



ADVISOR INSURANCE  
RESOURCE

## Home Insurance Complexities for Trust Owned Properties

### I transferred my home into a Trust and still live there, now what?

This is a question coming across my desk more frequently and worth a quick discussion on the proper way to handle home insurance policies and Trusts.

There are many complexities to consider for a Trust owned home and how best to manage home insurance. The most appropriate way this is handled is to write the home insurance contract with the occupants (most often this is the Grantors and/or Trustees of the Trust) as the policy owners and first named insureds with the Trust as an additional insured. If the occupants just created a Trust and transferred the home to it, most insurers will allow the Trust to be added as an additional insured by an endorsement to the home policy. Other insurers *may* allow the Trust to be the owner of the policy, but in most cases, this is not advised because we need to consider how the occupants of the property will be insured.

Of perhaps the greatest concern, coverage would most likely not be extended to the occupants of the residence if they are not listed on the policy. In short, the occupants would be left uninsured! This is a huge potential coverage gap. We need to be sure that the occupants (most often this is the Grantors and/or Trustees of the Trust) in the residence are covered for liability as well as their personal property. Again, the best way to resolve this is to have the occupants/Grantors/Trustees of the Trust the home insurance policy owner(s) with the Trust as an additional insured.

A big issue with a Trust owning a policy versus the occupants is that the Trust is often not the owner of all the personal property inside the residence nor the actual occupant. Additional questions to consider regarding ownership, does your Trust have a bank account which is used to pay the insurance premiums? Did the Trust purchase all the property inside the residence including furniture, kitchen items, clothes, toys, etc., and do you have documentation to prove all contents are Trust owned?

What about a home that is owned by a Trust, but the beneficiaries, trustees or grantors are *NOT* the occupants of the property? The occupants would most likely need to seek a renters insurance policy to cover their personal property and liability.

What about an umbrella policy when there is a Trust? Most of the time and depending on the type of Trust, we can add a Trust endorsement to the umbrella policy to list the Trust as an additional insured.



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AUTO



HOME



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