

HOW COULD DIFFERENT TYPES OF TENANTS AFFECT MY INSURANCE POLICY?

TENANT TYPES

There are as many types of tenants as there are rental properties. Who you, as a landlord, chooses to rent to - or the type of tenant your property attracts - depends on many factors including your own preferences, the type of property you are renting and the location of the property.

There are pros and cons to any tenant type and it is a good idea to have some idea of the tenant you would like to attract when you market your buy-to-let.

Each tenant type will have their own requirements, and it is worth remembering that these requirements - or a tenants' status - could have an **impact on your landlord's insurance policy or mortgage agreement.**

Let's take a look at some of the different tenant types, their needs and your obligations to them.



HOUSING ASSOCIATION
TENANTS



OLDER RENTERS



STUDENT TENANTS



WILL RENTING TO STUDENT
TENANTS AFFECT MY
INSURANCE POLICY?



WHAT CRITERIA MUST A
HMO MEET?



REFUGEES AND ASYLUM
SEEKER TENANTS



HOUSING ASSOCIATION TENANTS

With good quality affordable housing stock in ever short supply and councils struggling to find suitable accommodation for people who need it, private landlords are increasingly stepping up to house tenants claiming benefits.

While there are definite advantages to renting to benefit claimants, it is also a complex issue and one worth looking into closely before you sign up.

Here's what you need to consider when renting to tenants in receipt of benefits - and why renting to benefit claimants could be a benefit to landlords too.



Advantages to letting to housing association tenants:

- There is an argument that they could be **more likely to stay long-term and be more settled**, especially those with families.
- If you are able to get yourself set up on the Alternative Payment Arrangement³ then you're guaranteed rent every month.

Disadvantages of letting to housing association tenants:

- **Red tape** - The system, which is ever changing, is cumbersome and slow, and the bureaucracy can be time consuming and fiddly
- **Getting paid rent on time** - The introduction of the universal credit system put responsibility into the hands of the tenants. Delays in UC payments and tenants having to juggle other costs can lead to rent arrears. The five week wait for initial payment can also compound the problem¹. But there are options; the relatively recent Alternative Payment Arrangement system sees the housing element of UC going straight to the landlord to cover the cost of rent which can make things easier for everyone - but the tenant has to agree to this.
- **Liability** - Another potential pitfall is that if a tenant makes a fraudulent housing claim or was overpaid, the landlord will be liable to repay the rent, even if they were unaware of their tenant's false claims².
- **Your mortgage** - in some circumstances letting to benefit claimants could be breaching your buy-to-let mortgage. Some lenders simply don't allow it, while others may demand a higher rate of interest if your tenants are in receipt of benefits. Check your terms or talk to your lender.



What are housing association tenants looking for?

The vast majority of tenants receiving benefits are in desperate need of permanent accommodation and they can make dependable, trustworthy tenants. They will be looking for good housing which gives them the opportunity of making their home.

Will renting to housing association tenants affect my insurance policy?

