

# Finding the Right Landlord Insurance Policy

 LandlordVision



Finding the Right Landlord Insurance Policy - First published August 2019

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If you haven't read our article on what landlord insurance covers, find it here on our blog:

[Landlord Insurance – What Does it Cover and is it Worth it?](#)

## Insurance Coverage Explained

This section has been copied from the article above as a useful reference, you'll also find a few more coverages mentioned here that weren't covered in the post.

Buildings and contents are the most common forms of property insurance. As a landlord you'll need a policy specifically for landlords to make sure that your property is covered while inhabited by tenants. Insurance isn't a one size fits all market though. Read on to find out about the different types of insurance landlords might purchase and use this to help you determine what kind of policy you need.

## Contents

Most landlords don't require contents insurance. As the name suggests it covers the contents of your property rather than the bricks and mortar that make up the buildings. The exception to this would be if you are renting out a partially or fully furnished property.

Some landlord policies will cover you for a certain level of contents anyway, such as soft furnishings or white goods. Some insurers will require you to have a separate policy for buildings and contents.

## Buildings

This is the most common type of landlord insurance. If you're renting out an unfurnished property, it's probably buildings insurance you're looking for. This covers the fixtures and fittings of the property such as tiled floors, pipes behind walls, toilets, sinks, baths – anything you couldn't pick up and take with you if you were moving.

## Valuables

It would be unusual for a landlord to hold valuables insurance for the purposes of renting out a property. Usually this kind of cover is put in place when items you are insuring are more expensive than the single item limits outlined in the standard policy. This is more to cover jewellery, works of art and other unusually expensive items.

## Accidental Damage

This pretty much does what it says on the tin. Covers damage caused by accident. This is usually bundled in with buildings and contents insurance. Accidental damage usually comes with separate limits and there can be some pretty wide-reaching exclusions under this cover. A common one is to exclude accidental damage caused by water.

This type of cover will allow you to make a claim if a tenant accidentally damages your property, but if the tenant damages your property on purpose this wouldn't be covered under accidental damage, more under malicious damage.

You can choose to have this cover excluded from your policy and this will reduce your premium, on the flip side you won't be covered in the event of accidental damage.

As this is a standard coverage it's a good idea to get to grips with the exclusions and limits to help you understand if it's worth paying for or not.

## Cover Away from Home

This is another type of coverage that is often bundled in with buildings and contents insurance. As its name suggests, it gives you a certain level of coverage for items that are taken away from the property.

If you're a landlord the chances are you won't need this, unless you envisage your tenants taking your contents outside. You certainly wouldn't need this if you were just insuring the buildings and not the contents.

## Landlord Liability

Aside from insuring your property and contents you can insure yourself against liabilities. This type of insurance will protect you from claims made by a third party. For instance, if the ceiling falls in on your rental property and a lot of your tenant's possessions are damaged as a result, they may raise a legal claim against you. Landlord liability insurance can help with legal costs and compensation.

This type of cover often comes as standard in a landlord specific insurance policy, though you can buy it separately as well. You can also request to have it taken out of your insurance to lower your premium. However, it's important that you consider this carefully before you do.

Mortgage lenders may require you to have landlord liability insurance, so if your properties are mortgaged check this out before opting to remove cover. Also consider, since the Homes Fitness for Human Habitation Act has come into force tenants can more easily sue landlords for damage to possessions. Compensation claims can be very expensive. As a landlord you are responsible for damage caused by your rental property, so snub this coverage at your peril and make sure you are informed before you do.

## Loss of Rent

You can add this optional coverage to quite a few different insurance policies. Make sure you double check the limits and exclusions as this type of cover won't cover all reasons for loss of rent.

This type of cover usually applies to loss of rent if your tenants have to move out as a result of an insurable event. For instance, if there is a fire at your rental property, causing the property to be no longer habitable and your tenants have to live elsewhere, you'll be able to claim for the loss of rent while the property is uninhabitable.

This type of insurance can have monetary limits and time limits as well, so if you're adding this to your policy make sure you understand what it does and doesn't cover.

### Legal Expenses Cover

This is sometimes bundled in as standard with landlord insurance. Its function is slightly different to landlord liability in that it covers legal expenses you may occur as a landlord. In some instances, it can help with the costs of evictions.

