Rental Property Insurance

100 Frequently Asked Questions — Straight Answers for Owners and Managers

After more than 46 years helping Kansas City–area business owners with their insurance, I hear the same questions from landlords and rental property owners again and again. Here are straight answers to the 100 I hear most, grouped by topic. Every policy is worded differently, so treat this as a starting point for a good conversation about your own coverage — not a substitute for reading your policy.

— Jay Stoetzer

GETTING STARTED: LANDLORD VS. HOMEOWNERS COVERAGE

1. Does my homeowners policy cover a house I rent out?

Usually not. Homeowners policies are written for owner-occupied homes; once a home is rented, most carriers require a dwelling fire or landlord policy. Keeping a homeowners policy on a rental can lead to a denied claim.

2. What is a landlord or dwelling fire policy?

A policy written for 1–4 family residential rentals that covers the building, your liability and loss of rental income. It doesn't cover the tenant's belongings — that's their renters insurance.

3. What insurance does a rental property owner need?

Coverage for the building, premises liability, loss of rents, and an umbrella. Depending on your situation, add flood, sewer backup, ordinance or law, and coverage for vacancy, short-term rentals or commercial units.

4. Does it matter if I rent to family?

Yes. Even renting to family at reduced rent is usually considered a rental. Tell your agent so the right policy is written.

5. Do I need a separate policy for each property?

Not necessarily. Many carriers allow several properties on one policy, and investors with larger portfolios can use a commercial or blanket landlord program — often simpler and cheaper.

6. When does a rental need a commercial policy instead of a dwelling policy?

Buildings with five or more units, mixed-use buildings with retail on the ground floor, and large portfolios usually move to commercial property and general liability.

7. What liability limit should a landlord carry?

At least $500,000 to $1 million per occurrence on each property, plus a personal or commercial umbrella. Rental owners have assets that make them targets, and tenant injuries can be serious.

8. What information will the carrier ask for?

Address, year built, construction, roof age and type, updates to wiring, plumbing and heating, number of units, occupancy status, whether it's furnished, rental term (long-term or short-term), and prior claims.

9. Do older homes cost more to insure?

Often. Older wiring, galvanized plumbing, fuse boxes and aging roofs raise premiums or limit carrier options. Documented updates help a lot.

10. How often should I review my rental coverage?

At every renewal and when you buy, sell, renovate, change to short-term rentals, have a vacancy, or form an LLC.

DWELLING PROPERTY COVERAGE

11. What's the difference between DP-1, DP-2 and DP-3 policies?

DP-1 is basic named-peril coverage, often on an actual cash value basis. DP-2 adds broader named perils and usually replacement cost on the dwelling. DP-3 covers the dwelling on an open-perils (special) basis — the broadest option for most landlords.

12. Replacement cost or actual cash value?

Replacement cost pays to repair or rebuild without deducting depreciation; actual cash value subtracts depreciation and can leave a big gap, especially on roofs. Choose replacement cost where available.

13. Why are roofs sometimes covered at actual cash value?

Many carriers apply an actual cash value roof endorsement to older roofs, paying the depreciated value for wind and hail claims. Check your policy — on a 15-year-old roof the difference can be thousands of dollars.

14. How much dwelling coverage do I need?

Enough to rebuild at today's construction costs — not market value or purchase price. A replacement cost estimate from your agent helps avoid being underinsured.

15. Are detached garages and sheds covered?

Other structures coverage applies, usually at 10% of the dwelling limit. Increase it if you have large garages or outbuildings.

16. Are my appliances covered?

Landlord-owned appliances, carpets and furnishings are covered as your personal property on the premises if you include that coverage. Tenants' property is not.

17. Is water damage covered?

Sudden and accidental water damage — a burst pipe — is usually covered. Gradual leaks, seepage and wear and tear are not. Inspections and prompt repairs prevent disputes.

18. Is sewer backup covered?

Not unless you add a water backup endorsement. Basement units and finished basements make this an important addition.

19. Is flood covered?

No. Flood requires a separate NFIP or private flood policy, usually with a 30-day waiting period.

