



Dwelling Under Construction endorsements Tips for protecting home renos and construction

During the construction of a new home or during major renovations to an existing home, your customers face unique exposures that require extra consideration from both you and an underwriter.

Dwelling Under Construction (DUC) endorsements can be tricky—they require a thorough underwriting effort, typically before construction begins. Get acquainted with the tips here to be certain that your Personal Insurance customers remain properly protected.

Please note that all DUCs are accommodation business that require the approval of an underwriter.

Preferred DUC risk characteristics

- Existing customers
- Built by a licensed, professional contractor
- Risks in a private name only
- Construction to be completed within 12 months
- Dwelling to be occupied by owner upon completion (i.e., not a flip)

Two options for your customers

We offer two wordings for DUC endorsements: one for dwellings that will be unoccupied during construction, and one for dwellings that will be occupied. Both endorsements contain a **special limit of \$10,000** for specified losses.

01 Unoccupied dwellings

Removes coverage for:

- contents
- mass evacuation
- additional living expense
- guaranteed replacement cost
- change of temperature
- freezer food

02 Occupied dwellings

Removes coverage for:

- guaranteed replacement cost
- change of temperature
- freezer food

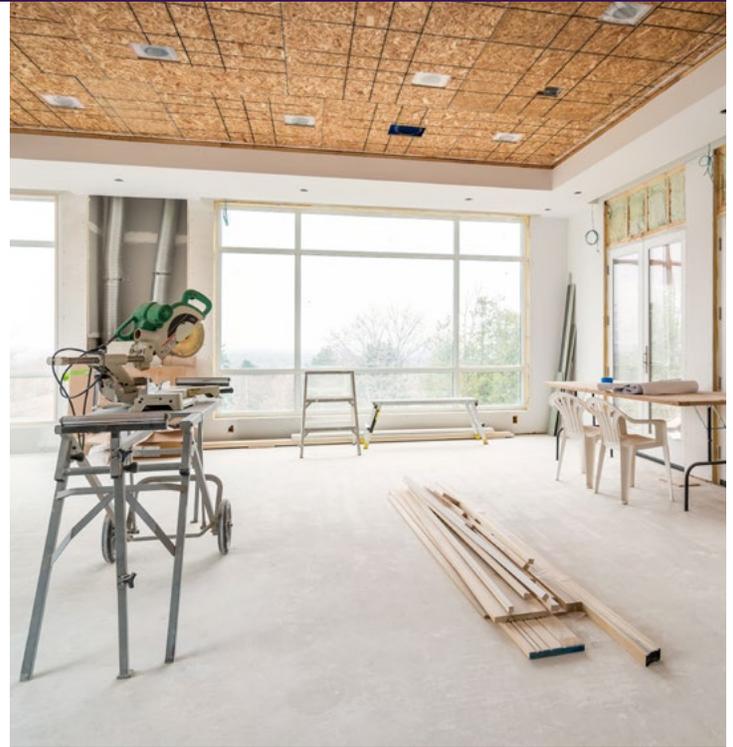
Important exclusions

These exclusions exist in all of our Personal Insurance base wordings. Get acquainted with them so you can discuss them with your customers:

- Losses caused by theft, attempted theft, vandalism, malicious acts or glass breakage in a dwelling under construction, or of materials and supplies for use in construction, until the dwelling is completed and ready to be occupied; with a DUC endorsement, these losses are covered for up to \$10,000
- Losses caused by water that occur while the building is under construction, even if we have given permission for construction

Note: We only cover risks from the date approval is provided—coverage is not retroactive to the beginning of construction.

Please ensure you are familiar with the Notice of Construction requirements contained in all property wordings.



Get the full picture

Consider asking your customers a few questions to get a sense of what their living situation will be during construction. By determining the answers to these questions, you'll get a fuller picture of their coverage needs:

- Where will your customer reside during this DUC?
- Is coverage for contents needed?
- Is coverage for another location needed?

Once construction is completed

Once the project has finished, revise your customer's coverage based on what their new living situation entails:

- Confirm that the customer has moved into the dwelling and that the construction is fully finished
- Amend the policy to the appropriate form—and don't forget to add back any endorsements or additional coverages that may have been removed at the start of construction

For additional underwriting information, please feel free to reach out to your underwriting team. And for more resources like this one, visit rsabroker.ca.

