

## BEST PRACTICES FOR OFFERING TENANT INSURANCE

The following best practices for offering tenant insurance at self-storage operations are an effort to provide professional procedures and guidelines for our customers who value offering their tenants relevant insurance coverage with exceptional claim service from an A.M. Best "A" rated or better insurance carrier and producing optimal results for the business.

### Regulatory Requirements

- Obtain and maintain limited lines licenses to offer tenant insurance at the self-storage facility as required per state statute.
- If an admitted carrier is utilized for the tenant insurance program, premiums and corresponding limits published and quoted to tenants should be the same as premiums and corresponding limits approved by the state insurance regulatory body.

### Program Selection

- Select a tenant insurance program that utilizes an A.M. Best "A" rated carrier.

### Lease Agreement

- Lease includes a limitation of value provision and a non-bailment provision to explain the tenant's sole risk of loss.
- Lease includes an insurance provision that explains that the facility does NOT insure the tenant's property and that tenants are required to provide evidence of insurance on all stored property as a condition of tenancy.
- Offer tenant insurance limits that correspond with the limitation of value provision in the facility's lease agreement.
- Include in the lease agreement verbiage that "the occupant agrees that the space is not appropriate for the storage of jewels, furs, heirlooms, art works, collectibles, or other irreplaceable items having special sentimental or emotional value to the occupant and occupant agrees not to store said items. The occupant hereby waives any claim for sentimental or emotional value for the occupant's property that is stored in the space or on the property."
- Include in the lease agreement verbiage stating that "any person using this storage unit will not store explosives or highly flammable material or any hazardous substances."
- Include in the lease agreement verbiage stating that "use of open flames within units constitutes a lease violation."

### Operations

- Offer tenant insurance at the time of lease.
- Utilize a facility software management system that offers functionality to capture tenant insurance data and integrates with the insurance provider.

- Have tenant select a covered limit and sign the insurance addendum/application with a wet or electronic signature.
- Document the leased unit number on the insurance addendum/application.
- Gather e-mail addresses and mailing addresses of all customers to streamline policy issuance and communication.
- Provide regular tenant insurance training to employees and document all training events.
- Provide training to employees on disaster protocols regarding notice to tenants and rights to restrict access.
- Utilize facility management software that complies with the Payment Card Industry Data Security Standard (PCI compliant).

### **Facility Premises**

- Install and maintain fencing along the perimeter of the premises.
- Perform daily lock checks and general inspections of the entire facility and premises.
- Limit gate access to authorized tenants in good standing.
- Utilize cameras that include recording to record activity throughout the premises including but not limited to the front gate.
- Utilize signage to communicate and reinforce the message to tenants that smoking on the premises is prohibited and that use of open flames within units constitutes a lease violation.
- Regularly monitor and maintain exterior and interior lighting related to illumination.

### **Communications**

- Maintain instructions regarding procedures for filing a tenant insurance claim and contact information for the tenant insurance provider's claim department on the facility's website and in the rental office to ensure easy access to the information.
- Communicate to tenants that the facility receives an administrative fee or commission for policies written under the tenant insurance program.
- If the premium is not paid on the effective date of the policy, send out a system-generated notice of cancellation for non-payment.
- Encourage tenants via ongoing communications to inventory and document the contents and value of the items stored in their rented spaces including photos, videos, serial numbers, and purchase receipts.
- On a regular basis, communicate messages to tenants electronically or in print regarding loss control prevention as it pertains to protecting their stored property and mitigating potential losses.