RentalDepositsNow



The Rise of Rental Deposit Alternatives

Transfer Tenant Default Risk
for Maximum ROI and Asset Value

For

REITs, Property Managers, and Sizable Landlords

2026 White Paper

The following white paper illustrates a solution for transferring tenant default risk, increasing ROI, and enhancing asset value through a proven risk management program. While outlining limitations of rental security deposits and the challenge of managing property in today's climate, we outline how the industry is dramatically increasing the size of the qualified tenant pool by reducing move-in costs for renters, modernising the traditional security deposit requirement, and digitising the onboarding process.

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A Proven Model: Success in USA and Abroad

More than $16+ billion risk was transferred in the USA by the world's largest property managers.



$2 billion+ increase in asset value realised using this rental deposit alternative.

Top Industry Players

OpenRent

- Founded in 2012
- $7.3 million in funding
- 6.4 million total tenants and landlords
- United Kingdom

theguarantors

- Founded in 2015
- $110 million Amount in funding
- 3+ million participating homes nationwide
- United States

Rhino

- Founded in 2017
- $95 million in funding
- Over 2.5 million homes served
- United States

A Proven Model continued



- Founded in 2018
- $2 million of funding
- Over 1 million tenants
- United States



- Founded in 2016
- $64 million in funding
- Over 500,000 tenants
- United States
- $16B Underwritten



- Founded in 2020
- $1.17 million Amount in funding
- 20,000+ properties under management
- United Kingdom



- Founded in 2017
- $50 million in funding
- United States



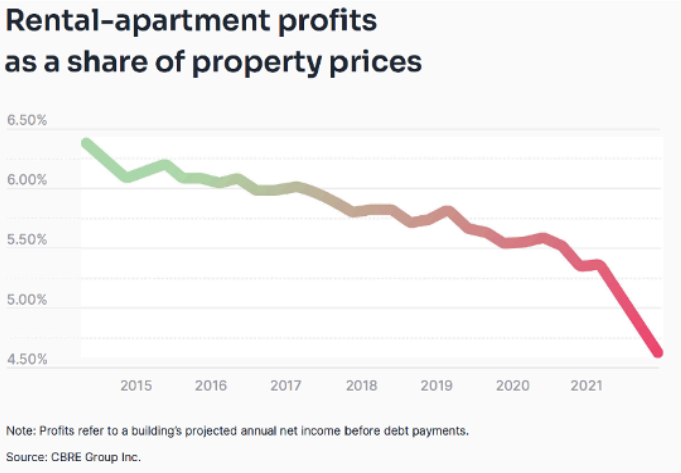
- Founded in 2019
- $23.6 million in funding
- 6,000+ tenants served
- United States

The Challenge of Managing Property in Today's Climate

In today's rapidly changing economic landscape, managing property has become an increasingly complex task. The volatile nature of the global financial markets, shifting government regulations, and a host of other challenges have made it difficult for property managers, REITs, and landlords to keep their properties stable and successful.

Finding the right tenants is another hurdle for operators. With many people facing financial difficulties, it has become increasingly difficult for operators to find responsible, reliable tenants who are able to pay their rent on time. This can lead to a vicious cycle where properties become vacant and income is lost, making it even more difficult for operators to maintain their returns.

Finally, operators must deal with the rising costs of maintaining their properties. This includes everything from repairing and maintaining buildings to dealing with legal and regulatory issues. It is increasingly difficult for operators to keep their properties in top condition.



Despite these challenges, it is still possible for operators to be successful in today's climate. By carefully managing their finances, finding the right tenants, and taking a proactive approach to maintaining their properties, operators can ensure that their investments remain successful for years to come.

New alternatives to rental deposit solutions provide a great risk protection for operators while facilitating upward mobility and a better onboarding experience for tenants with lower move-in costs. In this white paper, we will explore the concepts, benefits, and execution of new technological solutions including the Rental Deposit Now program.

The Limitations of Rental Security Deposits

Understanding the Risks

A rental security deposit is a common requirement for renting a property. It is most commonly equal to one months' rent and is intended to provide financial protection to the operator in case of unpaid rent or damages. Despite their widespread use, security deposits have limitations that are detrimental to both landlords and tenants.

