

Distinguish, differentiate, compare and explain what is the difference between Landlord and Building Insurance. Comparison and Differences.

Difference between Landlord and Building Insurance

The importance of holding insurance to protect your investment property is an obvious choice for most. Property Managers recommend policies that are affordable, comprehensive and create certainty.

As a property owner, it is still important to become familiar with exactly what you are covered for, and the difference between Landlord Insurance and Building Insurance.

Landlord Insurance

Landlord insurance generally covers events that cause loss of rental income, damage or theft in your property. While your rental income may cease overnight, your mortgage repayments or the need for income won't. Some examples include; tenants leaving without notice, damage caused by your tenants, or your property becomes uninhabitable due to an unprecedented event occurring such as a fire or burst pipe.

Building Insurance

Building Insurance protects against damage to the property's structure. The cover extends to more than just walls and roof. It can include your garage, outbuildings, perimeter walls, and pools. It is important to ensure your buildings for the full cost of reconstruction otherwise any claim payment may be reduced. Be aware that the full cost of reconstruction is the cost of rebuilding your home, not the market value. You should periodically notify your insurance provider when the property is being tenanted.

Example Scenario:

A tree falls on to a house off the back of a violent storm leaving the property uninhabitable for 9 weeks.

Solutions:

A Landlord Insurance policy would respond by covering the loss of rent during this period.

A Building Insurance policy would respond by covering the cost of repairing the properties structure.

Difference between landlord and building insurance

Landlord insurance can provide cover for:

1. Damage or theft by tenants
2. Loss of rent
3. Rent default
4. Contents of Landlord
5. Liability
6. Flood
7. Clean-up costs associated with illegal drug production

Building insurance can provide cover for:

1. Fire
2. Lightning strike
3. Storm damage
4. Falling trees
5. Explosion (caused by gas leaks etc.)
6. Earthquake
7. Vandalism
8. Vehicle collisions with the building
9. Water damage