### Home Emergency Cover

This is usually an optional coverage that you choose when getting your quote. It covers home emergencies like burst pipes or broken boilers. If you have this coverage, you'll likely be given an advice line number to call in the event of an emergency.

If you call that number when an emergency happens, someone will be sent to the property to deal with any initial damage and to make the property safe. You'll likely be charged an excess on this service, but any other fees will be taken care of by the insurer.

Home emergency cover will often cover plumbing costs for burst pipes, making safe a drain that's about to overflow and that kind of thing. Any damage resulting from the emergency should then be covered under your insurance (provided it's happened as a result of an insurable event).

### Malicious Damage

Damage that is caused maliciously, such as by a burglar is generally covered as standard under both buildings and contents. Malicious damage caused by tenants though is not usually covered.

Remember, the insurer assesses the risks to you and your property in order to determine your premium and level of cover. If the property is continually let out, then

the risk of a tenant causing malicious damage is always going to be higher than an insurer would like.

If you want cover against malicious tenants, you will likely need to purchase a separate insurance and potentially find a specialist insurer.

### Tenant Default Insurance

This is an optional cover that you can add to your policy. It generally covers rent arrears. It usually comes with additional restrictions and limits. For instance, it may cover you up to a certain monthly amount and for a certain number of months.

Sometimes there are additional conditions around this. Some insurers may require evidence that you've carried out an acceptable level of tenant screening before providing cover.

### Tenants Insurance

Tenants can only insure their own belongings and so they often end up with contents insurance that has optional extras like accidental damage. Some tenant insurances also come with tenant's liability insurance, this is meant to provide cover if the landlords' property is accidentally damaged by the tenant.

You can require your tenants to take out renters or tenants insurance. This needs to be written into the tenancy agreement, and you should make prospective tenants aware of this if you do include it.

If your tenant has adequate insurance cover it gives you an extra layer of protection against any of the things that can potentially go wrong.

Insurers will only allow you to insure things that you have a financial interest in. So, your tenants can't take out insurance on buildings they don't own in the same way a landlord can't take out insurance for a tenant's contents. So it makes sense for each of you to have insurances.



## How Much do you Need to Insure?

### Buildings Insurance

When you take out an insurance policy you may be asked the level of monetary cover you need. Some insurers work on a bedroom rated basis. This is quite useful as you tell the insurer how many bedrooms the property has, and the insurer suggests an amount of coverage.

Some properties are insured on a sum basis where you tell the insurer how much you want your policy to cover.

The total sum insured should be the cost of re-building your property from the ground up including fees for tradespeople etc. It isn't the same thing as the value of your property.

Using a surveyor can also help you to arrive at this number.

In most cases it makes sense to work on a bedroom basis as the insurer will often offer a higher level of cover than is needed to avoid under-insuring you.

If you're coming up with the insurable amount yourself consider using this [online calculator](#) from the Association of British Insurers to make sure you're opting for the right level of cover.

### Contents Insurance

To calculate how much cover you need for contents insurance, consider how much it would cost you to replace the contents of your rental property. It's important you calculate this correctly or you could end up out of pocket in the event of a claim.

The best way to do this is to make a list of the contents in your rental property and to estimate a cost for replacing each of the items. Those costs added together should be the insured sum of your contents insurance.

If you don't fancy using a pen and paper, this [contents calculator on confused.com](#) will prompt you room by room and item by item.

## Liability Insurance

This is a more standardised level of cover, but the coverage is usually in the millions. You'll find some insurers who will offer £2m £5m and £10m. There isn't much guidance on which policy is best, but generally the more tenants and properties you have the more coverage you might need.

If you only have one property and one tenant, £2m cover may well be enough. If you've got 100 tenants though £10m is more suitable as you're at a higher risk of needing the cover. If in doubt speak to your insurer.

## Underinsurance

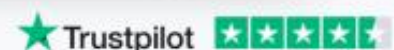
Some insurers can reduce the amount you can claim if they think you are underinsured. If, for example, they think that you've underestimated costs by 20% they can reduce any claims they've paid you by 20%. This is one of the reasons why it's important you give truthful and accurate information to any insurer you're getting a quote from.



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## How Much Will Landlord Insurance Cost?