20. Is mold covered?

Mold is typically excluded or sharply limited unless it results from a covered water loss. Fix leaks quickly and respond to tenant complaints promptly.

21. Are tenant-caused damages covered?

Sudden accidental damage, like a kitchen fire, is usually covered. Intentional or gradual damage by tenants may be excluded or limited. Vandalism by tenants is treated differently by different carriers — ask.

22. Is vandalism and malicious mischief covered?

Usually, but coverage is often excluded after the property has been vacant for a set period. Some carriers exclude vandalism by tenants unless endorsed.

23. Does my policy cover theft of my property?

Many dwelling policies cover theft of landlord property only by endorsement. Theft of appliances from vacant units is common — check coverage.

24. What is ordinance or law coverage?

It pays the extra cost to rebuild to current code after a covered loss. Older rentals often need wiring or other upgrades to meet code.

25. Is debris removal covered?

Usually, within limits — often a percentage of the loss or an additional sum. After a major fire or storm, debris removal costs can be substantial, so ask whether additional debris removal coverage is available.

26. Is hail and wind covered?

Generally yes, though many policies in Missouri and Kansas carry separate wind and hail deductibles — sometimes a percentage of the dwelling limit.

LOSS OF RENTS

27. What is loss of rents coverage?

Also called fair rental value, it replaces lost rental income while a property is uninhabitable after a covered loss.

28. How much loss of rents coverage do I need?

Enough to cover rent for the time it would take to repair or rebuild — often 12 months.

29. Does loss of rents pay if a tenant stops paying?

No. Non-payment of rent isn't a property loss and isn't covered by landlord insurance. Thorough tenant screening, solid leases and rent guarantee products are the tools for that risk.

30. Does it cover my mortgage payment?

Loss of rents replaces income, which you can use for your mortgage, but it's limited to the rent actually lost.

31. Does loss of rents apply to vacant units?

Only if the unit was rented or would have been rented at the time of loss — document leases.

32. Is additional living expense for tenants covered?

No. Your policy doesn't pay to relocate tenants after a loss; their own renters insurance covers additional living expenses. That's another reason to require renters insurance in your leases.

VACANCY & RENOVATION

33. What happens to my coverage when a rental is vacant?

Most dwelling policies exclude vandalism, malicious mischief and glass breakage after 60 consecutive days of vacancy. Commercial policies can also reduce other claim payments after 60 days.

34. What's the difference between vacant and unoccupied?

Vacant usually means empty of furnishings and people; unoccupied means furnishings remain but no one lives there. Policies treat them differently — know your policy's definitions.

35. Can I get coverage for a vacant rental?

Yes. A vacancy permit endorsement or a separate vacant dwelling policy can restore coverage during extended vacancies, usually at a higher premium. Arrange it before the 60-day mark, not after a loss.

36. Is a property under renovation covered?

Major renovations can make a home vacant or change the risk. Builders risk or vacancy coverage may be needed.

37. Who covers contractors working on my rental?

Contractors should carry their own general liability and workers' compensation. Get certificates before work starts — an uninsured contractor's injured worker can end up making a claim against you.

38. What precautions do insurers want for vacant properties?

Frequent inspections, utilities kept on, plumbing winterized, doors and windows secured, lights on timers and the lawn maintained so the property doesn't look abandoned. Document each visit.

39. How do commercial policies handle vacancy?

Commercial property forms generally consider a building vacant when less than 31% is rented or used, and restrict coverage after 60 consecutive days.

40. Is a flip property insured differently?

Yes. Flips are usually vacant and under renovation, so they're insured under vacant dwelling or builders risk policies rather than landlord policies. Tell your agent your plans before closing.

LANDLORD LIABILITY

41. What does landlord liability insurance cover?

Claims that a condition of your property injured someone or damaged their property — a guest falls on broken steps, a loose railing gives way, a tree limb lands on a neighbor's car. It pays legal defense plus settlements or judgments up to your limit.

42. What are the most common landlord liability claims?

Falls on stairs, porches and walkways; broken railings; dog bites; carbon monoxide exposure; fire injuries; and trip hazards in common areas and parking lots. Most trace back to maintenance that was deferred or ignored.

