

# Let Flats

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## **Are rented flats covered by the Buildings Insurance?**

Flats that are rented out by the leaseholder are covered by the Buildings Insurance in the same way as owner occupied flats, though the tenant cannot make a claim. All claims must be made by the policy holder, whether they are the lessee, Letting Agent or Property Manager. Most insurers expect that in most blocks there will be let flats. The majority allow these to be covered if the lease(s) is on an assured short-hold tenancy of 6 months and where the flat is let to professionals via a letting agent. These lets are considered as relatively low risk.

There are higher risk categories that some insurers will not cover or will require an increase in premium to accommodate. These include short-term lets (of less than 6 months, local authority or DSS tenants, Housing Association lets, Students and finally holiday lets including Air BnB.

The Insurance Act 2015 requires you to undertake a reasonable search to ascertain whether flats are let and on what basis in order that the insurers can be informed. Failure to do this could result in claims not being met.

## **Setting premiums**

Insurers rate according to the nature of the construction of the premises, the previous claims experience and the amount of let flats within the block by tenant type.

Insurers do not normally cover short term lets as these may breach the clauses within the lease or they would consider them to be more akin to a "hotel" style environment, with little control over who comes and goes.

## **Alternative accommodation**

The policy will usually pay for a tenant's alternative accommodation costs should the premises become uninhabitable. This is generally defined as being without heating, running water, cooking or sleeping facilities as well as the lessees providing the tenant continues to pay their rent to the Landlord.

Experience tells us that following severe damage tenants will find a new place to live. If this occurs the Insurer will cease to pay for the tenant's alternative accommodation and will instead reimburse the Landlord for their loss of rent until the flat is habitable.

## **Property Owners liability**

Property Owners Liability provides cover for personal injury to visitors to the premises, such as a Milkman, Postman, Cleaner, Gardener or indeed anyone else. Claims that arise most frequently are slip/trips on carpets and incidents where stair rails fail. These can be easily risk managed by undertaking regular maintenance.

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### **Contents of common parts**

Most insurers will insure the contents of common parts of a block of flats, These are usually limited to carpets, occasional tables and the like.

### **What other cover does the Landlord need?**

Landlords should consider contents insurance for their individual flats, cover is generally NOT available under a block policy for this cover.

### **What cover does the Tenant need?**

Tenants may wish to arrange a contents insurance policy to cover their belongings. Such policies will usually include some public liability should someone be injured on the premises.

### **Summary**

When you arrange block insurance you need to establish how many flats are let.

This can be done in a variety of ways, such as using newsletters, knocking on doors, through questionnaires with service charge charges and if you have a web site, you should note this there too!

You should always advise your Insurance Broker if you find any of the higher risk categories of lets and also confirm what you do to stop these type of tenancies from arising.

If you have any questions please do not hesitate to call Brownhill Insurance Group, we are here to help!

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