

PropertyQuote

direct



How much is Landlords Insurance?



How much is Landlords Insurance?

In one of our previous landlord guides we explained what the term “landlords insurance” means, with the short explanation being multiple types of cover each designed to protect landlords and their businesses. Once you have got to grips with the definition of “landlords insurance” you will probably then arrive at the next question which is “how much does landlords insurance cost?”

As with most things, when it comes to landlords insurance the amount you pay is based on how extensive you want your cover to be. However, this isn't the only factor, as insurers often alter their premiums depending on the amount of risk you and your business pose.

It is therefore difficult to determine how much landlords insurance costs, however by using the following tips you should be able to get a general idea:

1. Know your Business

The only way you can get a good idea of how much your landlords insurance policy is going to cost is to know your business inside-out. In order to ensure that you receive the right level of cover you need to know what risks you'll face on a day to day basis and whether these risks could potentially land your business in trouble.

A great way to start this process is to sit down with a pen and paper and describe each of the properties in your portfolio (if you let a large amount of properties this may be easier using a spreadsheet!) By doing this you will be able to gain an idea of what you want to protect in each property right down to the minutest detail.

2. Be Realistic with your Finances

Being a landlord is a risky business, as changes to the economy can have a huge impact with little notice. Therefore, even if you think your business is doing well right now you always need to protect yourself against the worst case scenario. For example, what if all your tenants defaulted on their rent payments at the same time? Do you really have enough cash lying around to pay the mortgages on all your properties or will you be left in a difficult situation?

Due to the nature of the lettings industry most landlord insurance providers now offer additional protection products such as rent guarantee insurance. Naturally, having these additional protection products will cost you more, however if you ever need to claim they could mean the difference between staying afloat and losing your business.

3. Reduce your Premiums

If you have ever bought car insurance you will now that insurers ask a range of questions not only about your vehicle but also how you plan on looking after it. For example, they often want to know where you keep your car at night, as if you keep it locked away somewhere safe you may be rewarded with cheaper premiums as you pose less of a risk.

Landlords insurance has some similarities in this respect, as if you can prove that you are “safe” to insure you may be rewarded with lower premiums. Some landlord insurance providers offer cheaper premiums to landlords who are part of a registered landlord regulatory body for example, or if the types of properties they let are considered “safe” and easy to maintain.

By looking after your business, your tenants and your finances you should be able to build up a respectable business that insurers may reward with cheaper premiums. A great way to find out more is to ask providers whether they offer such discounts, and if so do everything you can to earn them!

4. Landlords Insurance Claims

As with most types of insurance, if you end up claiming on your landlords insurance policy your premiums will likely increase the following year. It is therefore important that you do everything you can to keep your business safe, which means carrying out routine maintenance on your properties and properly referencing each tenant before letting them move in.

It's also good to keep in mind that small damages such as cracks in the walls or fallen roof tiles can be fixed by local repairmen for less than your premiums will increase over the next year plus the excess you will have to pay. So before you claim make sure it wouldn't be cheaper to pay for the repairs out of your own pocket!

The cost of landlords insurance can range from hundreds to thousands of pounds depending on the size of your property portfolio and the types of lettings you offer. However, when it comes to landlords insurance one thing you must always keep in mind is not how much it costs but whether you're receiving value for money.