



GROW OPERATIONS

Most landlords are aware by now that the use of rental homes by tenants as a base for marijuana grow operations is on the increase. Damage sustained to the residence can include the removal of wall boards, ceiling tiles, floor coverings, and moisture damage caused by increased humidity. Illegal wiring also increases the potential of fire loss.

Insurance is not designed to cover this kind of destruction. You as the owner are in the best position to prevent this type of loss. Under the law, it is your right to visit the premises at any time with 24 hours notice. You should inspect the interior of your rented dwelling frequently at least once every 2-3 months. Even if you can't access every part of the dwelling, the telltale signs of a grow operation may be present. Some include:

- Windows totally covered (cardboard, aluminum foil, black plastic) to control the grow environment
- Presence of a "skunky" odour of mature plants
- Removal of exhaust stack from hot water tank to introduce CO & CO2 into the residence to disguise odour and facilitate plant growth
- Ionizers installed to dispense odour
- Electrical service bypass and/or unusual wiring
- Little or no furniture in the residence
- No normal residential activity (talk to neighbours)

Even before renting your property, there are telltale signs that should be a "red flag" for you. They include:

- Tenant wants to pay the rent in cash, and may offer more than market price
- Vague, incomplete answers on application form
- No references and/or no identification
- Utilities to be registered in a different name
- Tenant shows great interest in electrical services
- Tenant doesn't show any interest in the layout of the suite, i.e. number of bedrooms, cable, etc.
- No current home phone number — tenant only wants to give out cell phone or pager number, etc.

SUMMARY



When Renting a home, advise the selected tenants of the following:

- The landlord's policy will not provide protection for the renter, who should obtain a tenant or renter's policy
- The premises will be inspected on a regular basis
- Any evidence of a grow operation will be reported to police immediately

An insurance policy can be depended upon to respond to a host of claims, but it does have certain limitations.

We hope the information included in this brochure will assist you in avoiding some of the perils associated with property rentals.



LANDLORDS

Insurance Tips for Residential Landlords



Some information you should know...

INSURANCE BUREAU OF CANADA  BUREAU D'ASSURANCE DU CANADA

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Vancouver, BC V6C 3A8

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VACANT HOMES

“Vacancy” refers to the circumstances where, regardless of the presence of furnishings, “all occupants have moved out with no intention of returning and no new occupant has taken up residence; or in the case of a newly constructed house, no occupant has taken up residence. This further applies even if maintenance work is being performed on the residence between tenants.”

Notwithstanding the above, most policies will continue some coverage for 30 days maximum. This gives the owner some time to arrange for replacement occupancy. To have coverage beyond this time period, you must inform your insurance representative so that a “vacancy permit” can be issued.

Some perils, however, cease to be covered from the moment the home becomes vacant and are not covered even when a vacancy permit has been issued. These include damage by vandalism or malicious acts, glass breakage and water escape.

Failure to arrange for the permit could render the entire policy void, so check with your insurance representative to be sure of all the facts.



PROPERTY DAMAGE BY TENANT



Most insurance policies contain a clause excluding coverage for damage caused by the tenant.

This position stems from the fact that renting a home is really a business risk, and that the property owner must accept the responsibility of properly selecting the tenant.

Even when an insurer has agreed to cover a loss of this nature, however, the result may be unsatisfactory. This issue hinges on the term “occurrence”. A policy will respond to a sudden and unexpected loss — an *occurrence* — and the appropriate deductible will apply to each occurrence. The problem arises when there is a variety of items damaged throughout the house. Unless there is evidence to the contrary, the policy deductible could well apply to each item damaged.

In other words...

An accumulation of damage to the residence would not be treated as a single claim.

The other potential trouble spot concerning damage to the property is the standard policy exclusion regarding “wear and tear”.

Insurance policies are not maintenance contracts; damage arising from use is not covered.

Depending on the loss circumstances, a claim could be reduced (by application of multiple deductibles) or denied completely (if it occurred because of wear and tear).