction. This policy can also safeguard owned materials, fixtures, and equipment used in the renovation. Adding a 'Builder's Risk rider' is essential, as Dwelling Policy may not cover renovations or materials.



**General Liability Umbrella Policy:** A General Liability policy can cover bodily injuries, like slip-and-fall accidents or wrongful deaths, that occur on your premises. However, it typically doesn't cover your general contractor or hired workers. It's essential to communicate your business intentions to your Insurance Provider to ensure proper protection for you, your property, and your assets.

### **What's the Right Insurance Coverage for My House Flip?**

Insurance coverage varies, so it's essential to carefully assess your needs to avoid being under- or over-insured. Typically, you have two options:

1. Basic Form Coverage
2. Special Form Coverage

**Basic Form Coverage:** Basic Form coverage includes protection only for the specific causes of loss listed in the policy, excluding all others. Notably, exclusions such as Theft, Weight of Ice, Sleet or Snow, and Water Damage (e.g., burst pipes) are not covered. Although Basic Form coverage may offer savings of 25-30%, it's essential to consider these exclusions carefully.



**Special Form Coverage:** This coverage protects against all causes of loss unless specified. Exclusions include Sewer & Drain Backup, Earthquake & Sinkhole, Flood, and Intentional Damage. You have two settlement methods impacting insurance costs and recovery amounts.

1. Actual Cash Value
2. Replacement Cost Value.

**Actual Cash Value:** Actual cash value settles claims based on property's current condition, deducting depreciation from replacement value. It may not cover full rebuilding expenses, leaving a shortfall.

**Replacement Cost Value:** Replacement cost value coverage settles claims by replacing your damaged home with a similar one today, covering only the home, not the land. Ideally, coverage should match the purchase price minus land value and renovations. Ensure coverage for rebuilding or compensating potential losses in a total loss scenario.

**\*Disclosure: The information provided is for informational purposes only. Please consult your insurance professional.**



**Boston  
Trust**  
**Anthony Bettencourt**  
**617-502-2113**