As we've explained, insurance covers a whole host of different perils. How much you pay for your policy will be worked out by actuaries and underwriters based on the location and age of the property you are insuring as well as the status of your tenants and a whole host of other factors. For that reason, it's difficult to find any kind of guideline prices online.

The absolute best way to understand how much it will cost you is to use an insurance comparison tool and to get a bunch of quotes before you settle for any one insurer. This process can be a pain, but there are some good tools online that will help you.

When looking for quotes, make sure you have your property details to hand and that you know what cover you're looking for. When you get quotes, make sure you know what the insurance actually covers you for and what it explicitly excludes. Some cheaper insurances might look attractive until you realise they only give you the bare bones of coverage, or that they have single article limits of £100. For a few pounds more you could have a more comprehensive cover and higher limits.

## Insurance Comparison Tools

If you've ever bought insurance before, these sites probably won't surprise you. They will make the task of finding insurance easier though. Simply put your details in and you can get quotes from lots of different insurers almost instantly.

We've selected the sites below based on their popularity and their ability to return quotes specifically for landlords. We aren't affiliated with any of these companies, nor do we explicitly recommend them. Take all the usual precautions you would do when using any other website.

[Compare the Market](#)

[Money Supermarket](#)

[Go Compare](#)

[Simply Business](#)

[Confused.com](#)

## Picking the Right Insurance Checklist

### Preparing to get a Quote

1. Decide on the insurance coverage you need and what type of policy and add-ons you want.
2. Decide what you don't want covered, i.e. if you don't want accidental damage cover, make a note of this to remind yourself to request a quote for insurance that doesn't include cover you don't want.
3. Understand roughly the monetary amount you want your insurance to cover.
4. Gather your property details before you get quotes – when you ask for a quote, you'll need to answer questions about the property, like when it was built, how many bedrooms it has etc. If you want an accurate quote, you'll need to give correct answers to these questions.

### Once You've Prepared to get a Quote

1. Use a comparison site to get a number of quotes at once. Not all comparison sites are created equal. Some companies will be listed on one comparison site but not another.
2. Once you've entered your details into the comparison site you'll get a list of quotes from different insurers. The comparison site will usually list some key features of the policy that's being quoted for.
3. Create a shortlist of the quotes that meet the criteria you outlined in the 'preparing to get a quote' checklist.
4. If there's a particular insurer you want to get a quote from you can usually get a quote by calling them or visiting their website.
5. Make sure you take note of how long the quote will be valid for. After the quote expires you could end up paying a different price for the same thing.
6. Most comparison sites allow you to compare some policies side by side and allow you to save your quotes as well.

## Deciding Which Quote is Right

1. Once you've got your shortlist decide what further information you need to help you pick the right insurer. If you're uncertain as to the key limits and exclusions on the policy, you can always call the insurer and ask them.
2. Read some reviews of the insurance company online, especially if you haven't used that insurer before. This will give you a good idea of how responsive and useful the company are and can help rule out insurers who have a bad reputation.
3. Once you've done your research and decided which policy best meets your needs, purchase the policy and make sure you put time aside to read through the policy documents when they arrive.
4. Sometimes it's cheaper to go through a comparison site, or you may get offered certain bonuses online that you won't be offered on the phone, so bear this in mind when you're doing your research. If you've used a comparison site and it has an attractive offer you may want to return to the comparison site to purchase it rather than calling the company or using their website and getting a different offer.

## Understanding Your Policy Document and Policy Schedule

While it is wise to fully read your policy booklet when you get it, it isn't the most thrilling read. If you aren't going to set aside some time to read it in full at least be sure to look out for the following things.

### Perils and Definitions

The perils the policy covers and the definition of those perils. Usually definitions appear at the front of a policy booklet in a kind of glossary and the perils generally make up the headings of the policy booklet. Fire, theft, escape of water etc.

### The Policy Excess and any Peril Specific Excesses

You'll usually find these in your policy schedule. This is a summary of insurance cover that is sent with your policy booklet and insurance certificate. The policy schedule is more personalised than the general policy booklet, so if you've requested any changes to excess it's best to check your schedule. Peril specific excesses should also be listed here, but if you can't see them, look under each peril in the policy booklet.

### Policy Specific Limits, Peril Specific Limits and Single Item Limits

The policy schedule will contain any limits that are personalised to your policy, but you'll also find details of standard limits and excesses in your policy booklet, generally listed under each peril for peril specific ones and in the introduction or 'general' pages for general ones.

