

Insurance safeguards landlord and tenant

WHEN it comes to rental property insurance for landlords, the devil is in the details. By taking time to carefully consider your needs, however, you can ensure that your insurance does what it's supposed to: Be your guardian angel.

"I always like to say the bold print giveth and the fine print taketh away," says Irwin Kumka, chairman of the Insurance Brokers of Manitoba and partner with Ryan Gateway Insurance Brokers Inc. "That's why it's important to have a dialogue with your broker so that you reach a comfort level in terms of what's covered, and more importantly, what's not covered."

Insurance is vital for landlords in Manitoba, even though it's not required by law.

"There's one good reason for it: You can afford to buy insurance, but you likely can't afford to pay the claim," he says.

Insurance protects landlords from liability when a court has found them negligent, causing injury to a tenant or visitor, or damage to others' property.

It can also protect the property itself, Kumka says, adding landlords should look at insuring for the cost of replacing the property rather than insuring its depreciated value.

"The cost of construction has been rising steadily over the past few years," he says. If a 10-unit apartment, purchased for \$750,000, is destroyed by fire, the replacement cost will likely be more than \$1 million.

Replacement-cost insurance may have a higher premium, he says, but you will find that spent money goes a lot farther if the building goes up in flames.

Anita and Craig Turner, who have rented out property in the past and are currently looking to buy another rental property, say knowing your policy inside and out is essential to peace of mind. "You should ask a lot of questions when it comes to insurance. Find out exactly what you're covered for, and notify your tenants that they should get rental insurance as a separate package," Anita Turner says. It just makes sense for landlords to encourage their renters to buy insurance. "If you want to get a mortgage, your mortgage company is going to insist you buying insurance," Kumka says, adding the monthly payment for tenant's insurance costs about as much as a pack of cigarettes, and it should include liability.

Liability, however, is even more of a concern for landlords, he says. The possibility that people will injure themselves — slipping on an icy sidewalk, for example — and that the court could find the property owner negligent is very real.

"In Winnipeg, it's almost impossible to keep sidewalks free of ice all the time," he says, adding it is important to keep a maintenance log showing regular care of the building, such as shovelling and sanding the walks during the winter.

Being able to demonstrate regular maintenance can show the court the landlord has taken reasonable steps to prevent injury and, as a result, the landlord is not responsible to pay a claim, which could increase the insur-

ance premium.

"If you end up in court, it's a case of 'Don't tell me what you did.' It's a case of 'Show me what you did,'" Kumka says.

Though landlords may find it daunting to consider all that can go wrong with a rental property, Kumka offers some very basic, sage advice: Sweat the small stuff yourself, like paying out of pocket for repairs costing a few thousand dollars.

You can pay a lower insurance premium while opting to pay a higher deductible. After all, a \$5,000 deductible isn't hard to stomach when it covers \$200,000 in repairs, he says.

"It's much better to let the insurance take care of the big problems, and the client can take care of the little things."

—Joel Schlesinger