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Do I need Landlord Insurance?



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These days more and more people are unwittingly finding themselves becoming landlords for a number of reasons; they may be unable to find the right buyer for one of their properties, or they could have inherited a buy to let premises from a relative. Regardless of the cause, if this sounds like you then you are what the industry terms an “accidental landlord” - someone who has become a landlord but had no intention of doing so!

Becoming a landlord by choice is hard enough, which means that having it thrust upon you can be even harder. While having to think about how you are going to manage your time and properties going forward, one thing that may slip your mind is whether you need landlord insurance.

So who does need landlord insurance? Are you legally obliged to buy it? What will happen if you don't have it? Here we explain all:

Do I need Landlord Insurance?

Most people don't know the difference between home insurance and landlord insurance, especially if they have never been a landlord before! The truth is that home insurance and landlord insurance have similarities, the main one being that they are both designed to protect properties. However, even though both types of insurance can protect physical bricks and mortar only landlord insurance covers additional risks.

Even if you are an accidental landlord it's becoming increasingly important that you take your role seriously. Local authorities are cracking down on landlords who fail to look after their properties and their tenants, whether it's one or one-hundred. This is why it is so important that you protect your business with landlord insurance, otherwise you could find yourself in both legal and financial trouble.

Am I legally obliged to buy Landlord Insurance?

The simple answer here is “no”, however you do have a responsibility to protect your buy to let property with some sort of insurance product such as home insurance. However, the whole point of insurance is that it should help you when damages or issues occur, and if you only have home insurance this may not be the case.

Furthermore, some home insurance policies have a clause stating that they will not cover any damages made if a property it is being let out. This effectively means that you have no protection whatsoever and that if any damages do occur you will have to pay to fix them out of your own pocket.

Some mortgage providers may also refuse to lend you a buy-to-let mortgage unless you take out specific landlord insurance, meaning if you are planning on expanding your business or your circumstances change you could end up defaulting on your agreement.

To summarise, landlords insurance isn't always a legal obligation (there are exemptions to this rule!) however by not having it you leave yourself open to a considerable amount of risk.

What happens if I don't have Landlords Insurance?

Not having landlords insurance can land you in a number of difficult situations, including being prosecuted or having your properties repossessed by the bank. As previously mentioned, landlords are legally required to provide their tenants a safe and suitable property to live in, and if you fail to do so you could find yourself ending up in court.

Depending on the type of policy you have, landlord insurance helps pay for damages that are out of your control such as fire and floods. If you want to ensure that your business is safe then you may also want to purchase additional cover such as contents protection, rent guarantee insurance or unoccupied property insurance.

In short, while you may not think you technically need landlord insurance the truth is that without it running your business could be much harder. Being a landlord entails a number of responsibilities and a certain amount of risk, which means that having a landlord insurance policy is practically essential if you want to remain secure. Remember, it's better to be safe than sorry!