

# LANDLORDS INSURANCE EXPLAINED

Landlords often overlook the need for insurance, mistakenly assuming that if their property is unfurnished cover isn't necessary.

But what about a property's fixed furnishings and other internal fittings? They certainly aren't covered by the Strata Plan's building insurance and neither are they covered by the tenant's contents insurance.

There's a clear gap, and landlords choose to ignore this at their peril.

## Avoid the risk of underinsurance

While the purchase of contents insurance isn't mandatory under Strata Legislation, owners and landlords are encouraged to arrange suitable insurance cover given the limitations of the Strata Plan's insurance.

Landlords contents insurance provides cover for items left in a property for use by tenants, such as carpet, curtains, light fittings, furniture, white goods, appliances and utensils. The cost of replacing these items alone can be more than \$20,000 and cover is generally not provided under the Strata Plan building policy.

Also, if the property is used as a short stay or a holiday letting it's likely to be furnished so the replacement cost of both the furniture and inclusions easily justifies the investment in Landlords contents insurance.

It's important to ensure the right cover is in place based on the location of the property and type of letting (permanent, holiday, short stay, Airbnb) as this may affect the insurer's ability to provide cover. Certain locations may also be known to be flood-prone or high risk, like cyclone areas, and this may also limit cover or affect the premium or excess.

## Optional covers and policy types

### LOSS OF RENT

Provides loss of rental income if the property is uninhabitable or unfit for purpose due to contents damage from an insurable event.

### RENT DEFAULT

Provides cover where a Lease Agreement is in place and the tenant leaves without notice, dies unexpectedly or regular rent payments are defaulted but not where the property is 'between tenants'.

### DEFINED EVENTS OR ACCIDENTAL DAMAGE ACCIDENTAL

Damage is more expensive but has broader coverage than a Defined Events policy.

### DAMAGE AND THEFT BY TENANTS

Optional or limited cover depending on the type of letting (short, long or holiday).

Damage must result from an insurable event and not poor maintenance by a tenant.



## Additional benefits of cover

Another benefit of a Landlords contents policy is that it includes Public Liability insurance, usually between \$10-\$20 million.

The Strata Plan's Public Liability cover only applies if the legal action identifies the Strata Plan as having some negligence in the incident.

Where legal action is instigated against an individual (ie the owner/landlord), it's their responsibility to deal with the matter and have adequate protection against such claims. Public Liability insurance can help where third party property has been damaged, an injury or death occurs in the property or their exclusive use area, and where the landlord is held to be liable or negligent. It can also help prevent against legal action where a landlord is incorrectly implicated.

## There are still exceptions

Like all insurance policies, there are things that Landlords contents insurance doesn't cover.

- Personal effects/property of a tenant.
- Any contents the landlord stores at the premises that aren't for the use of the tenant.
- Any items defined as 'building'.

## Talk to BCB

As Landlords insurance is held in the name of the unit owner it's their responsibility to lodge a claim. If the landlord uses a letting agent, they are usually empowered to act for the landlord and can undertake emergency repairs, submit a claim and provide access for Loss Adjusters if required. They will generally also obtain any necessary quotes and provide the information to the unit owner to complete a claim form for lodgement.

However, if the Strata Plan has an agreement with the landlord to act on their behalf, BCB can also help. We will need to see a copy of this agreement before we can accept the claim from anyone other than the policyholder. We can also assist if we are the insurance broker for the Landlords insurance policy, and we'll liaise with the Strata Plan or their nominated representative about any claim that arises.

- BCB lodges the claim with the insurer and works closely with the insurer, their loss adjuster and the landlord to progress the claim and coordinate any necessary repairs/replacements.
- We also act as a mediator between the landlord and insurer to ensure the landlord receives the full benefit applicable under the selected policy cover.

If you have any questions about Landlords content insurance, please contact your local BCB branch today.

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