

Starting a renter's insurance program

In this blog, we explore an overview of the benefits and watch-outs when starting a renter's insurance program for your community.

Encouraging renters insurance

Resident-caused accidents, injuries, damage and other problems can cost other unit owners, occupants or visitors time and money. They can also lead to losses for building owners and managers. If the at-fault resident isn't properly insured for their liability, it could be difficult to recoup costs.

While residents are encouraged from many sides to obtain renters insurance, actual participation in the product line is fairly low, estimated by some at 20% or less. That may leave fellow residents and apartment building owners and managers at risk. For example, think of the visitor who slips on a toy left on a staircase, falling and breaking a bone. Liability costs should land on the resident who carelessly left the toy, but without renters insurance liability coverage, they may not have the resources to pay. You can imagine where the slip-and-fall victim will turn for compensation.

Similar losses are faced by building owners when a resident is responsible for property damage to the building. That could result from a kitchen fire, carelessly moving furniture through building hallways, or any number of other damaging events. A security deposit might not cover the extent of the damages. It would be best if all residents had renters insurance, but how can an apartment complex raise participation in that coverage?

Require liability coverage and provide options

Many apartment communities require residents to carry personal liability insurance at some specified minimum level. Apartment owners and managers can coordinate with an insurance agency to make appropriate insurance options available to residents. Such a program may provide renters with insurance options that can help meet the community's requirements while making it easy for residents to secure coverage.

Making renters insurance easily obtainable to all residents can help distinguish your complex on a number of levels. It is a sign that your community takes the welfare of residents seriously, and it sets a bar for civic responsibility that is appealing to many preferred residents.

A mandatory renters insurance program may also help keep rents and monthly community fees lower by shifting some of the cost burden for repairs and accidents where it belongs, to those who are responsible depending on the law in that jurisdiction. That means that major costs associated with property damage or injuries don't always have to be shared by all residents; they may often be covered, through the insurance policy, by the responsible party.

These programs are by no means exclusive to high-end apartment complexes. A renters insurance program can be structured for most all income levels or locations. Typically, the mandated coverage is for liability only, but the insurance agency could allow residents to add content coverage to protect their own belongings from perils such as wind, fire, theft, water damage, and vandalism, among others.

Residents who are covered under a renters insurance program may also make recovering compensation for an event easier if you are dealing with an agency that you have a relationship with. It may also be the case that, with high renters insurance participation, the apartment complex could justify raising its own insurance deductibles, knowing that many of the claims it previously was paying on may now be covered by at-fault tenants.

If your apartment complex doesn't already require liability insurance from renters, consider changing your rental agreements and speaking with a licensed insurance agent about the different types of renters insurance programs that may be suitable for your residents.

Please share your thoughts, insights, or questions.

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