### Exclusions and Endorsements

Exclusions should be clearly laid out in the policy booklet; they usually have a section of the policy document all to themselves. Make sure you understand each of these.

Some exclusions will apply to the whole policy and some to specific perils, so make sure you check peril sections for exclusions too.

Endorsements will be found on your policy schedule and are unlikely to be found in your policy booklet.



## Insurance Glossary

There's a lot of jargon in the insurance industry. When trying to find the right insurance policy it helps to know what some of it means so you can get the right level of cover.

Use this glossary to find the meaning of words that will come up often when you are comparing insurance companies.

If you want a more in depth glossary to help you understand your policy booklet better or to help with other types of insurances you can find a [full glossary on the Association of British Insurers website](#).

### **Actuary**

Those who analyse and calculate insurance risks to determine the cost of the policy.

### **Aggregate Limit**

The total amount you can claim on the policy for the lifetime of the policy.

I.e. you have an aggregate limit of £100,000. The property is flooded and the insurance company pay out £50,000 to repair the property. Until the policy ends, you will now have a limit of £50,000 for any further claims.

### **Betterment**

In some cases, where items can't be replaced on a like for like basis the insurance company will offer a better product rather than an inferior one. This mostly comes into play with electronic items like TVs and computers. Where this is the case it's called a betterment.

### **Broker**

Not all insurers are brokers. Some insurance providers sell policies from third parties rather than those they've created themselves. Where this is the case, the person selling the insurance is the broker.

If the policy is underwritten by a different company this will be noted in your policy booklet.

## Certificate

Once you have purchased a policy you will be sent a certificate of insurance. This is used as evidence of insurance. You may be asked to produce a certificate to your mortgage lender if insurance is a condition of the mortgage terms.

## Declined Claim

Claims can be declined by an insurance company. Common reasons for a claim being declined are:

- Raising a claim for an amount less than the excess
- Claiming for something that's excluded on your policy
- Claiming for damage that hasn't occurred because of an insurable event
- The damage is pre-existing
- The damage has been allowed to get worse (not reported quickly enough)
- The damage has occurred over a long period of time
- The damage is a result of wear and tear

## Escape of Water

Water damage caused by burst or broken pipes inside the property. In most buildings insurances this is covered as standard but the cost of fixing the actual plumbing isn't usually covered. You would either have to pay a plumber to fix the plumbing or you can take out additional home emergency cover which will often cover this.

## Excess

The first part of any claim that must be paid by the customer before a claim is paid out or settled. i.e. You have storm damage to your roof. The estimates to fix it come in at £1300. You have a £50 excess. Before your insurer will cover the £1300 damage you will have to pay the excess. You either pay the insurer directly, or they deduct the excess from the amount they're paying you.

## Exclusion

An event or condition that isn't covered by the insurance policy.

### **Inception Date**

This is the date at which the insurer assumes responsibility for insuring your property. In plainer English, the day your coverage begins and is valid from.

### **Insurable Interest**

To insure something, you have to have an insurable interest in it, it has to be you that stands to lose out financially. If you've paid for a property, then you have the insurable interest as you'd lose money if the property was damaged. If you wanted to insure your tenants' possessions you wouldn't be able to, you don't own them, you aren't at a financial detriment if they are damaged and so you'd have no insurable interest.

This can also be a reason given for declining a claim. For example. Tim has his friend John staying with him for a few days. The property is burgled and both Tim and John have items stolen. Tim can claim with his insurer for the stolen items and any damage caused by the burglar, Tim cannot claim for John's items as he has no insurable interest. If John has insurance cover for contents away from his home, he can claim on his own insurance for the stolen items.

### **Like for Like**

Most insurance policies are offered on a like for like replacement basis. This means that in the event of a claim the items being claimed for will be replaced, where possible, with the same item. Where the same item is no longer available it will be replaced on a like for like basis. For example. You bought your kitchen wall tiles 6 years ago and they are no longer made. They were plain white tiles that cost £10 per sq ft. If these tiles need replacing, they will be replaced with plain white tiles that cost as close to £10 per sq ft as possible.

