



An Umbrella policy is one of the two best tools available to you, the investor to manage any liability arising from your investments. The other of course, is the LLC.

Whether it involves tenants, or property-related lawsuits, an umbrella policy provides much greater coverage than a basic hazard policy.

The umbrella is a pool of extra liability coverage that pays any excessive claims above the coverage level your base insurance policy.

For a relatively modest sum, you can get millions of dollars of coverage.



A blanket policy helps tremendously with the paperwork if you manage multiple properties. Rather than having a policy for each property, the blanket allows all your rental properties to be listed on a single policy.

Another benefit is that the blanket policy allows you to add and remove properties easily from the same policy. The maximum number of properties depends on the underwriting carrier.

Construction Management



Builders Risk policies, sometimes called course-of-construction policies, provide coverage as you renovate your property. One major disadvantage of a standard homeowners' policy is that since the coverage level is set at the time of purchase and is increased only when repairs are finished, it fails to capture the property's value increases as the repairs progress. That's an important distinction because the value of the property being renovated increases steadily as it approaches completion. Therefore, any claim filed before completion would be settled at the lower (initial) level.

A Builders Risk policy recognizes the fact that the property value increases incrementally during the renovation phase and adjusts the coverage levels accordingly to accommodate the rise.



Vacant-Property policies are essential if you are a landlord or other real estate investor. A common public misconception is that once a property is insured, who lives there or even if it's vacant doesn't matter. Nothing could be further from the truth. The type of policy covering the property matters a great deal. Insurance companies have different policy types for different scenarios; each with different pricing because each risk is different. Any property that is vacant for more than thirty days needs to be covered by a vacant-property policy.



Dwelling-Fire policy, commonly known as a landlord policy covers the rented property for the value of the structure. Unlike a standard homeowner's policy, the contents of the home are covered only minimally, whereas the liability coverage is increased accordingly.

Two other very important coverage items are: a) loss-of-rents and b) legal representation.

Loss-of-rents coverage reimburses the landlord for any rents that are lost because the property is uninhabitable due to a covered loss.

Legal representation would cover the landlord for any legitimate costs associated with a covered legal issue, such as a wrongful eviction lawsuit.

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