43. Am I liable if my tenant's dog bites someone?

Generally only if you knew the dog was dangerous and had the ability to remove it, but you'll likely be named in the suit anyway. Require tenants with dogs to carry renters liability coverage, and confirm whether your policy has an animal exclusion.

44. Am I responsible for injuries in common areas?

Yes. Landlords typically control and must maintain shared hallways, stairs, laundry rooms, parking areas and sidewalks. Regular inspections, lighting and prompt repairs are your best defense.

45. Are lead paint claims covered?

Often not — many landlord policies exclude lead entirely. For pre-1978 properties, federal law requires lead disclosure to tenants, and renovation work must follow EPA lead-safe practices. Ask whether limited lead coverage is available.

46. Is carbon monoxide poisoning covered?

Generally yes, as bodily injury under liability. Install CO detectors near sleeping areas, service gas furnaces and water heaters regularly, and keep records — missing detectors make these claims hard to defend.

47. Are pools, hot tubs and trampolines covered?

Many landlord policies exclude or surcharge them, especially trampolines and diving boards. Fence pools, require locked gates and prohibit trampolines in the lease if your carrier requires it.

48. Does my liability policy cover fair housing discrimination claims?

Usually not. Discrimination claims are excluded from standard liability. Some carriers offer landlord fair housing or tenant discrimination coverage by endorsement. Consistent written screening criteria are your best protection.

49. Is wrongful eviction covered?

Many landlord policies include personal injury coverage for wrongful eviction, invasion of the right of private occupancy and similar claims — but some charge extra or omit it. Confirm before you need it.

50. What is medical payments coverage?

It pays modest medical bills for guests injured on the property regardless of fault, usually $1,000 to $5,000. Paying small injuries quickly often prevents a lawsuit. It doesn't cover tenants' own injuries in their units in most policies.

51. Who's responsible for snow and ice removal?

It depends on your lease and local ordinances. In single-family rentals, leases often make tenants responsible; in multi-unit buildings, the landlord usually handles common walks and lots. Put the responsibility in writing.

52. Can I be sued over crimes on my property?

Yes. Tenants or guests injured in assaults may claim inadequate security — broken locks, poor lighting, ignored complaints. Fix locks promptly, light entrances and parking, and document repair requests.

53. Am I liable for injuries to a tenant's guests?

If the injury results from a defect you were responsible for — a rotten deck, broken stair tread — yes. Injuries caused by the tenant's own conduct or belongings typically fall to the tenant's renters policy.

54. Should a landlord have an umbrella policy?

Yes. An umbrella adds $1 million or more of liability over your landlord and auto policies at a modest cost, and it's especially important as you add properties. Make sure every rental is listed as underlying coverage.

TENANTS & LEASES

55. Should I require tenants to carry renters insurance?

Yes. Renters insurance covers the tenant's belongings and relocation costs and provides liability coverage for injuries they cause — reducing claims against you and disputes after a fire or water loss.

56. Can I be added to my tenant's renters policy?

You can require being listed as an "interested party," which means you're notified if the policy cancels. Being named as an additional insured on a renters policy is less common and many carriers won't do it.

57. What lease provisions help on the insurance side?

Require renters insurance, define maintenance and snow removal duties, require prompt reporting of leaks and damage, prohibit unauthorized occupants and businesses, restrict open flames and space heaters, and set pet rules.

58. Is a security deposit a substitute for insurance?

No. Deposits cover unpaid rent and damage beyond normal wear and tear, and are capped by law in many places. They're far too small to handle a fire, major water loss or liability claim.

59. Whose insurance covers tenants' belongings after a fire?

The tenant's renters insurance. Your landlord policy covers your building and property only. Tenants without renters insurance are often surprised — another reason to require it.

60. Can I restrict pets for insurance reasons?

Generally yes for ordinary pets, including breed restrictions your carrier requires. But fair housing law requires reasonable accommodation for assistance animals, including service and support animals, regardless of breed rules in most cases.

