

*"The Worth Ross Newsletter to Keep Our Clients Informed"*

## Reviewing Insurance

Oct / Nov 2006



Insurance is simply a necessity for investment property and it is tax deductible. You pay the premium with the hope that you will never have major problems. With all the emergencies, disasters, or events that *can* happen, it is important that property owners obtain the best coverage possible. If you have not assessed your rental insurance within the last year, you should take steps to do so immediately. Discuss the current coverage or any needed updates with your insurance agent.

**Have you shopped insurance rates lately?** The financial markets over the last several years have been returning lower yields for investments, which affects the underwriting requirements and often promote higher premiums. Some companies elect to reduce or decline coverage for rental properties, shocking property owners who have had rental policies with a particular company for years.

It is an excellent idea to get competitive quotes, but do not let your insurance lapse while researching other rates. Many companies will renew existing rental/landlord policies, but will not initiate new policies due to high profile problems, such as mold or natural disasters. Only discontinue the existing policy when you are certain you have a new insurance policy in place.

**If you previously lived in the property,** does your homeowner's insurance still cover the property? If you resided in the property, moved out, and never updated or changed your policy, part or all of your insurance could be invalid. Seek advice from your insurance agent.

**Do you have a landlord/rental policy?** A landlord/rental policy is the basic fire and liability policy required with additional coverage to protect investment property. This is particularly important if you have vandalism, fire, or any other natural disaster. It is crucial that your policy pays for lost rent you must vacate the tenant to rebuild or rehabilitate the property.

**Do you have enough coverage in the event of a fire or disaster?** Perhaps you have not updated your policy in several years and the insurance coverage is now less than the current replacement value of the property. Research your current property value with a reliable source and be sure you do not undervalue your property to save on premiums.

**Do you have enough liability insurance?** Increases in liability are normally very small in cost per \$100,000. In today's market where people are prone to sue for any reason, a policy with \$100,000 covers very little when it comes to attorneys' fees and costs. A \$1-

2,000,000 (or more) umbrella policy is highly recommended, but consult your insurance agent.

Beware of misleading captions, such as "all risk." Often these policies exclude a long list of possible exclusions for property owners. For example, is there a "dangerous dog" list?

**What items should the liability insurance cover?** A fully comprehensive policy can cover injuries on the property, defense of personal injury lawsuits, slander, discrimination, retaliatory eviction, invasion of tenant privacy, and more. Landlords should try to obtain coverage for as many risks as possible.

*(Continued on page 2)*

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**CHECK OUT OUR WEB SITE!**

## Announcements & Services

### Thinking of Buying or Selling?

If you are thinking of buying or selling, we can assist you. Just call and we will have an agent from our sales team contact you to help you with your Real Estate needs. There is no obligation. Check out your property value today!

### Referrals are Rewarding

Do you know someone who is looking for management services in the Dallas area? Refer them to us and we will "reward" you. We value your business and would like to show our appreciation to you.

### Looking for Management Elsewhere?

You, or someone you know, may need a property manager in other states. Because of our proud affiliation with NARPM, The National Association of Residential Property Managers, we have contacts throughout the country and may be able to assist you, your friends, and your family.

### Our Web Site!


Please check our website. There are many options and information for owners and tenants. Our newsletters are a regular feature. If you have comments or suggestions for our website, please send them to [worth@worthross.com](mailto:worth@worthross.com). Thank you.

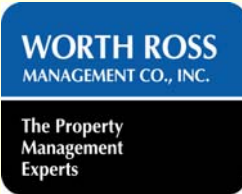
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**Where is the policy going? Who is making the payment?** Make sure your insurance policy and/or appropriate copies are going to correct addresses, such as the mortgage company, property manager, and of course, you. Is the party responsible for making the payment getting the job done? Mortgage companies are quick to put on an expensive insurance policy to cover the loan because they believe your insurance has lapsed. Your insurance agent can assist you with this.

**Have you added your management company as "additional insured" to your policy?** If not, contact your insurance agent to add us as "additional insured." This is just another step in risk management for your investment. Request that they provide us with a copy of your insurance for our files on a yearly basis.

**Should there be coverage for the tenant's contents?** Insurance companies generally will not cover the tenant's possessions for the landlord. This is the tenant's responsibility and we strongly urge tenants to obtain renter's insurance.

Do not wait until a disaster occurs and you find that your insurance is inadequate. Reduce your liability by reviewing your policy on a yearly basis with your insurance agent. 



**YOUR WORTH ROSS  
& ASSOCIATES TEAM!**

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