

What is tenant insurance?

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When you invest in a property, one of your key concerns is making sure you find the right tenant to rent it out to.

Going through the process of meeting up with prospective tenants, running criminal and credit checks and talking with the tenant's references are an important part of getting to know the person before you let them move into your investment.

Another requirement you might want to include in your lease agreement is requiring renters to provide you proof of tenant insurance. This ensures your costs are covered in the event of an accident.

When a renter decides to live in the property, they are legally responsible for any damage they make to the unit or the building, whether they did it themselves or if someone visiting caused the damage.

There are two types of tenant insurance a renter can purchase: an all risks or named perils policy. An all risks policy covers all of a renter's content, except for specific items that are excluded, and named perils only covers against specifically stated issues.

If you are involved in a lawsuit, a basic tenant insurance policy will cover up to \$1 million in damages. You can add additional coverage to your policy including, liability coverage, which covers legal fees if you're involved in a lawsuit; additional living expense coverage, which covers the cost of alternate living arrangements if you're unable to live in the rented unit; and contents insurance, which covers the cost of repairing or replacing all the items in your home.

The price of tenant insurance varies and it depends on the amount of insurance coverage you need, where your rental unit is located, the construction of your rental unit, the insurance company and whether you have a past history of insurance claims. Make sure to shop around when looking for insurance coverage.

Recently, a BC judge required a Vancouver tenant to pay about \$300,000 in damages after a fire she was responsible for led to extensive damages to the home, [according to the Prince George Citizen](#). On January 2008, the woman was renting the basement suite of a home, which saw a fire break out in the kitchen. The tenant went out to smoke and talk on the phone, but she left a pot of sunflower oil on the stove while doing so. The fire spread from the basement and caused structural damage to the house's main floor. The judge found the tenant negligent and awarded the homeowner's \$291,478.28 for the damage, along with an additional \$20,126.01 for the

homeowner's alternate living arrangements.

While tenants are responsible for ensuring they don't damage your property, the [landlord](#) is also responsible for providing a safe space for them to live in. For example, [landlords are responsible for emergency repairs](#) and ensuring that living conditions comply with health, safety, housing and maintenance standards. This includes making sure the building's occupants don't exceed fire code regulations and that there are working smoke detectors in the unit.

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