

Eight steps to reduce insurance costs for residential rental properties

Insurance Bureau of Canada (IBC) recognizes that it is challenging for owners of residential rental properties to find affordable insurance. Here are **eight tips** to help you achieve insurance savings today and in the long term.

1 Search for the best insurance broker for your property.

When looking for a new insurance policy, you should work directly with an independent commercial insurance agent or broker who has experience insuring residential rental properties (apartments, single-family homes, duplexes, triplexes, etc.). Typically, an agent represents one insurance company, while a broker represents multiple insurance companies. A commercial broker or agent also knows how to protect your assets because they work with properties similar to yours each day. Some insurers may offer specialized insurance for rental properties. Location and the building's condition and value play a big part in whether they will offer coverage and what premium they will charge.

2 Review the insurance deductible.

A deductible is the amount of money that the insured person must pay before their insurance policy starts paying for a covered loss. The higher the deductible, the more money you can save on your premiums. Insurance companies typically require a deductible of at least \$1,000. If you raise your deductible to \$5,000 (meaning that you will pay that amount out of your own pocket in the event of a claim), you may receive a discount on your property insurance premium. You can also raise your deductible on specific types of coverage, such as water, wind, hail, sewer backup and overland flood damage. If you have made claims in the past for any of these types of damage, it may be wise to increase your deductible to keep your premiums manageable, or your insurer may require on a higher deductible.

3

Combine separate policies for different locations into one policy.

In most cases, it is more cost-effective to combine multiple policies for different insured locations together on one policy. This provides the benefits of scale and makes it easier to manage your insurance and accounting. A rental property insurance specialist can combine coverage for single detached, duplex and multiplex buildings into one policy. This reduces the issues faced by single location insurance policies when a building becomes vacant or is under renovation.

4

Improve security and fire safety.

Having smoke, fire, water and carbon monoxide (CO) detectors monitored by a central alarm company can ensure incidents are reported as quickly as possible and get a fast response from emergency services. Such alarms can minimize losses, and most insurers offer alarm system discounts. If you use battery-operated smoke detectors on your rental properties, provide tenants with replacement batteries every year and document that you have done so. Check and follow local bylaws and regulations for any specific requirements for smoke and CO detectors in residential rental units.

5

Improve the housekeeping and appearance of your property.

A property that is maintained and looks good on the inside and outside tells a story when it is inspected. Most insurance companies will search for property photos online and/or inspect the property before issuing or renewing a policy. A poor looking exterior, or interior could impact the insurer's decision to take on the risk, or to renew it.

Keep combustibles away from electrical systems, the furnace and hot water tank. Limit the use of extension cords (use approved electrical protocols), fix loose or broken steps, clear snow and ice from walkways regularly, address water drainage issues on the exterior of your properties (e.g., extend downspouts), and fix loose or curled shingles.

Properties with updated mechanical, electrical and HVAC are more attractive to insurers. Maintain documentation on updates to structures or building components and inform your insurance representative about these updates.

6

Ask about other discounts.

Shop around because different insurers may offer different types and amounts of discounts. It pays to be informed.



7

Require all renters to carry tenant's insurance.

Tenant's insurance covers the possessions of a renter, and their personal liability insurance. Purchasing and maintaining legal liability insurance is typically, a legal condition in a lease. Tenants may be liable for any damage they cause to the building or unintentional harm caused to others who live in or visit the property. By ensuring your tenants have this coverage as a condition of their lease, your insurer can ask the tenant's insurer to reimburse for losses due to their negligence and may even pay for losses not covered by your insurance policy. By having the tenant

responsible for damage caused through their negligence, your insurance risk is minimized.

8

Work with your broker/agent – keep them informed.

Your insurance professional can provide important advice to help protect your rental property from unexpected disasters. Keep your broker/agent informed about any major changes to your property, including major upgrades, renovations, expansion plans or a change in the nature of your operation. Ask your insurance professional what you can do to minimize the risks of fire, water, theft and injury to guests and workers on your premises.

***We are here to help.***

IBC has insurance professionals to help residential landlords navigate the insurance marketplace. Contact IBC's Business Insurance Helpline at **1-844-2ask-IBC** (1-844-227-5422) if you need help obtaining affordable insurance coverage.



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