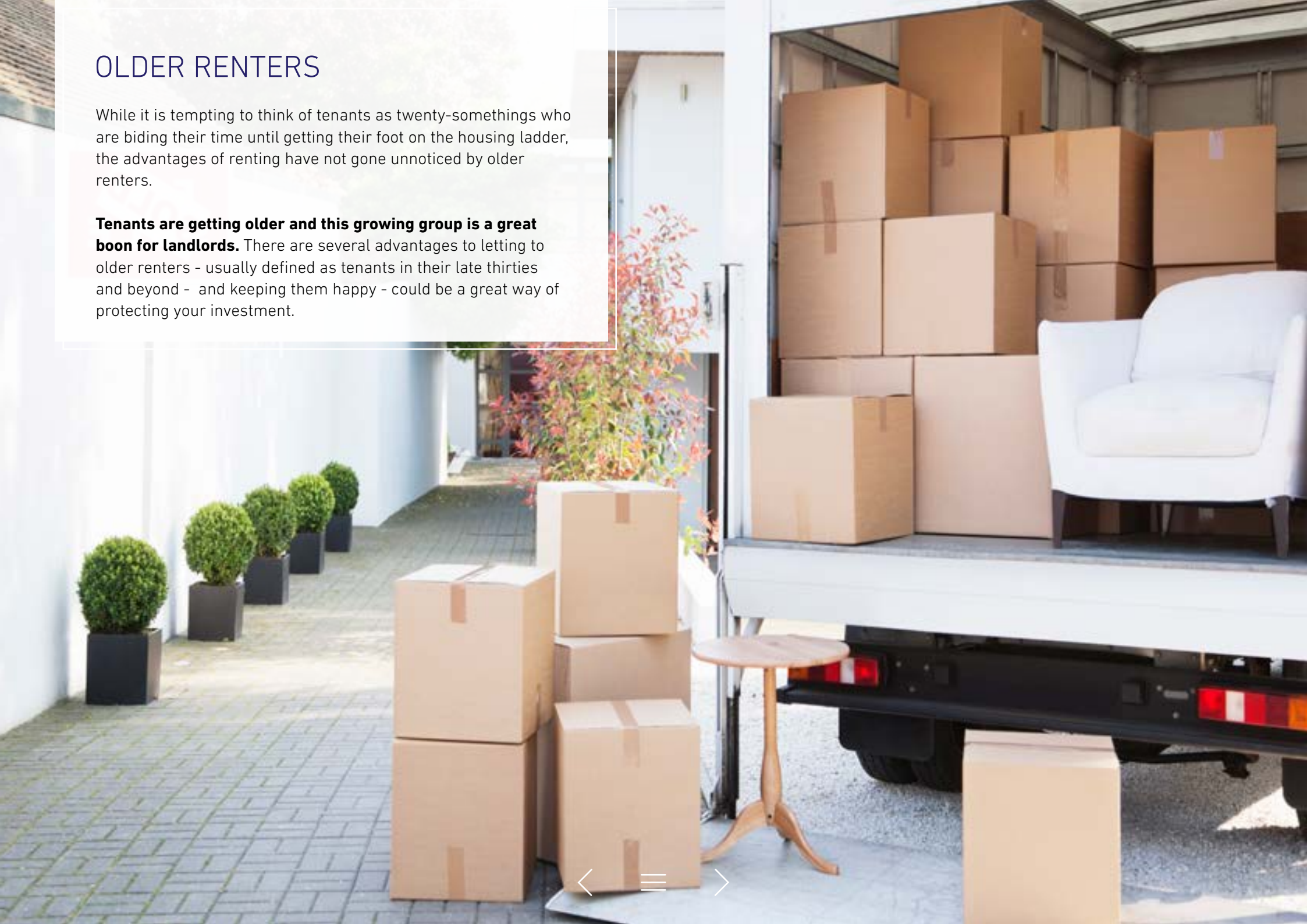
Some insurers might not offer cover if you rent your property to tenants claiming UC, while others could charge you higher premiums. Check the small print and talk to your insurer for more information.



OLDER RENTERS

While it is tempting to think of tenants as twenty-somethings who are biding their time until getting their foot on the housing ladder, the advantages of renting have not gone unnoticed by older renters.

Tenants are getting older and this growing group is a great boon for landlords. There are several advantages to letting to older renters - usually defined as tenants in their late thirties and beyond - and keeping them happy - could be a great way of protecting your investment.



Advantages of older renters:

- Tenants over 35 tend to be more settled in their jobs and life - or at least looking to be. As a result, they are often after more security in their home life and would prefer to sign a tenancy agreement that assured them they would not have to pack their bags again six months after moving in.
- Higher rents - Older rents are likely to have more disposable income and are often willing to spend a bit more on rent in return for a hi-spec property.

