

**Do you know what items should not be in or at a rental property? Or What are tenants not allowed to bring into or onto properties?**

Examples:

- Permanent swing set. Landlord owns it. If he had in the lease that the tenant couldn't use it, would that make him not liable?
- Above ground pools and trampolines owned by the tenant?
- Dog runs?

- Permanent fixtures - My advise - unless you remove them you are responsible for any liability.
- If you allow your tenants to have above ground pools and trampoline they are also liable for anything that might happen.
- Dog runs? There is still a liability there. Even though we love our animals - they are still animals.

## Should you have flood insurance?

- How has it changed- if it has changed- and who should have it?

Flooding definition is any temporary event where the surface of normally dry land is partially or completely underwater. Floods are the most common natural disaster in the United States.

Flood can be caused by:

- Overflow of inland (lake or river) or coastal waters
- Pooling or runoff of surface waters from any source, such as heavy rainfall
- Mudflows
- Collapse of land along the shore of a lake or other body of water due to wave or water currents.

Flood can happen anywhere, at any time. More than 20% of the NFIP's claims come from outside high-risk areas.

Flood is up to the homeowner - ~~is~~ unless they are in a flood zone and it is required.

We talked about the 100 yr. flood zone - that does change every year.

## Is there a way to allow a “dangerous dog” without you having to buy special insurance?

(Can a policy be created that the tenant would have to agree to and pay for to allow a dangerous dog breed?)

- ✕ • There is no special insurance that you can buy to cover a dangerous dog breed.
- Some insurance companies will make an exception if the dog has the canine good citizens classes. These classes are offered through trainers that are certified through the American Kennel Club-AKC.org.
- Our suggestion is to not allow tenants to have the following dogs:
  - American Pit Bull Terrier
  - American Staffordshire
  - Doberman Pinschers
  - German Shepherds
  - Chow-chow
  - Pit Bull breeds
  - Presa Canario
  - Rottweilers
  - Staffordshire Terrier
  - Wolf Hybrids
  - Siberian Husky
  - Gull Dong
  - Alaskan Malamute
  - Caucasian Ovcharka
  - Akita
- The other option would be to have a weight limit of 20 pounds or less.
- The best option would be to have no pets.

The other type of animal that insurance companies have is exotic animals. They don't like them.

*These would include snakes, reptiles, monkeys, tigers, etc.*

## **Do you really need an umbrella policy?**

(Who should have one? What do you recommend as amount of coverage?)

As an insurance agent, we recommend that everyone have an umbrella. As a business owner, you might be fine paying \$1,000,000 out of pocket, but most people don't have that money.

How an umbrella works:

- You must have an underlying policy that the liability comes into play first.
- When that liability is exhausted, the umbrella kicks in.
- The umbrella also has the capability of sometimes coming into play even if the underlying coverage does not trigger. This would depend on the claim.
- The umbrella also pays for your defense if you are sued and taken to court. This is outside of the amount of your liability on the umbrella.

## **Is there insurance for a tenant to buy instead of requiring a security deposit up front?**

There is no insurance that will cover this. I know that security deposits can be very expensive. This can be used for damages that the tenant may cause. For insurance the policy will not pay a claim unless it is a covered item. Insurance does not cover wear and tear, etc.

**Other things that you might be interested in:**

1. Actual Cash Value, Functional replacement cost and replacement cost.
2. What do you do if you have a vacant rental?
3. What about the short-term rentals? How does insurance feel about those?
4. A dwelling fire policy verses a commercial policy

Here is a list of things in the industry that I believe we will see changes in over the next couple of years.

1. Actual Cash Value, Functional Replacement Cost and Replacement Cost: We are seeing more companies offer Functional replacement cost to insureds to help offset the cost of insurance. Here is the definition: Functional Replacement Cost Provision or Endorsement — a property insurance provision changing the valuation basis otherwise applicable (actual cash value (ACV) or replacement cost (RC) value) to valuation at the cost to replace the damaged or destroyed property with property that serves the same function. Used when replacement of damaged property with substantially identical property is either impossible (perhaps due to technological change) or unnecessary. Companies have offered this for older homes where things cannot be replaced because they are one of a kind or no one does that type of construction any more. They are now offering it to newer homes. For landlords who might know a contractor and can get a good deal or where they fix it themselves, this might save you some money. We are also seeing a greater need in the industry for insurance companies to only pay actual cash value on roofs. Some companies offer the option to have ACV of roofs. There are several other companies that won't write homes if a roof is over 20 years old. This is just something to be aware of. When you are willing to take on a bigger risk you will pay less on your policy.
2. What do you do when you have a vacant rental home? Many people do not know that if they have a home that is vacant more than 30 days, coverages start going away. Why? you might ask? When a property doesn't have someone there, it is more likely to have someone break in and vandalize or steal. We have some companies that as a landlord, you have the option to change the policy from rental to vacant and back. We just want you to be aware that having a vacant home can cause issues with a rental home.
3. Short term rentals? How does insurance feel about these? As I said in the meeting last night, if you have a rental that you use as a short term rental, you need to have the endorsement on the policy to cover that. If you do not, there may not be coverage. If you need more information please let us know. We will be glad to assist you.
4. What is a dwelling fire policy versus a commercial rental policy? When you own a house, condo, etc. that you rent to a tenant you have the option of what kind of policy that you want to have. If you only have one or two houses, the dwelling fire might be the way to go. There are some companies that require that they have your homeowners policy in order to write them, others will not. These typically are less expensive than if you have them on a commercial policy. Companies will also sometimes limit how many you can have. On dwelling fires you can have them in your personal name and some companies will write them in business name. It will depend on the insurance guidelines for that company. A commercial policy has the ability to have many units on the same policy. It typically gives you better coverage as far as loss of use, how they cover things—some will allow the appliances that you provide for your tenant under the dwelling amount which is a lower rate than business personal property. This policy will also allow higher liability amounts. As with all companies, you would need to meet the underwriting guidelines for that company.