

What you can do about thieves targeting rental drop boxes

What is the risk to your business, for you or your residents, for misappropriation of rent checks by either an employee or someone not familiar to your operation? Theft of rental payments from apartment drop boxes plagues the commercial residential industry. This article explores this issue.

It would seem that checks and money orders would be a fairly safe method of payment, but the reality is thieves know how to doctor these papers and turn them into cash before victims know a crime has occurred. One Florida town was hit multiple times over the course of the holiday season. Each of the apartments' property managers thought its drop box was secure, but police say the thieves have ways to gain access.

Losses of money or securities can cause problems for landlords and property managers. Rents must be paid, but residents often can't afford to come up with a second round of money if their original payment is stolen. In some cases, the apartment owner would like to forgive that month's rent, but – if the theft affects payment for many units – it could be an expensive, or even unaffordable, proposition.

Additionally, it isn't just the money from those single payments that's in jeopardy. Checks often are printed with valuable information, such as drivers' license numbers, addresses, phone numbers and full names, which thieves mine and sell to other financial criminals.

In some states, liability for money left in apartment drop boxes isn't covered by statute, meaning it's an at-your-own-risk move to leave rent payments in them. An apartment complex, however, could find itself on the defense end of a liability claim if it offers the method without notifying residents of the unprotected risk they face by using the drop box since most people assume it's a safe way to pay. Moreover, it can be a public relations nightmare to demand a new payment from victims.

There are actions building owners can take to protect residents from stolen payments. Solutions include placing the drop box inside the leasing office, but that reduces the convenience after hours. As an alternative, many communities have begun offering an online payment option or an electronic money order solution available through easily accessed retail locations. All rental payment options carry some risk of theft, however, so establishing solid security practices and backing those up with insurance coverage for money and securities is necessary.

A commercial crime insurance policy can help apartment owners protect their income from the theft of money and securities both on and off the insured premises. There are many different forms this kind of coverage can take, so it's important to get good advice from your insurance agent. Do you want to cover theft by outsiders only, or do you also want to insure against theft by an employee? Do you want your money and securities covered while in transport to the bank or just when in your custody on your premises?

Many commercial insurance policies for multifamily properties don't automatically cover the loss of money and securities. Such coverage could have to be added and might not be available under some business insurance policies that bundle simpler forms of property coverage. Your agent will best be able to advise you on your options as well as the limits of coverage, deductibles (retentions) and premium charges you will experience.

A good track record and current security measures will help you attain coverage for money and securities at an affordable price. Your agent probably offers risk management services, as well as advice on insurance products, so avail yourself of that professional knowledge and keep your residents happy with convenient, secure rental payment options.

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