Disadvantages of older renters:

- Landlords may have a smaller pool to choose from - it is a growing group, but not as big as, say students.
- To attract older tenants you may have to adapt the property either upgrading or making it more accessible - this doesn't have to be a disadvantage, of course, but will require some financial outlay at the beginning.

What are older renters looking for?

They are often looking for long-term tenancies and a home that they can settle down in and look after it as their own.

Professional renters will also likely be looking for proximity to a station and/or good parking. An outside area or garden can also be an attraction to older renters.

Will renting to older tenants affect my insurance policy?

Not usually, although, as always check with your insurance provider. Check that the your landlord insurance covers you for what you need, which might include, buildings & contents insurance, accidental damage cover, public liability insurance, storm damage, flood damage, subsidence cover and malicious damage.



STUDENT TENANTS

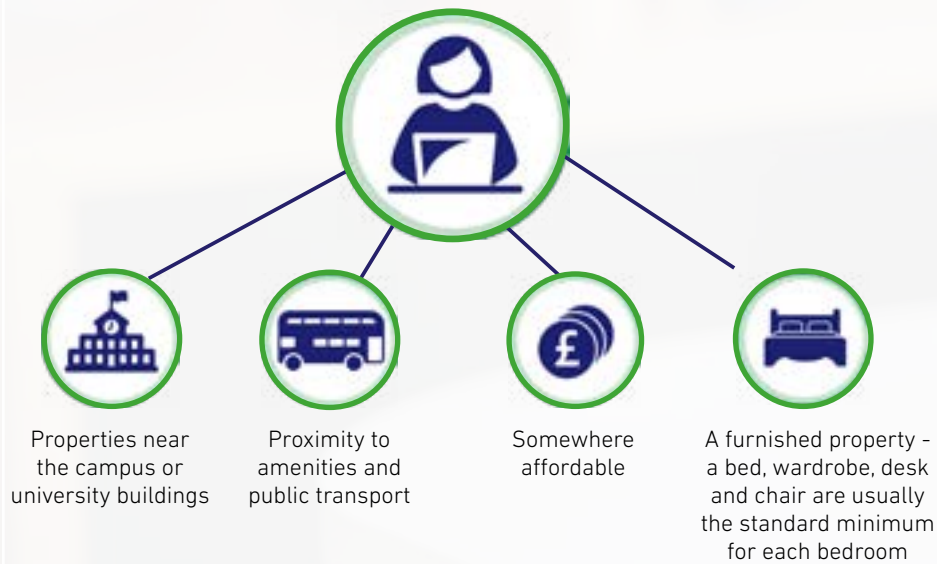
Letting to students can be an excellent option for landlords. You can be sure of high demand and high yields.

Student lets in small university towns or cities frequently generate the best yield. Paragon's studying student buy-to-let report's⁴ found seven of the top 10 locations for student yield had just one main university with student populations typically smaller than 25,000, found.

Student towns, such as Nottingham and Liverpool, regularly top best buy-to-let⁵ areas to invest in, while the north - the north east in particular - is often a good yield bet.

Summer void months can be avoided by providing students with a home they want to stay in beyond one year.

What are student tenants looking for?

