

Lessor's Risk Only Insurance



Lessor's Risk Only (LRO) Insurance, also known as Landlord's Insurance, is a specific type of liability coverage for individuals who lease at least 25 percent of their building. LRO is common among owners of apartment buildings, warehouses, retail buildings and commercial office space, and it may be required in your area.

What is covered?

LRO is a broad coverage that will cover many types of loss, including theft, vandalism and damage to property, and will also provide tenants and their customers with property damage and liability coverage. Many policies will require that tenants secure their own property damage and liability coverage in addition to the owner's coverage.

For example, LRO would cover the following events:

- Fire
- Injury to tenants or customers due to an unsafe building
- Weather-related damage
- Automobile impact
- Vandalized light posts and windows
- Burst pipes
- Flooding

LRO will not cover a tenant's personal possessions—which would generally require a separate Renter's Insurance policy—or routine maintenance to the building. Some policies may be expanded to cover pollution liability or the loss of important data, such as proprietary computer data or sensitive documents.

Considerations

LRO coverage can be tailored specifically to a specific building. Specific hazards may need to be added when purchasing an LRO policy, as coverage requirements differ from area to area.

Certain buildings may not be covered, depending on the square footage. Also, buildings with severe electrical hazards, malfunctioning smoke detectors or that do not have fire extinguishers or sprinklers may not be covered.

Coverage limits generally go up to \$1 million per occurrence and a \$2 million to \$5 million aggregate, but can be increased depending on the nature of the tenant's business.

If you lease at least 25 percent of your building, LRO coverage is a must-have. Contact Abel Insurance Agency at 800.762.8584 today to learn how to protect your investment.