



COLORADO

Department of
Regulatory Agencies

Division of Insurance

Marshall Fire Response - Frequently Asked Questions

RENTAL PROPERTY INFORMATION

When a rental home or property is damaged or destroyed in a natural disaster, it impacts both the owner (the landlord) and the residents (the tenants). The insurance coverage available to each differs.

Landlord (aka Rental Property Owner) Insurance

Coverage as a landlord of a rental property will depend on the type of policy purchased. You will need to refer to your specific policy to determine the coverage. For a home leased out as a rental on a long-term basis, the coverage most often will be a landlord or rental dwelling policy (sometimes called a residential home dwelling policy). Landlord policies provide property insurance coverage for physical damage, including a total loss of the property, to the structure of the home caused by fire, wind, ice, and snow, among other perils. (The perils that are covered are listed in the policy. The damage or loss must be due to one of these perils or occurrences to be covered). Landlord policies may also provide coverage for the personal property you leave at the rented premises for tenant use or maintenance such as appliances, lawnmowers, and snow blowers. A landlord policy, however, does not cover your tenants' personal property - their possessions that they brought to the leased premises.

A landlord policy for a full-time rental may include coverage for loss of use or loss of rental income when you are not able to rent out the property while it is being repaired or rebuilt due to a covered peril. This loss of use or loss of rental income is generally provided only for a specific period of time. These policies often have a 12-month limit on loss of rental income, but you should check your policy for the specifics. If you have questions, contact your insurance company or the Division of Insurance.

Coverage for a property that is rented on an occasional or short-term basis (a person renting a room or the home for a few days on an irregular basis) will depend on the type of insurance policy covering it. Some homeowners' policies may cover an occasional short-term rental under the policy, or have an endorsement or rider added to the policy for this coverage. If the residence is rented out on a regular basis to various guests (e.g., AirBnB), coverage may be available only under a business policy. Most homeowners' insurance policies do not provide any coverage for business activities conducted from the home.

The types of issues and questions we've received from rental property owners are summarized below:



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- **Can lost rental income be recovered? Will this only be available for a certain amount of time, or until the house is rebuilt?**

Coverage for lost rental income may be available under loss of use coverage. Loss of use coverage is available for a limited time, usually a maximum of 12 months. If you believe you have more coverage than your insurance company is offering, please contact the Division of Insurance so we can look into it and assist you in getting all the policy benefits you paid for.

There may be additional resources available to a landlord through an SBA small business loan, see <https://disasterloanassistance.sba.gov/ela/s/article/Types-of-Disaster-Loans>.

- **Does FEMA help owners of rental properties as well?**

FEMA (Federal Emergency Management Agency) disaster assistance does not directly apply to owners of rental properties. However, FEMA coordinates with the US Small Business Administration (SBA) which provides assistance to homeowners, renters, and business owners. This assistance is through SBA disaster loan assistance programs, more information about these is available here: <https://www.fema.gov/disaster/4634>. The SBA is also available at the Marshall Fire Disaster Assistance Center, for more information see <https://www.bouldercounty.org/disasters/wildfires/marshall/>.

Tenant (aka Renters) Insurance

Renters' insurance is designed specifically for tenants and differs from the insurance coverage purchased by landlords. Renters' insurance covers losses to your personal property (e.g., what you brought to your rental home or apartment). Renters' insurance does not provide coverage for repair or replacement of the building (structure) or fixtures such as appliances, or even furniture if rented as a furnished apartment, which are owned by the landlord.

Renters' insurance covers *your* personal property (such as clothes, furnishings not provided by the landlord, electronics, etc.). To collect on your renters' insurance, you will have to make a claim with your insurance company and will most likely have to provide the insurer with an inventory of your items that were lost or damaged.

Renters' insurance often includes Additional Living Expenses (ALE) coverage. You should review your renters' insurance policy to see if it includes ALE coverage, and what the limitations and requirements are. If you are displaced due to the fire, you should start a claim with your renters' insurance company for ALE. Renters' insurance will likely have a dollar limit cap and may have a time limit on ALE benefits. Please review your policy and talk with your insurance company about what ALE benefits are available to you. You may also get more



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information about how ALE works for homeowners and renters in the Division's [Marshall Fire Response - Frequently Asked Questions, Additional Living Expenses](#).

The types issues and questions we've received from rental property owners are summarized below:

- **How does Additional Living Expenses (ALE) apply for people who have renters' insurance?**

Renters' insurance may have ALE benefits similar to those under homeowners' policies. ALE benefits are designed to provide you the same living standards as you had under the insured property. Thus, if you had rented a two-bedroom apartment you would be eligible to seek a two-bedroom apartment.

- **Will you have information to guide those of us who are NOT total loss, but are renters? I've been in touch with my landlord, but would love advice on what my landlord's homeowners' insurance should cover vs renters' insurance.**

Landlords are responsible for the structure and for providing dwellings that are safe to live in. Renters' coverage may exclude any structural damage. Renters' insurance benefits are most helpful in replacing damaged personal property and reimbursing temporary housing costs if the dwelling becomes uninhabitable due to a covered loss (fire is usually a covered loss).

- **I'm a renter, is there assistance available from FEMA?**

FEMA may have assistance available if you do not have renters' insurance. You can review and submit an application for assistance at: [Individuals and Households Program | FEMA.gov](#).