Where a claim results in a payment to you instead of a replacement item, a deduction is usually made for depreciation in a like for like scenario. If you purchased a carpet 5 years ago for £1000 and your insurer can't clean, repair or replace it they will make you a payment so you can replace the item yourself. As the

carpet is 5 years old they won't pay £1000, instead they will calculate the depreciation in value of the carpet and pay you that amount instead (less the excess).

In other words, you can't hope to get your items replaced with better items via insurance unless you have a 'new for old' policy.

### **Limit**

The total amount you can claim for each and every claim. i.e. You have a limit of £10,000 on your buildings insurance. Over 1 year a series of unfortunate events means you need to claim on your insurance three times. Each time you claim you are covered for up to £10,000.

### **Loss**

Another word for claim.

### **New for Old**

Some insurance policies will replace on a new for old basis instead of a like for like basis. This often means if your property needs to be re-built or contents need to be replaced no deduction will be made for depreciation.

### **No Claims Bonus**

This is a bonus given for every year you've had the same type of insurance and not claimed on it. The bonus is usually in the form of a lower premium or excess. The no claims bonus is removed or reduced when a claim is made, sometimes the bonus is also reduced in the event of a declined claim.

### **Peril**

An insurable event e.g. fire, theft, flood etc.

### **Policy Booklet**

A document sent to you by an insurer that fully explains what the policy does and does not cover.

### **Policy Schedule**

A document that accompanies your policy booklet and details any limits, excesses and endorsements that are unique to your policy.

### Proximate Cause

In the event of a complicated claim you may come across this term. The proximate cause is the initial cause of the insured event. For instance, if there is a fire in your property and the fire causes the pipes to burst, this could potentially be covered by the fire peril or the escape of water peril. Each peril will have unique guidelines and exclusions, so the peril the claim is made under is important. In instances like these, the claim is usually made under the proximate cause. So, in the given example, despite there being an escape of water it would all be covered under the fire peril as the fire was the proximate cause of the escape of water. This would mean that all exclusions and limits that apply to the fire peril (in this case) would also apply to the escape of water event.

Single Article Limit

See Single Item Limit

Single Item Limit

The total amount you can claim for any one item. i.e. you have a single item limit of £200. Your carpet is damaged and you want to replace it. A new carpet will cost £400. Your insurer will only cover £200 of this (less the excess). In this instance, a partial claim or a claim up to the single item limit is usually paid out.

### Sum Insured

The maximum amount the insurer will pay in the event of a claim.

### Underwriter

The insurer who assumes the risk of the policy. Often a broker will sell insurance policies underwritten by a different company. The underwriter determines the policy guidelines and rules and it is them that pay out in the event of a claim.

## Never Miss an Insurance Renewal with Landlord Vision

Landlords these days need to remember a multitude of dates and deadlines. Using Landlord Vision is an excellent way to help manage your properties, tenants, insurances and more.

## Save Money on Your Insurance

Landlord Vision has automatic reminders, so you'll get notified whenever your policy is up for renewal. This gives you the chance to shop around for a better or cheaper deal.

## Managing Insurances in Landlord Vision

In Landlord Vision there's a dedicated space for you to record your insurance details and get reminded before the renewal date.

Insurance	Contact	Reference	Insured Amount	Expiry	Units	
<input type="checkbox"/>	Buildings	Legal Star	XDR-58742	£85,000.00	25/09/2023	25 Aurora Avenue
<input type="checkbox"/>	Buildings	Loans R Us	TGB-75412	£91,500.00	04/11/2023	7 Cookridge Lane
<input type="checkbox"/>	Buildings	Legal Star	RFG-86325	£76,000.00	13/01/2024	43 Brinkhall Lane
<input type="checkbox"/>	Buildings	Legal Star	UHG-36547	£101,000.00	20/01/2024	14 Lancaster Avenue
<input type="checkbox"/>	Buildings	Legal Star	EDS-32587	£99,000.00	16/02/2024	3 Cookridge Lane

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You can even attach your insurance certificate, policy schedule and policy booklet if you have them saved digitally. This makes them easy to find when it comes to renewing your policy or making a claim.

You can choose to share your insurance information with tenants, by including it in the automatically generated Tenant Welcome Pack.

Once you've entered your Insurance details into Landlord Vision you can pull a report to show you an overview of all insurances and their expiry dates.

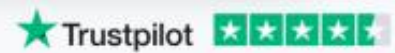


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