



A BUYER'S GUIDE TO LANDLORDS INSURANCE



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With a rental property, traditional home insurance won't be enough to protect it for what you need it to do.

Whether you've got an investment property, inherited a house you're thinking of renting out or already have a whole string of properties, you'll need specialist landlord's insurance to ensure you're properly covered should the worst happen.

As well as protecting your buildings and contents against loss and damage, landlords insurance safeguards against malicious damage, loss of rent, and other unexpected costs associated with being a landlord.

Back to **basics**



tip

Check out the Defaqto Star Rating of your landlords insurance. Defaqto have made it their job to ensure you know which insurance products are the best quality. Take a look: www.defaqto.com/star-ratings/landlord-home-insurance

Landlords insurance is often taken out to cover just the buildings, but if you have any furnishings within the property you'd like to protect, you may be able to include contents along with your buildings.

Usually, landlords insurance covers you for loss or damage caused from a range of risks that may include theft, fire, explosions, storms, flooding or water leakage, and other similar issues.

It may also include additional benefits such as loss of rent and landlord's liability, which protects you against the cost of any accidents or injuries on your property.







BUILDINGS

As a landlord, buildings cover is one of the most important things you should put in place. When choosing a policy, make sure it covers you for what you need. To help, we've picked out some key features to look out for.

KEY BENEFITS TO LOOK OUT FOR

Landlords cover is slightly different to traditional home insurance, so there may be one or two benefits you're not used to. Here are some of the more common ones:



LOSS OF RENT

Most policies include a benefit that covers you for loss of rent if the property cannot be lived in following a fire, flood or something similar. It means you wouldn't be out of pocket while your tenant wasn't living there.

ALTERNATIVE ACCOMMODATION FOR TENANTS

As well as covering the rent payments, policies should also cover the cost of putting your tenants up in alternative accommodation while insurance repairs take place. This is a good benefit to have as it means your tenants are likely to come back to your property, rather than renting somewhere else permanently!



TRACE AND ACCESS

Check the policy you take out will cover the cost of removing and replacing parts of your building to find and repair water or oil leaks. Some may only pay for damage caused by the leak, which means you're left with holes to fix and/or another bill to pay.



THEFT OF KEYS OR ACCIDENTAL DAMAGE TO LOCKS

If you've ever had to replace the locks in your property, you'll know that it can be quite expensive. It's worth finding a policy that includes the cost of damaged locks or stolen keys as standard, as it can be a real bonus.

MALICIOUS DAMAGE COVER

This cover protects your property in case of deliberate damage caused to it, such as smashed windows, damaged fixtures or graffiti. Some policies may even cover if damage is caused by your tenants.



Most rental properties are a valuable source of income, so it's important to balance the cost of your cover with the right level of protection. Increasing your voluntary excess can often help to reduce your premium, but remember there'll be more to pay out if you need to make a claim.



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You might require contents cover as a landlord, even if you have basic furnishings in the property such as carpets or curtains. If you're letting the property fully furnished, it would be advisable to put cover in place to avoid finding yourself out of pocket following any damage.



KEY BENEFITS TO LOOK OUT FOR

COVER LEVELS

Depending on whether the property you're renting out is fully furnished, unfurnished or somewhere in between, it might be worth looking for a policy that offers you different cover levels. That way, you're only paying for what you need.

MALICIOUS DAMAGE COVER

Malicious damage cover within your contents insurance protects you against any damage deliberately caused to furniture, carpets or belongings. Again, check whether the policy includes damage caused by your tenants.

SOMETHING TO THINK ABOUT

When taking on a tenant, make sure you are clear that while landlords insurance covers the building and if selected, your contents, it does not provide cover for the tenant's contents. For this they need their own contents policy.



OPTIONAL EXTRAS WORTH CONSIDERING

Just like traditional home insurance, good landlord's insurance providers may also offer a choice of optional extras you might want to think about. For example, what if your property became suddenly uninhabitable for your tenants? Or what would you do if your tenants stopped paying their rent?



ACCIDENTAL DAMAGE COVER

Tenants don't always pay the same care and attention to your property as you would yourself. If you're worried about slips, spills and breakages, accidental damage cover is the perfect optional extra. As with traditional home insurance, it covers everything from a nail through a pipe or a foot through a floorboard, to red wine on the carpet.

LEGAL EXPENSES

Legal expenses will help you recover the cost of any legal support you need for a range of reasons related to being a landlord. Including property disputes with a tenant over the tenancy agreement terms or the deposit, tenant eviction proceedings and tax protection.



RENT GUARANTEE

If your tenant doesn't pay the rent, it's important to maintain your income so you can cover bills such as mortgage and rent payments, plus property upkeep. Rent guarantee can also assist you in evicting non-paying tenants, as well as covering the rent payments whilst they remain unpaid. That way, you're not out of pocket.



SOMETHING TO THINK ABOUT

If you own your property through a limited company, check that your insurer accepts policies from business entities. Your cover will need to be arranged under the correct name, whether that's you or the business.

LANDLORDS EMERGENCY

If a situation were to arise where your property became uninhabitable for your tenants, then this optional extra could be perfect to have. It covers the cost of emergency repairs and gives you round-the-clock support and 24/7 access to approved tradesmen.



HERE'S SOME *important stuff*...

COMMON EXCLUSIONS TO EXPECT

The exclusions for landlord's cover are very similar to traditional buildings and contents cover. Always check your policy booklet, but expect to see the following exclusions:

- The cost of routine maintenance
- Loss or damage caused by pets
- Loss or damage to properties that are unoccupied for 90 consecutive days



Chat to the adviser who helped you with your own mortgage and home insurance. Or if you've lost contact with them, speak to your local specialist.

Remember,

protecting your property doesn't begin and end with buildings and contents cover. Everyone's needs are different and there's a diverse range of products available to protect your property and your finances.

For example, short term income protection would offer financial support following an accident, sickness or unemployment. Income protection is designed to give you peace of mind that, if the worst happens, you'll be able to continue to support your cost of living and keep control of your lifestyle for up to 12 or 24 months.



If you're feeling a little overwhelmed with all the options available to you and you're unsure which will be the best cover for your rental property, then have a chat with a financial adviser. Many financial advisers will be happy to do the research for you, and they can put together a quote based on what you need. This option is often quicker and easier than trawling the internet yourself.

**Good
advice
isn't so
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