

When do I buy building (fire) Insurance?

Risks for buyers between exchange and settlement.

At the exchange, who is the owner?

Answer: The vendor is still the owner

If there was a fire before settlement and the property is destroyed, who is liable?

Answer: The vendor because it is still her property.

When will it become the responsibility of the purchaser?

Answer: at settlement.

When should the purchaser buy fire insurance?

You should buy it as early as you can to avoid stress. Make the cover period 10 days before completion date in case all parties are able to settle earlier. It gives you some flexibility to settle earlier. You banks never settle if you do not have an insurance cover.

What if I am allowed to move in earlier?

In the past, moving in earlier was common. That is the purchaser is allowed to move in before settlement.

Unfortunately, there were many problems and now, very seldom anyone will let you take early possession.

However, in extremely rare cases, early possession is possible. If the vendor allows you to take early possession two conditions must be met:

1. That you have insurance cover from the date of possession and
2. That there is no more final inspection

(Even rarer cases: the vendor and purchaser and sometimes with the agent involved come up with their own private agreement to let the purchaser take early possession. This is against professional advice. If you do that, then any issues you have later on it will be your responsibilities alone)

