

What Type Of Insurance Do Property Managers Need?



There was a time when the only thing you needed to know a lot about as a property manager was managing properties. That time is long gone. Today, being a property manager is a lot more complicated than it used to be. There are so many more issues you have to deal with, such as the rising number of claims and suits against property managers.

In today's society, people are constantly looking for someone to blame when something bad happens to them. Consequently, a lot of property managers' time, and sometimes money, is spent fending off lawsuits by disgruntled tenants, past tenants, workers, and random strangers who happen to visit your property. This is why you must protect yourself by getting the right kind of insurance.

But what kinds of insurance policies offer you the most protection? Which packages should you have to get the most protection for your reputation, clients, tenants, and properties you manage? The right policies will not only shield you from huge costs, it can also be what sets you apart from other property managers. How well insured you are may be the reason why new clients prefer your business.

Below is our list of the best insurance policies to get for your property management business.

1. Property insurance

Property managers are responsible for the maintenance and repair of the structures and systems of the properties they manage. While most of the costs for repairs and replacements are covered by the rents that tenants pay, an unforeseen event cannot be ruled out. Property insurance helps to cover the cost of large damages or damage by forces of nature. It will also cover damage by fire, theft, vandalism, explosions, and many such unexpected occurrences.

2. General liability insurance

This policy protects you, the property manager, from personal liability in case somebody gets hurt in one of the properties you manage. If, for instance, a tenant, their visitor, or a delivery person fractures a bone after they slip and fall in your property, that person may blame it on the condition of the stairs, floor, or sidewalk. If they sue you, liability insurance covers your legal fees and, if you are found responsible, any awards against you.

3. Business personal property (BPP) insurance

This covers all personal movable items which you use for your work. In general, it will cover things like your desk, filing cabinets, and anything that can be moved in your office. But, more specifically, it covers things like the computer and smartphone which you take with you when you work from home, visit landlords or tenants, conduct walkthroughs and inspect a property.

4. Additional coverage from landlord's insurance

As a property manager, although you do not have the same financial interest in a property as the owner, you assume many of the owner's risks and liabilities. To protect yourself and your business from claims which are not covered by your own insurance policy, you should request that you, as the property manager, be added as an additional insured to the landlord's insurance policy.

5. Errors & omissions insurance

This protects you from the consequences of any mistakes you make in the course of doing your job. This may be in cases where you provide information about the building, zoning regulations, building codes, work orders, lease terms, etc., to a third party and that information turns out to be incorrect. If a lawsuit arises from the error, this policy will pay your legal fees and any settlements.

6. Workers' compensation insurance

It is virtually impossible to be effective as a property manager without hiring others to work for you. Every time you hire someone, you expose yourself to the risk that if something happens to them on the job, you will be sued or be responsible for their medical bills. Worker's compensation insurance covers this and also pays part of workers' wages if they are unable to work due to a work-related incident.

7. Crime policy

This policy offers protection in case one of your employees embezzles the rent paid by tenants' or receives payments which they don't disclose or diverts the money in your property manager's trust account to other accounts. Coverage for intentional acts by rogue employees are not often covered by other policies and this may expose you to financial losses and lawsuits. But crime insurance can help to fill this gap.

8. Data breach insurance

This is important since a lot of your work as a property manager is done online. A large quantity of personal data on clients and tenants are stored online. Your business has a website and you use email and online services to market and manage your properties. If there is a data breach on any of these online platforms, this policy protects you from legal and financial backlashes.

9. Tenant discrimination insurance

Tenant discrimination is a major issue for property managers. Prospective or current tenants can always allege discrimination even where there is none. Allegations of lawful discrimination, though important, are not covered by general liability insurance. Including tenant dissemination insurance can help protect your business from angry customers.

10. Umbrella insurance and renter's insurance

Umbrella insurance kicks-in after an insurance policy exhausts the limits of payment for claims. Most policies set a ceiling on how much money they can pay out; this is the maximum amount you can hope to receive from the policy. However, if this amount is not sufficient to cover the cost of the damage, umbrella insurance will step in to make up the amount. It will also provide coverage for claims that are not covered by your existing policies.

And there you have it, the types of insurance a property manager would need.