61. Does tenant screening affect my insurance?

Indirectly. Consistent, lawful screening reduces damage, non-payment and liability problems. Apply the same written criteria to every applicant to avoid discrimination claims.

62. Who pays if a tenant accidentally starts a fire?

Your landlord policy pays for the building and lost rents. Your carrier may then pursue the tenant or their renters insurance to recover — another benefit of requiring renters coverage.

63. What if a tenant runs a business from the unit?

Home businesses with customers, inventory or employees can create exposures your policy doesn't contemplate. Address business use in the lease and tell your agent if a tenant operates one, especially daycare or retail.

64. Why does a move-in inspection matter?

Date-stamped photos and a signed condition report establish the property's condition at move-in. That evidence supports deposit deductions and helps show whether damage was sudden or long-standing in a claim.

65. Do smoke and CO detectors affect insurance?

Yes. Working detectors are required by many local codes, reduce losses, and help defend liability claims. Install them, test at turnover and document it.

66. What lead paint disclosures are required?

For housing built before 1978, federal law requires landlords to disclose known lead paint hazards, provide the EPA lead pamphlet and include a disclosure form with the lease. Keep copies for at least three years.

MULTIFAMILY & COMMERCIAL RENTALS

67. How are apartment buildings insured?
Buildings with five or more units are typically insured on commercial property and general liability forms — often packaged — rated on units, construction, age, updates and location.

68. What is a habitational policy?
Insurance-industry shorthand for commercial coverage on residential rental buildings like apartments. Habitational underwriting focuses on building age, wiring, plumbing, roof condition, occupancy and claim history.

69. How are mixed-use buildings insured?
Buildings with retail or offices on the ground floor and apartments above need commercial coverage that addresses both. The commercial tenant's operation — a restaurant versus an office — greatly affects price.

70. Should commercial tenants carry their own insurance?
Yes. Require commercial tenants to carry general liability naming you as additional insured, insure their own contents and improvements, and waive subrogation where appropriate. Collect certificates every year.

71. Do I need equipment breakdown coverage?
For buildings with boilers, central HVAC, elevators or large electrical systems, yes. Mechanical breakdown is excluded from standard property, and boiler failure in January can displace every tenant.

72. Do I need crime coverage?
If employees or a manager collect rents or handle accounts, employee theft coverage protects against embezzlement — a common loss in property management.

73. Do I need employment practices liability?
If you employ maintenance staff, leasing agents or managers, EPLI covers discrimination, harassment and wrongful termination claims. Some forms can be extended to cover tenant discrimination claims.

74. Do I need workers' comp for maintenance staff?
In Missouri, most employers with five or more employees must carry it; in Kansas, most employers with more than $20,000 in annual payroll must. Maintenance work is injury-prone, so coverage is wise even below thresholds — and unpaid "handymen" can be employees in the eyes of the law.

75. What insurance should my property management company carry?
General liability, professional liability (errors and omissions), crime coverage for handling rents, workers' comp and auto. Your management agreement should require it and name you where appropriate.

76. Are amenities like pools, gyms and playgrounds covered?
Usually, if disclosed, though they add premium and may require specific safety measures — fencing, posted rules, inspected equipment. Undisclosed amenities can cause coverage problems.

SHORT-TERM RENTALS

77. Does my landlord policy cover Airbnb or VRBO rentals?
Usually not. Most dwelling and landlord policies exclude or limit short-term rentals because frequent guests change the risk. Using one for nightly rentals can leave you uninsured.

78. Doesn't the platform's host protection cover me?
Platform programs provide valuable protection, but they have limits, exclusions and claim conditions, and they aren't the same as owning your own policy. Treat them as supplemental, not primary.

79. What coverage does a short-term rental need?
A short-term rental or vacation rental policy covering the building, furnishings, liability to guests and loss of booking income, plus an umbrella. Some carriers offer it as an endorsement; others as a stand-alone policy.

80. Are guest injuries covered?
Yes, under short-term rental liability. Common claims involve stairs, decks, hot tubs and pools, so inspect them between stays and post rules.