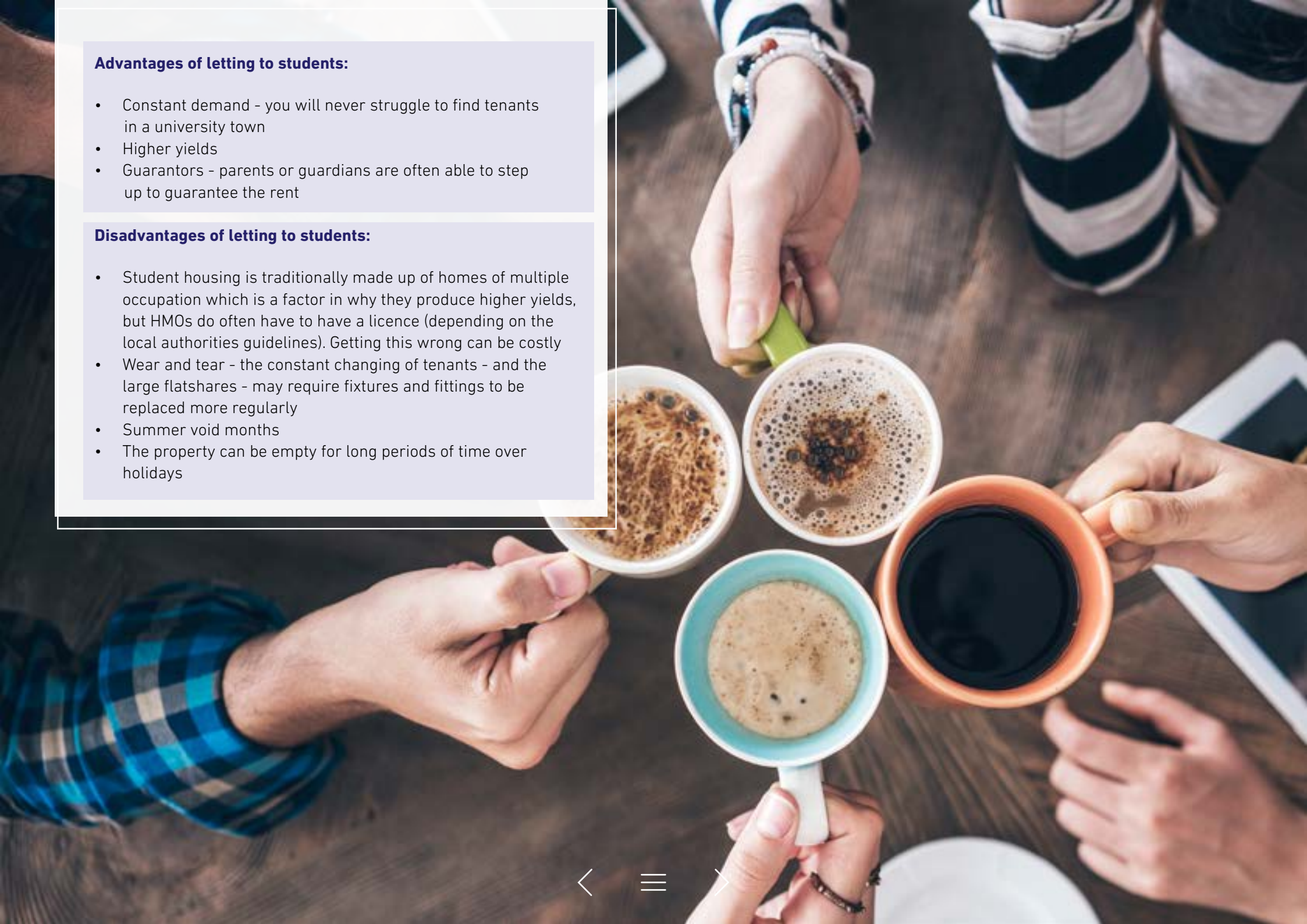
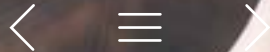


Advantages of letting to students:

- Constant demand - you will never struggle to find tenants in a university town
- Higher yields
- Guarantors - parents or guardians are often able to step up to guarantee the rent

Disadvantages of letting to students:

- Student housing is traditionally made up of homes of multiple occupation which is a factor in why they produce higher yields, but HMOs do often have to have a licence (depending on the local authorities guidelines). Getting this wrong can be costly
- Wear and tear - the constant changing of tenants - and the large flatshares - may require fixtures and fittings to be replaced more regularly
- Summer void months
- The property can be empty for long periods of time over holidays

