



Protecting Your Investment: The Importance of Loss of Rental Income Insurance

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Owning a rental property can be an excellent investment, but inevitably comes with its own risks. One significant risk that landlords face is the loss of rental income due to unforeseen circumstances. This situation has become more apparent than ever due to the recent national weather events experienced across New Zealand. Loss of rental income insurance is a type of insurance that can protect landlords against such losses. This article will discuss various scenarios covered by this type of insurance and emphasises the significance of Rental Income Insurance in safeguarding landlords against unforeseen risks.

Natural Disaster Loss of Rent

Natural disasters such as floods, earthquakes, volcanic activity, and tornadoes can cause significant damage to rental properties. If a property becomes uninhabitable due to a natural disaster, the landlord cannot collect rent from tenants until repairs are made, and the house becomes habitable. During natural disasters, the resources of insurance companies and tradespeople may be stretched, resulting in longer-than-expected lead times for property repair and restoration. Loss of rental income insurance can help cover the lost rent during this period.

Damage to Property Caused by Non-Natural Disaster

Your property may sometimes suffer damage due to the actions of tenants, vandalism, or issues such as electrical faults. For instance, there may be a fire in the kitchen which also creates smoke damage throughout the property, making your property uninhabitable. Once again, you face the consequence of being unable to collect rent. Obtaining Loss of Rental insurance can provide financial relief during such situations.

Unexpected Tenant Departure

If a tenant decides to leave a rental property before the end of their lease, the landlord may be left without a source of income until a new tenant is found. This can be particularly challenging if the rental market is slow, or the property requires significant repairs before renting it again. Loss of rental income insurance can cover the lost rent during the period between tenants.

Tenant Defaulting on Payments

Unfortunately, not all tenants are reliable when it comes to paying rent. If a tenant stops paying rent, the landlord may need to evict them and find a new tenant. This process can take time, and the landlord may need more rental income during this period. Loss of rental income insurance can cover the lost rent during the eviction and the period between tenants.

Prevention of Access

Sometimes circumstances beyond the landlord's control can prevent tenants from accessing their rental property. For example, if a road leading to the property is closed due to a construction project or a driveway to the house is significantly damaged, tenants may not be able to get to the property to live there. Loss of rental income insurance can cover the lost rent during this period.

Loss of Rental Income Insurance can provide landlords with peace of mind knowing they are protected against the unexpected loss of rental income outlined above. As a landlord, it is essential to consider this type of insurance to protect your investment and ensure your financial stability.

Iron Bridge customers can benefit from an exclusive rental insurance scheme underwritten by Vero Insurance. This program is tailored to safeguard your investment property against rental income loss. Additionally, your property manager will handle all claims on your behalf. Contact us today to learn more about our property management services and landlord protection insurance!