81. Is damage caused by guests covered?
Platform damage programs and short-term rental policies may cover guest damage, subject to deductibles and conditions. Document the property's condition before and after each stay.

82. Are hot tubs, pools and fire pits a concern?
Yes. They're the most frequent sources of serious guest injuries. Use covers and locks, post rules, maintain chemistry and lighting, and confirm your carrier covers them.

83. Do multiple short-term rentals need commercial coverage?
As your portfolio grows, a commercial or portfolio short-term rental program may be more efficient and provide higher limits. Ask about options once you pass a few properties.

84. Do local regulations affect coverage?
Yes. Many cities require permits, inspections, occupancy limits and lodging taxes, and some require specific liability limits. Operating without a required permit can complicate claims.

LLCS, UMBRELLAS & PORTFOLIO PLANNING

85. Should I own my rentals in an LLC?
Many investors use LLCs to help separate rental liabilities from personal assets. That's a legal and tax decision for your attorney and accountant — but whatever you choose, the insurance must match the ownership.

86. Does an LLC replace the need for insurance?
No. An LLC may limit what a plaintiff can reach, but it doesn't pay defense costs or judgments, and courts can sometimes reach past it. Insurance is still your first line of defense.

87. How should properties owned by an LLC be insured?
The LLC that owns each property should be the named insured on its policy. If you deed a property into an LLC but keep the policy in your personal name, you can create a coverage dispute.

88. Will my personal umbrella cover LLC-owned rentals?
Often not. Many personal umbrellas exclude business entities. LLC-owned properties usually need a commercial umbrella, or a personal umbrella specifically endorsed to include the LLCs.

89. Should I put all my rentals on one policy?
Portfolio or blanket landlord policies can simplify renewals, combine liability, and sometimes lower cost. They also make it easier to add and remove properties as you buy and sell.

90. How does financing affect my insurance?
Lenders require minimum property coverage, a mortgagee clause naming them, and proof of coverage at closing and each renewal. Some require flood coverage, loss of rents or specific deductibles.

91. Should my property manager be on my policy?
Your management agreement may require naming the manager as an additional insured for liability arising from your property. Make sure your manager also carries their own errors and omissions coverage.

92. What records should a landlord keep?
Leases, inspection reports, repair requests and invoices, smoke and CO detector checks, tenant screening criteria, lead disclosures and photos of each unit. Good records win claims and disputes.

CLAIMS, PRICING & WORKING WITH AN AGENT

93. What should I do immediately after a property loss?

Make the property safe, prevent further damage (shut off water, board up openings), take photos, keep receipts for emergency repairs, notify tenants and report the claim promptly. Don't discard damaged items until the adjuster sees them.

94. How can I lower my landlord insurance premium?

Update roofs, wiring, plumbing and heating; install monitored smoke and water-leak detectors; choose higher deductibles; insure multiple properties together; and keep claims infrequent.

95. Why did my premium go up when I had no claims?

Rising construction costs raise rebuilding values, and severe hail and wind seasons have pushed rates up across Missouri and Kansas. Roof age is also a major pricing factor that changes every year.

96. Should I file small claims?

Small property claims near your deductible can raise future premiums or affect eligibility. Always report liability incidents, but talk with your agent before filing small property claims.

97. What deductible should I choose?

The highest you could comfortably pay on each property at the same time — a single hailstorm can hit several rentals at once. Watch for separate percentage wind and hail deductibles.

98. What if a tenant or guest sues me?

Report the claim or suit to your carrier immediately and forward all papers. Don't negotiate on your own or ignore deadlines — your carrier provides and pays for your defense.

99. Why work with an independent agent?

Landlord coverage varies widely among carriers — roof terms, vacancy rules, short-term rental exclusions. An independent agent compares multiple carriers and can keep a growing portfolio organized.

100. How often should I review coverage?

At least annually, and whenever you buy, sell, renovate, change tenants or rental type, form an LLC, or refinance.

Have a question that isn't on this list?

Every operation is different, and the right answer depends on your building, your people and your contracts. I'm glad to review your current policies and give you a straight opinion — no pressure.

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