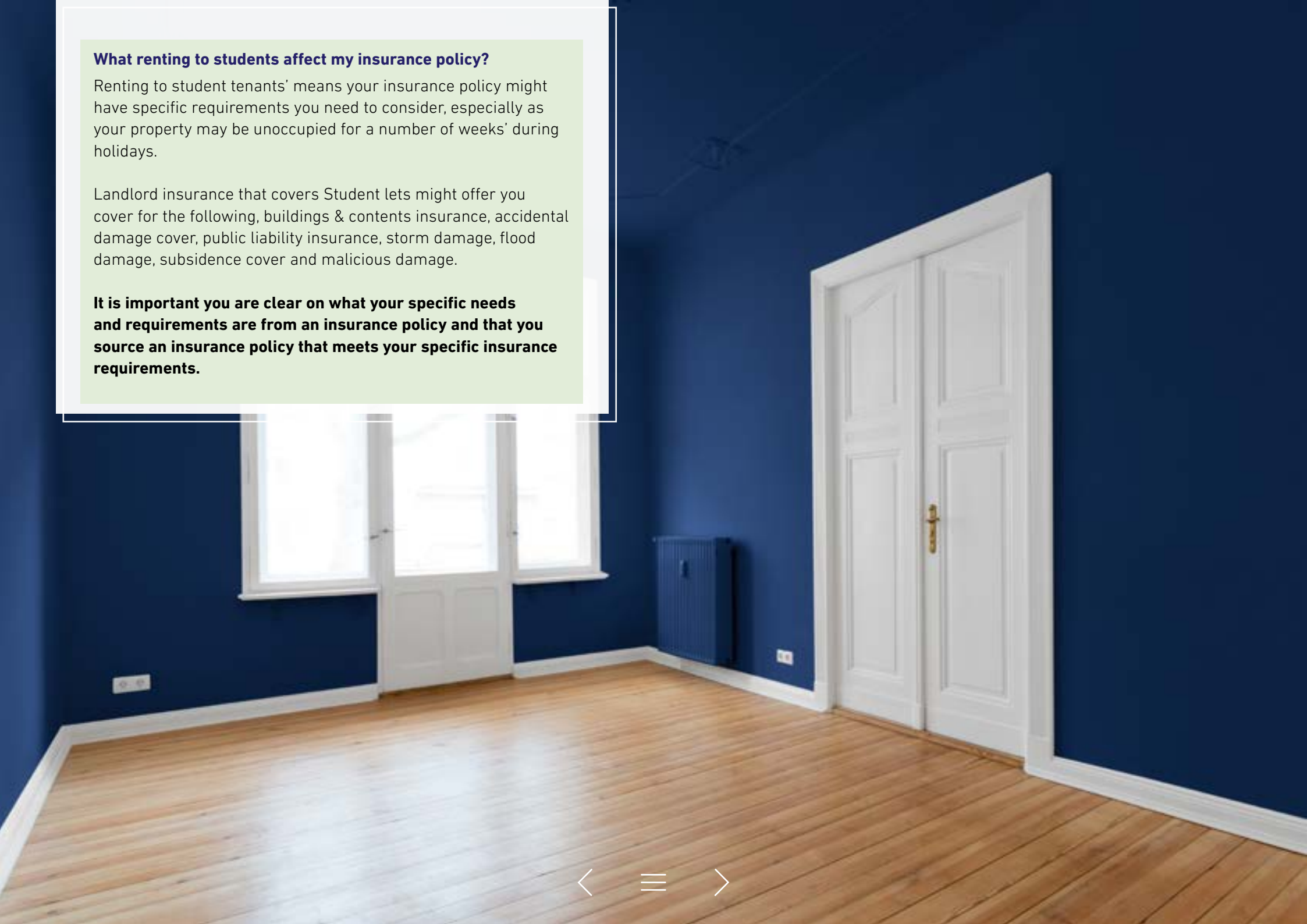


What renting to students affect my insurance policy?

Renting to student tenants' means your insurance policy might have specific requirements you need to consider, especially as your property may be unoccupied for a number of weeks' during holidays.

