

Introduction:

Landlord Insurance refers to a commercial or residential prospect who owns a home, multi-unit dwelling, apartment, or commercial & industrial building that does not occupy that space. The insurance terminology is **Lessor's Risk Only (LRO)**. Heritage Insurance agency has several company partners that have LRO as a preferred class.

Types of LRO

Homes - single residential dwellings

Multi-Unit Dwelling - a single location that has between 2 and 4 units in one building. Generally only one building at that location.

Apartments - a location that has 5 or more units at that location, even if there are buildings at that location that only have 2 - 4 units in each building.

Mixed - Use Buildings - a building that contains both residential and commercial exposures. Usually the ground floor is retail, office or restaurant, and the upper floors are apartments.

Commercial or Industrial Buildings - buildings that are 100% commercial exposures. Could be an office building, strip mall, warehouse that is leased to tenants.

Underwriting Concerns:

Quick Reference:

Much like homeowners - the following are hot buttons for all residential exposures no matter how many units:

- 1) Dogs - what breed and how many.
- 2) Trampoline - should not be allowed
- 3) Pools
- 4) Insurance required in lease - landlord should require all units to carry Renters Insurance with liability limits of at least \$300,000.
- 5) Vacancy & Renovations - if the property is a flip or need fixed up before it can be rented - place with Foremost or Vacant Express on a DP1 with ACV loss settlement.

For Residential & Apartment Buildings:

Property exposures are those of a private home but multiplied by a number of families. The age of the building(s) is an important consideration, along with updating of wiring, heating, air conditioning, plumbing and roof. Was the building originally built as an apartment or was it converted? How are the utilities controlled? Are there individual heating units or does a boiler

supply heat to all? Who maintains these units -- wherever they are? Are all apartments in one fire division or are there separating firewalls separating units and floors? Are there smoke/fire alarms in all units and hallways? Are they checked regularly? Is there a laundry area for the complex or does each unit have its own hookups?

Premise liability exposure is from Life Safety. Units must comply with all governmental codes on smoke and fire detection, fire extinguishers, and carbon monoxide detectors. Of equal concern is the condition of the parking lots, the adjoining sidewalks, and any parking structures or other common areas. Parking lots and sidewalks need to be in good repair, with snow and ice removed, and generally level and free of exposure to slip and fall.

Security of tenants within the building and in parking areas is rapidly becoming the responsibility of the owner or operator of the premises. Is there adequate interior and exterior lighting? What other security measures and controls are in place? What type of security does the operation commit to in advertising and rental agreements? Because landlords are now having discrimination suits lodged against them, a stated procedure should be in place to prevent discrimination. Clear guidelines for tenant acceptability are important.

Are there other exposures such as community buildings, playgrounds or services such as bellhop and security systems?

For Mixed Used Buildings:

All the above applies, and the commercial exposure on the lower floors is of great concern, particularly with restaurants. Restaurants pose a significant fire hazard that can spread to the upper floors and cause significant harm. Due to this threat, the fire suppression system in the restaurant must be entirely up to code and meet NFPA guidelines.

The restaurant's system should:

- 1) Have a wet, automatic fire suppression system covering all grills and deep fat fryers
- 2) There must be sufficient clearance or metal barrier between any open fryers and open flames
- 3) The suppression system must be inspected and tested regularly by a duly licensed contractor
- 4) The hood vents must be power washed every six months by a licensed contractor (a sticker with the last date of service should be on the hood)
- 5) There must be a K Type fire extinguisher in the kitchen - this extinguisher should also be inspected and tested regularly
- 6) The hood filters must be cleaned weekly by the staff running them through the dishwasher - the filters should be baffle - not mesh.
- 7) Solid state fuel (like a wood fired brick oven) will not be desirable.

For Commercial & Industrial Buildings

This class is the least restrictive. Generally speaking if the company would insure the operation in the building they will insure the LRO for the owner of the building, though

sometimes, with large buildings that may have one or two smaller, odd tenants, exceptions can be made.

Our Company's Underwriting Appetites:

Single Homes & Dwellings up to 4 Units.

Can be written on a Dwelling Fire or commercial CPP or BOP policy, depending on the circumstances. If a PL prospect also has home and auto with a certain carrier, and their rental home(s) are titled in their personal name, it's best to package that all together with the PL carrier. An umbrella is a good suggestion for those folks, and if all their rentals qualify for DP policies, they can get a PL umbrella over them. If they are written in an LLC - the Philadelphia Contributionship is the best place for them, though if there are several, Millers Mutual (no row homes) or Frederick Mutual offer a single policy solution for a large schedule of homes. **Note** - not all PL carriers will write Fire Policies up to 4 units, some max out at two, check with guidelines before quoting.

Mixed Use Buildings

These buildings can be relatively easy, or tough. If it's a storefront, with retail exposure, it will be relatively easy. If they have a restaurant with apartments above, it can be hard.

Non-Restaurant: Millers Mutual (non-attached, no in row buildings), Frederick Mutual, AmTrust, Utica First, Main Street America, State Auto

Restaurant: Millers Mutual (non-attached, no in row buildings), AmTrust, Utica First (must own building and restaurant in separate entities, must also insure restaurant), Harford Mutual (Habitational Survey must be completed).

Apartments

Buildings with five or more units have several companies that are interested in them. Several have special supplemental applications which can be found on the server under Sales & Marketing: Landlord Documents.

Carriers that are most competitive: Millers Mutual, Frederick Mutual, Amtrust & Utica First

Carriers that also Offer Coverage for Apartments: Main Street America, State Auto, Travelers & Harford Mutual.

Commercial & Industrial Buildings

Again, this one is pretty easy. As long as the building doesn't house a particularly hazardous operation (fireworks storage, for example) it should be easy to place with Liberty Mutual, Millers Mutual, Harford Mutual, Utica First, Main Street America, State Auto, etc.