Property Casualty 360

3 Signs Your Renters Insurance Needs Fresh Legs

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If I asked you to tell me about your most interesting profit opportunities, the words “renters insurance” probably would *not* spring to your lips ... today. But tomorrow your answer may be different.

What Has Changed?

It turns out that the renters market is growing fast. The demographics of yesteryear are evolving, and thanks to our sputtering economy, **many of today’s renters now include middle income families**. In fact, the State of the Nation’s Housing 2013 report from Harvard University confirms that home ownership is in decline and reveals that “More members of groups with traditionally high homeownership rates are becoming renters, including married couples with children, high-income households, and white households.” For the first time ever, average monthly rent exceeds $1,000.

In addition, Enservio data suggests that 85 percent of renters are substantially underinsured. Many are unaware of how much coverage they need or how inexpensive it can be to secure coverage.

According to the Insurance Information Institute, only 31 percent of renters have insurance. Fortunately, that number is expected to change as landlords are increasingly requiring coverage as a condition of the rental contract. The National Multi Housing Council reports that 84 percent of landlords required renters to have insurance in 2012, up from 25 percent in 2009. So things are moving in the right direction for insurers.

Heeding the Signs

With these facts in mind, it’s fair to conclude that renters insurance may be the dark horse of 2014. Are you ready? Below are three signs your renters insurance needs fresh legs:

1. If your renters insurance product was designed for young singles, urbanites and college students, then it might be time for an update. Today, you need a renters product that works for families with children who have accumulated a lot of personal property.
2. If you assume that renters know how much personal property insurance they need, then it may be time to challenge that theory. Instead of asking customers to provide a ballpark number for the total value of their belongings, why not ask them to provide values for distinct categories of belongings (such as jewelry, televisions, computers or sporting goods)? You might also consider leveraging big data to provide customers with guidance about what the average family’s assets are worth in each category. Or, offer a renters inventory app through which they can upload photos of their belongings.
3. If you offer one generic renters policy to all types of families, then you may be outpaced by forward-thinking carriers who offer a variety of policy types tailored for different family demographics, such as sporty families, musical families or boating families. Many of today’s renters are former homeowners insurance buyers. They understand the value of insurance and are willing to pay for policies that fit their unique needs.

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