

# Landlord Insurance

## What are risk areas for landlords?

Many investors don't have a landlord insurance product that provides cover for all possible outcomes e.g. loss of rent or intentional damage etc. Instead, many simply purchase an extension to an existing policy that can in some cases prove to be very disappointing if claims are ever made.

We advise that all clients look carefully at the wording of their policy and consider how this would apply in future situations that may occur.

It's important for landlords to look very carefully at how their policy classes an 'event' and subsequently how excesses are placed on any event. In a hypothetical

example of a tenant knocking a number of holes in the walls of a property, some policies will deem each hole to be its own event and therefore come with its own excess payment, whereas others will actually look at the situation as a whole and place only one excess on the entire event of numerous holes in the wall.

Another area in which investors should be cautious is around your ongoing obligations as a landlord and they will vary between policies. These obligations are clearly laid out in the wording of your policy and can severely affect your cover if not adhered to.

One prime example of this would be in the area of regular routine property inspections as many landlords, especially those with 'great tenants', may not see the need to regularly inspect their property at 3 or 6 monthly intervals.

This can simply be because the tenants have given them no headaches so far, communication between all parties may be excellent, or the desire of the landlord not to disturb the quiet peace and enjoyment of your 'great tenants'.

Whatever the reason, if you go to make a claim on your policy in almost all situations you will be asked to provide a history and record of these routine inspections occurring. If no such inspections have been conducted you may be at risk of losing your cover completely.

## How is Methamphetamine affecting insurance?

Insurers across the board have seen a significant increase in methamphetamine related claims.

Customers of one of New Zealand's largest Insurance parent companies have been told they will now pay a higher excess for meth-related claims and that contamination of property contents will no longer be covered for.

All homeowner policies (not just those for landlords) will be affected by the change and will also see an increase in the standard excess amount charged for meth-related claims to go from around \$400 to \$2,500.

Methamphetamine claim payouts are also now to be capped under this provider at a rate of \$30,000 although in some situations remediation costs can go well over \$50,000.

Almost all insurers across New Zealand are enacting such changes as the industry struggles to keep up with the increasing level of claims made in relation to methamphetamine.

Simply put, if you have a non-landlord specific insurance policy it's safe to say your premium and excess payments will likely be on the increases as your overall covers may be decreasing.

Another area in which investors should check their insurance cover is related to the ongoing costs associated with any contamination. These costs can range but in particular the loss of rent during these situations can be significant as your property cannot be re-tenanted until there is proof contamination has been removed. Clean-up of such properties can bring about its own costs and may require multiple re-tests of the property so it's important that you check your cover for this.

We strongly recommend that all landlords carefully look at what cover they have in place and how this may compare to other products that are available to you.

## How can a Ray White property manager help?

Through the use of a Ray White property manager, landlords have access to specific insurance that is only available to those who use a professional property manager.

It is this insurance that is likely to offer greater and more specialised cover to an investor and cover that may differ significantly to your everyday policy or policy extension.

This policy can include for many issues such as; loss of rent; tenancy abandonment; intentional malicious damage; and other benefits like lower or less frequent excess costs that many generic landlord insurance policies require.

Any investor who utilises one of our property managers can rest assured they have access to the best possible cover for these unfortunate situations that none of us can predict.

## Where can I get more information?

We recommend that every landlord thoroughly check the wording and requirements of any policy they may have and compare this to what is available through your Ray White property manager and REAL Landlord Insurance. You can also contact REAL at any time for more details on their policy and cover by visiting [rlinz.co.nz](http://rlinz.co.nz) or calling 0800 00 35 45.

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