

Landlording (Buy and Hold)

M: What is blanket property insurance coverage?

Blanket insurance is a type of insurance that combines a number of separate property coverages at two or more locations under a single combined limit of insurance.

Purpose

In the situation that an insured has several properties that regularly change in value, blanket insurance will eliminate the possibility of a coverage gap. In other words, if any change occurs to the properties that cause the price to drop, there will not be a disparity between the value of the property and the insured amount.

Coverage Types

Coverage types that an insured may purchase include building coverage, which reimburses damages to or loss of the entire building, personal property coverage, which pays for loss or damage to items within the building that are not permanently affixed, and business income coverage, which reimburses loss of income as a result of the loss.

Limits

Each coverage type has its own limit. If an insured has several locations insured, the loss limits may apply differently to each location.

Blanket Limits

Instead of scheduling coverage for each property, the insured can schedule coverage that will apply to all locations and to all coverage types. This type of limit is known as a blanket limit.

Cost

When purchasing blanket property insurance, it is important to calculate the total coverage limit required compared with purchasing separate limits. If the total limit is less than the amount needed when purchasing separate limits, then the insured can save on premiums if they purchase blanket insurance coverage.

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Author: admin

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