



A WHITEPAPER FOR PROPERTY OWNERS

The Renters Insurance Myth



The Problem

Property owners in the multifamily industry face a huge and very expensive problem. According to a recent article in *Rental Housing Journal*¹, only 41% of renters have current renters insurance policies. That means 59% of residents either don't purchase renters insurance at all, or they cancel the policy shortly after purchasing it.

Most states allow property owners and managers to require that residents carry and maintain liability coverage. According to ValuePenguin², the average cost of renters insurance is less than \$20 per month. Renters insurance can be purchased online in minutes. Getting residents to purchase insurance isn't the problem – the problem is that over half of residents who purchase a policy cancel it without the owner's knowledge. Due to delays in reporting policy cancellations, the owner may not know that the resident canceled their policy for weeks, if ever. In the meantime, the resident is uninsured. If the resident then causes damage to the property, the cost to repair the damages fall squarely on the property owner.

¹ <https://rentalhousingjournal.com/only-41-percent-of-renters-carry-renters-insurance/>

² Timmons, Matt, Jan 4, 2022, Average Cost of Renters Insurance (2022), valuepenguin.com/average-cost-renters-insurance#states

How do property owners and managers solve this problem?

Would it surprise you that a property owner can solve this problem simply, without incurring any additional expense?

Resident liability programs are now an industry standard for multifamily owners, and they all originated in 2005 with RLL. RLL is a specialty insurance company offering customers various insurance options to protect properties from resident-caused losses. These options include a fully insured resident liability program fronted by an A+ AM Best rated carrier, and domestic captive insurance options for owners who want to participate in the risks and rewards that captives offer.

Both the fully insured and captive options utilize a single master policy; the property owner is the named insured, not the resident. This allows the owner to be certain that all occupied units have coverage until the resident moves out. By employing a resident liability program, the property owner is in complete control of their risk management. Coverage becomes a certainty. With the Waiver there is no subrogation with a P&C policy, and the owner gets paid by RLL directly, not from a third party. Property owners save thousands of dollars annually avoiding payment of P&C deductibles and repair costs they would otherwise be required to pay out-of-pocket if they didn't have the Waiver.



The Waiver acts as the mechanism to transfer risk from the owner to the RLL policy, similar to the car rental industry damage loss waiver. There is no insurance sold to the resident. The Waiver releases the resident from the lease requirement to maintain renters insurance, and it waives the resident's responsibility to indemnify the owner for damage they cause to the property. Resident caused losses for the covered perils are transferred to the RLL policy and away from the owner, the resident, and the owner's Property & Casualty insurance policy.

The cherry on top is that property owners may elect to include the cost of the Waiver as additional rent for the resident. Doing so creates incremental revenue streams, increases cash flow and NOI, while increasing the NAV (Net Asset Value) of the property.

How does RLL coverage differ from insurance offered by property management software providers?

Most property management software vendors provide tenant liability coverage and renters insurance as part of a full software package. It may seem convenient to use the insurance offered by the software provider, and you may even receive a discount on the software costs by bundling the insurance offering. However, buyer beware!

Bundling insurance with the software may get you a minor discount, but it will also cause major headaches. Why? Because the insurance and related claims are outsourced. The software company typically uses multiple third-party insurance companies to provide coverage, with call centers often located outside of the United States for claims and customer service. This often stalls the customer service and claims process. Your software provider is good at property management software, but they are not an insurance company! Purchasing insurance through a software company is like going to a Subaru dealership and expecting to find a Porsche—you're going to be disappointed.

Great news: **RLL is an insurance company**. RLL handles everything from start to finish **in house**, including account management, customer service, claims, billing, receivables, IT support, and reporting and monitoring. This all comes at no extra cost to the owner. Your calls and emails are answered by an expert at RLL, a **real person**, not outsourced to any call center or automated system. We are specialists in protecting owners from the accidental acts of residents.

Astute consumers know that if you want exceptional products and services, it's best to go directly to the source. RLL is your direct source for a resident liability program.



Integration and Implementation

RLL seamlessly integrates with all major software providers through APIs, and implementation is turnkey. Each unit's coverage is added in the property management software, which is then transferred daily to RLL. Property owners and managers receive access to the RLL dashboard to audit coverage, file claims, and view invoices.

The Nuts and Bolts of RLL

RLL is a boutique, customer-intimate insurance company based in Salt Lake City, Utah, and is licensed to insure in all 50 states. RLL has employees in Utah, New York, Texas, Louisiana, South Carolina, and California, with IT professionals located domestically and internationally.

RLL offers multiple insurance products to protect property owners from accidental resident caused damage due to fire, smoke, explosion, water discharge, and sewer backup along with pet damage, biohazard remediation, loss of rent and contents coverages.

Please visit our website at www.rllinsure.com for more information or contact a give our Salt Lake City office a call at (801) 994-0237 and talk to one of our Regional Sales Directors.

