

# BERKSHIRE FINDS A “WIN-WIN” IN RENTER’S INSURANCE

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by Guy Lyman

## LeasingDesk eRenterPlan® Chosen for Mandatory Renter’s Insurance.

“It was a number of resident-caused fires in 2008 that made Berkshire Property Advisors get serious about a mandatory renter’s insurance program. In almost all of these cases, the company ended up paying a hefty deductible when it turned out the residents had neither the insurance nor the assets to cover the damage.

“We were aware there was a trend towards mandatory insurance programs already,” says Sherry Taylor, VP of Training at Berkshire. “We knew you could both reduce exposure to damages and create a new revenue stream at the same time, so it was a win-win.”

Though Berkshire was already a OneSite user, the company held a full review of renter’s insurance programs rather than simply going with RealPage’s eRenterPlan. “We wanted the best program, regardless of whether it came from RealPage or not,” explains Taylor. “We interviewed three different companies and picked through the details of their programs and pricing. In the end, we chose eRenterPlan based on its own merits, including very competitive pricing for our residents.”

## EASY DOES IT

Berkshire didn’t want to saddle its site managers with a new burden, and one advantage of eRenterPlan was how smoothly it fit into the existing lease workflow. Prospects would be told of the insurance requirement prior to leasing. Then, as part of the lease paperwork, they’d simply be presented with eRenterPlan as a great option.

“You can require residents to have renter’s insurance, but you can’t tell them which one they must have,” says Taylor. “However, we *can* say that we’ve partnered with a company that offers excellent coverage at an excellent price, and hand them an eRenterPlan brochure. Even if they check around, they’ll probably stick with eRenterPlan, because the rates are great.”

In addition to competitive pricing, prospects and residents enjoy the advantage of being pre-approved if they go with eRenterPlan. Once they’re approved to rent, they’re also approved for eRenterPlan, so there’s no separate approval process to go through with an insurance company. For prospects, this can even be presented as an amenity of sorts.

Should they choose eRenterPlan, residents merely sign up online, and an email verifying their coverage is automatically sent to the property. If coverage is ever cancelled, the property receives another email – so it's easy to monitor coverage of residents.

Residents have a choice of how much coverage they want for their possessions, but must pay for a minimum amount of liability, to protect Berkshire.

## **INCREMENTAL INCOME**

In addition to reducing its exposure, Berkshire is paid for what's called "advertising space," based on the number of units. Insurance regulations forbid properties to actually sell insurance, but to present plans is perfectly legal. Berkshire is paid by eRenterPlan on a per-unit, quarterly basis.

"We wouldn't want our leasing agents to become salespeople for an insurance plan anyway," says Taylor. "The last thing we wanted to do is to dump another task on them. With eRenterPlan, all they have to do is hand renters the brochure, tell them we've partnered with this great program, and the rest takes care of itself. They have to get insurance *somewhere*, and the obvious choice is eRenterPlan, since it's priced really well and they're pre-approved."

## **THE INTEGRATION ADVANTAGE**

The fact that Berkshire uses RealPage's OneSite software, while not the critical factor in its choice of eRenterPlan, does have its advantages. "We understand the benefits of true integration," says Taylor. "We really liked that fact that we could simply plug eRenterPlan right into our existing RealPage infrastructure. We're big on reducing multiple data entry. Also, enforcing the insurance requirement and monitoring the continuation of coverage is a whole lot easier with this integration – it's virtually automatic."

But, while being smoothly integrated with OneSite, eRenterPlan is competitive enough to be chosen for use with other popular property management software systems as well.

## **GETTING ROLLING**

"We had rolled out so many RealPage products in a fairly short span of time that we didn't want to overwhelm the field with another one," said Taylor. "But from what we were told, implementing eRenterPlan was painless; there really wasn't much to learn."

Training was handled through a single WebX session with both RealPage and Berkshire trainers, lasting just over two hours.

In the Virginia market, where a mandatory renter's insurance policy was already in place, Berkshire sent out a letter informing its residents that the company had partnered with eRenterPlan, and describing the basics of the policy. Though they were free to keep their existing plans, many residents switched to eRenterPlan due to the competitive rates.

Berkshire tested eRenterPlan at 17 properties. They used the feedback from this test to determine the pace of the full rollout, and to gauge the level of negative feedback from prospects and residents. Two months later, Taylor met with the property managers at the test sites. Their evaluation was so positive that the company determined it would go live to all the remaining 83 properties at once. The full rollout took place in the summer of 2009.

“Implementing eRenterPlan was almost *too easy*,” recounts Taylor. “When the phone didn’t ring at all for a week, then two weeks after we went live, I actually thought something might be wrong, like nobody was using it,” she says. In calling around, Taylor found that, in fact, the leasing agents had found the program so easy that they simply had no questions. “I was thrilled,” she recalls.

## **RESIDENT REACTIONS**

Though the property managers adopted the program without a hitch, there remained the issue of how residents would react to the requirement that they have insurance upon renewal. The company was careful to explain to residents why it was in their own interest to carry renter’s insurance. They might doubt the likelihood of causing a disaster themselves – but what about their neighbors?

According to Taylor, a good number of residents signed up even before their renewals, convinced of the wisdom of having the insurance. For the rest, there was an occasional grumble, but no noticeable effect on renewals. Berkshire did not feel it necessary to offer any concessions in order to soften the effect of the requirement.

## **LOOKING AHEAD**

As this article went to press, Berkshire had yet to make a claim under eRenterPlan. But when it does happen, there will be further advantages. “When a resident files a claim on their belongings, it will automatically trigger our own claim, so we’ll be reimbursed for our damages very quickly,” says Taylor.

And another advantage: in case of a large-scale fire or emergency, such as a storm or flood, eRenterPlan will scramble agents to the property site so claims can be filed and paid immediately, right on the spot, and temporary housing arrangements can be made quickly too – something residents can’t expect if everyone is sourcing their own policies.

“The beauty of this program is that we don’t have to pay a dime,” Taylor concludes. “In fact, we *make* money, while reducing losses at the same time. And the program takes care of itself, so there’s virtually no new burden on our people. It’s a winner no matter which way you look at it.”

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**BERKSHIRE**

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