

The logo for Villabela Properties is set against a dark blue background. At the top, there is a light blue chevron pointing downwards. Below it, the word "Villabela" is written in a white, sans-serif font. Underneath "Villabela", the word "Properties" is written in a larger, light blue, sans-serif font. Below "Properties", the words "Lettings and Management" are written in a white, sans-serif font. At the bottom, the phrase "a private landlord service" is written in a white, sans-serif font. The entire logo is contained within a dark blue shape that has a white chevron pointing upwards at its base.

Villabela Properties

Lettings and Management

a private landlord service

Your Basic Guide to Landlords Insurance

Being a landlord seems like a nice easy job and a simple way to make extra income but there is so much more involved than simply putting your property out to rent and reaping the rewards. For a start there are insurance policies, that if not put in place from the outset could cost you heavily in the future.

As a landlord it is vitally important that you take out insurance to cover you for all eventualities, in this short guide we will give you details of the many types of insurance that you should take out.

So what cover do you need?

Buildings Insurance

Your property is likely the most valuable asset you will own, so it would be foolish of you to not take out buildings insurance first and foremost. Buildings insurance covers you for the actual structure of the building along with any fixtures and fittings that could be damaged as a result of fire or flood.

It is highly likely that your bank, building society or mortgage lender will insist that you take out buildings insurance; but don't be bullied into taking out this insurance with your lender, you are not obliged to take it from them and you are much more likely to get a better deal if you shop around.

Be sure to check the actual sum insured; this is the maximum amount you can claim if the property is completely destroyed due to fire, flood or other disaster. Make sure this is an accurate amount; if too small, you risk an insurance shortfall in the event of a claim; if too big then you are likely paying more than you should be paying for cover.

The sum insured should reflect the actual cost to completely rebuild the property and not its current market value. Some insurance policies offer unlimited cover, so you don't need to worry about calculating an accurate rebuild value. However, if you want to be precise, you can arrange for a professional assessor to calculate the rebuild cost.

Malicious Damage

Your buildings insurance should also cover for malicious damage in the event that your tenant decides to smash your windows or kick the door in for whatever reason. These things do happen so make sure you are prepared and covered.

Many insurers also offer glass, lock and key replacement cover as standard.

Contents Insurance

If the property you let is furnished then contents insurance is a must. When taking out a policy, you can normally select an appropriate level of cover based on the value of the contents.

Be sure to insure your furnishings on a new-for-old basis and also think about adding accidental damage cover to your policy.

As a landlord you should still consider contents insurance even if you let the accommodation unfurnished, why? Well even if you don't provide furniture, you might, for example, provide curtains, light fittings and small appliances. A small amount of insurance would cover these items and would also offer peace of mind.

Do not include your tenant's contents in any of your calculations as they are responsible for insuring their own possessions.

Home Emergency

As the landlord you are also responsible in the event of a pipe burst or boiler breakdown and these repairs can be expensive. Home emergency cover will give you peace of mind and in most cases a 24-hour emergency helpline. In the event of an emergency, you can call for repairs to be carried out immediately by a suitably qualified tradesman. This type of insurance cover is even more essential if you do not employ a managing or letting agent to look after your property.

Be sure to read the small print carefully and be clear that home emergency insurance is not a substitute for property maintenance cover.

Landlord's Liability

It's a sad state of affairs but many people are quick to sue for damages in the event of an accident sustained on another person's land or property. As a landlord you are in danger of being sued if your tenant is injured in your property by such things as uneven flooring or stairs, faulty wiring or sharp edges on door or window frames. Any person you employ to do work on the property could also potentially sue you for such injuries.

Many landlord insurance policies offer liability cover in the event of you ending up on the wrong side of a claim.

Loss of Rent

You should try to choose an insurance policy that covers loss of rent in the event that your tenant hits financial hardship and cannot afford to pay the rent or in the event that your property has been damaged by flood or fire and your tenant does not pay whilst the property is uninhabitable.

Loss of rent insurance is particularly important if you still have a mortgage on your property and rely on the income from the tenant to meet the monthly payments. Be aware: you should check the pay-out limit and be sure it matches your requirements.

Some policies also cover the cost of alternative accommodation for your tenants if they have to move out of the property, though again there is a limit to the maximum claim.

Rent Guarantee

You may think that you have let your property out to the perfect tenant and for a while, they may well pay their rent on time, as agreed. But circumstances can change and as any landlord will tell you, the perfect tenant can suddenly turn into your biggest nightmare and then, without warning, stop paying their rent.

Although you have the right to evict your tenant for non-payment of rent, you need to make sure that you follow the correct procedure and this can be both costly and time consuming, during which time, you will also not be making any money from your property.

Rent guarantee insurance will cover the rent up to a certain amount and will usually include legal expense insurance to cover any court and solicitor costs.

Specialist Landlords Cover

Many insurance companies offer specialist landlord insurance. These policies can cover everything mentioned above, including buildings cover, contents cover, loss-of-rent, malicious damage, home emergency and landlord's liability.

The extent of the cover and the premiums vary, so be sure to compare policies carefully to make sure you get the best deal and always bear in mind that the cheapest is not necessarily the best.

Stay Current

Be vigilant and ensure that your insurance cover is current, accurate and up to date with details of your tenant; failure to do so may result in the insurance company not paying out on any claim.

You should also make sure your insurer is aware of any 'void' periods, that is, when the property is unoccupied. This is vital as most insurers will not normally provide cover if the property remains empty for more than 30 consecutive days, unless previously agreed upon.

Please be aware that Landlords must operate within the law and comply with numerous Housing Acts as failure to comply with them can lead to jail, severe fines and prevent them from ever letting out properties again. This is a courtesy guideline only, of which must be read in conjunction to the relevant rapid and regular changes to Legislations and Housing ACTs of which the Landlord must comply with. It is vital the lettings status of a property is processed and assigned timely and in the correct manner.

For further information, advice or a chat please do not hesitate to contact us.