

LeaseTrack • Thought Leadership

Renters Insurance Report 2020 COVID-19: Part 3

Renters Insurance Report

COVID-19 has impacted the the entire US economy, and for single- and multi-family industries, the impact on renters insurance is still being assessed. LeaseTrack analyzed over 25,000 rental properties and discovered renters insurance cancellation rates are the lowest they've been in over a decade. Cancellations will come due as financial assistance programs end, leading to a flood of uncovered losses and more risk for property owners.

Summary

LeaseTrack conducted a study across 25,000 rental properties to analyze the volume of renters insurance policy cancellations, and found cancellation rates have risen steadily, up 11.9% in Q1 2020 vs Q1 2019. At the close of Q1, cancellation rates fell to 3.83%, the lowest in over a decade of record keeping, and as of the close of May, cancellation rates have hit an all-time low of **2.83%**.

Economic hardship assistance programs for policyholders are still currently in place, but we predict payments will come due by Q3 2020. We've adjusted our cancellation rates prediction to spike to 12.5% at the beginning of Q3, and then continuing to rise to 15% by the end of the quarter. Once cancellations begin, property owners' risk of an uninsured loss is greatly increased.

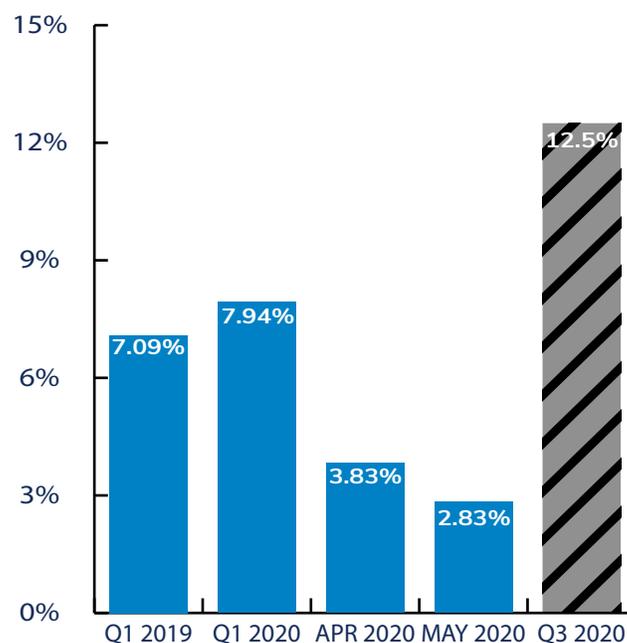
"We will suspend cancellation and nonrenewal of coverage due to non payment through June 15, 2020."
-Travelers Insurance

Preparing for Q3 Cancellations

Taking into account the pre-pandemic cancellation trends, and considering the historic lows of April 2020, LeaseTrack projects an average cancellation rate of 15%+ starting in Q3 2020.

With cancellations looming on the horizon, and the current hard market, it is now more important than ever to have a clear view of lease compliance at both the portfolio and property level.

Cancellation Rates By Quarter



© LeaseTrack Services, LLC 2020

About LeaseTrack

Founded in 2019, LeaseTrack is the market leader in lease abstraction software. Lease Track provides a unique lens into resident risk management with proprietary tracking software and multiple partnerships in the renters insurance space.

To learn more about LeaseTrack, please visit leasetrack.ai or call **800.430.8075**