Landlord insurance that covers Student lets might offer you cover for the following, buildings & contents insurance, accidental damage cover, public liability insurance, storm damage, flood damage, subsidence cover and malicious damage.

It is important you are clear on what your specific needs and requirements are from an insurance policy and that you source an insurance policy that meets your specific insurance requirements.



WHAT CRITERIA MUST AN HMO MEET?

HMO Let Property insurance

An insurance policy might have specific terms and conditions that need to be met, if you let your property out as an HMO.

An example of what could be expected from HMO terms and conditions in an insurance policy, is shown below:

You must meet all current local and national authority regulations governing rented accommodation.

Furthermore the following conditions will apply;

- the bedroom(s) must not be used for cooking food, other than for making tea and coffee;
- the bedroom(s) must not be heated by portable heaters, other than electrically-powered or convector heaters;
- all rubbish stored in the property must be removed each week

If you do not meet these regulations, and a claim happens, insurers may decide not to pay the claim.

It is important you check your insurance policy to ensure you are confident that you can adhere to the specific terms and conditions applicable, otherwise you could find yourself in a situation where a claim is invalid and repudiated.



REFUGEES AND ASYLUM SEEKER TENANTS

The plight of refugees from Europe and the Middle East has been headline news recently.

Landlords are among those being asked by councils to help house refugees as they struggle to find homes for vulnerable families coming to the UK.

Under the UK Resettlement Scheme, a Home Office-funded scheme launched in April 2021, councils can help resettle refugees or asylum seekers fleeing war-torn or dangerous situations and landlords play an increasingly important role.



Here's what you need to know about housing a refugee family.

Advantages of refugee or asylum seeker tenants:

- Guaranteed monthly rent payments paid directly to the landlord
- Funded to furnish the property.
- Tenants are visited, often weekly, by support workers in the first six months of the tenancy.
- Councils may also offer initial basic maintenance and repairs as well as inspections to give you peace of mind.
- The local authority may also offer assistance and advice. They may also be able to provide translators.

Disadvantages of refugee or asylum seeker tenants:

- **Bureaucracy** - As with tenants claiming universal credit, you are dealing with already overburdened local authorities and red tape. It is a good idea to read up about the process before you begin so you have an idea of the steps that are needed.
- **Uncertainty** - Those seeking refuge or asylum are subject to other kinds of red tape and they face a great deal of uncertainty over their future. As their landlord you will also be unlikely to know how long they will need to be housed for and what happens when the council's assistance is withdrawn.
- **Time** - Not necessarily a disadvantage, but, while you are not expected to double as a social worker, as a landlord you do have a degree of responsibility towards your tenants. Asylum seekers are likely to have experienced severe trauma in their countries of origin and may have encountered difficulties in the UK. Would you be in a position to support them, or help them find the support they need?

Will renting to refugee or asylum seeking tenants affect my insurance policy?

It may. If you are planning to rent your property to a refugee family you must tell your insurance provider and check you are covered under the terms of your policy.



HELP IS AT HAND

- GET IN TOUCH WITH RENTGUARD

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Get a **quick quote online** or speak to our specialist team on **0333 000 0169** today!

1. [https://www.gov.uk/universal-credit/...](https://www.gov.uk/universal-credit/)
2. <https://www.gov.uk/government/publications/universal-credit-and-rented-housing--2/universal-credit-and-rented-housing-guide-for-landlords>
3. <https://www.gov.uk/government/publications/universal-credit-alternative-payment-arrangements/alternative-payment-arrangements>
4. <https://www.paragonbankinggroup.co.uk/resources/paragonbank/documents/mortgages/buy-to-let/both/student-buy-to-let-market-report>
5. <https://www.landlordtoday.co.uk/breaking-news/2020/8/top-universities-for-buy-to-let-revealed>
6. HMO Let Property insurance rentguard
7. <https://www.gov.uk/government/publications/uk-resettlement-programmes-funding-instruction-2021-to-2022>



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