The Limited Ability to Cover Damages

The average cost of repairs for damages caused by tenants is approximately $500 annually. One of the main limitations of security deposits is that they aren't always sufficient to cover the full extent of damages. Because of local laws, security deposits are typically capped at one month's rent. As a result, if the cost of repairs exceeds the amount of the rental security deposit, the operator is forced to absorb the remaining costs, with low probability of recovering those funds from the tenant. (checkatrade.com)

The Difficulty of Predicting Damages

Property managers have difficulty predicting the extent of unpaid rent or damages that a tenant may cause to their property. Unpaid rent also places an administrative burden on operators to recover the lost funds, disputes are common when it comes to returning security deposits. This can result in lengthy and costly legal disputes that drain resources for both parties.

The Length of Time for Recovery

If an operator is able to recover some or all of the financial damage, the process is often slow. In some cases, it can take months or even years to resolve disputes over rental security deposits, during which time the operator is unable to access the funds for their intended purpose.

Inadequate Coverage

Finally, rental security deposits don't always provide adequate coverage for the damage done to a property. In such cases, operators may need to take legal action or pursue other means of recovery, which can be time-consuming and costly.

Conclusion

It is important for operators to understand the limitations of rental security deposits and to consider alternative methods of risk management. For tenants, not many options exist outside of taking on debt or racking up credit cards, introducing stress and risk for both tenant and landlords. Deposit alternatives are a better way to manage the risk of renting.

Innovations in Risk Mitigation

The Rise of Rental Deposit Alternatives

The traditional rental security deposit model has been a staple in the rental industry for decades, but with the rise of alternative solutions, this model is facing disruption. With the up front cost of rental security deposits putting a financial burden on renters and limited risk transfer, putting operators at risk, there is a need for more innovative solutions that balance the interests of both parties.

Rental Security Deposit alternatives are fast over taking traditional security deposits among property management professionals internationally. These solutions offer a flexible and cost-effective way for operators to mitigate risks and protect their investments without requiring tenants to pay large upfront fees. Some of the most popular deposit alternatives include surety bonds, rental / lease insurance, and community-based programs.

Insurance-based Solutions

One alternative to traditional cash rental security deposits is insurance-based solutions, which provide a more flexible and cost-effective solution for both renters and landlords. Internationally, companies like Rhino and LeaseLock offer insurance policies that provide coverage for damages of the rental security deposit. These models generated more than $16B in asset coverages in 2025. Renters pay a low monthly fee and operators receive superior protection against damages.

Guarantor Services

Another alternative to traditional cash rental security deposits are guarantor services, which provide assurance to operators that rent will be paid even if a tenant defaults. Companies like CoSign and Ollie offer services that provide operators with a financial guarantee for unpaid rent or damages for a fee.

Conclusion

From insurance-based solutions to guarantor services and alternative credit scoring, there are a variety of options available internationally to both renters and operators that provide a better solution for risk mitigation. By familiarising themselves with the risks and benefits of these different alternatives, both parties are empowered to make informed decisions on how to manage risk in today's rental market.

The rise of rental deposit alternatives in North America and Europe has created new opportunities for operators to mitigate risk while providing a better experience to renters. With traditional cash rental security deposits coming under fire for their ineffectiveness and financial burden, rental deposit alternatives are becoming a popular choice for many property management professionals internationally.

The Power of Rental Deposit Alternatives for Property Managers

Increased Speed and Efficiency in Onboarding

One of the benefits of deposit alternatives is that they allow for faster onboarding. This can be particularly beneficial for operators with high tenant turnover, who often find themselves waiting for rental security deposits to be processed before they can welcome a new tenant. With rental deposit alternatives, security is available instantly, therefore expediting the process.

Reduced Administrative Burden

Rental Deposit alternatives reduce the administrative burden associated with traditional cash rental security deposits. Rental Deposit alternatives can be managed entirely online and via API with your property management system, eliminating the administration of handling physical cheques, tracking accrued interest, or administering a trust account.

Increased Flexibility for Tenants

Rental Deposit alternatives are also beneficial for tenants, who often find traditional cash rental security deposits to be restrictive. Rental security deposits are typically non-refundable, making them inaccessible in case of emergency. Rental Deposit alternatives, on the other hand, do not tie up large amounts of capital and often can be paid monthly, along with the rent.

Larger Qualified Tenant Pool

Providing a rental deposit alternative option attracts a greater pool of qualified tenants fit for a lease. By removing the burden of a large cash up front deposit, all while transferring risk, operators can realise more qualified candidates which will increase occupancy rates and attract more applicants.

Better Risk Management

Finally, rental deposit alternatives help operators better manage risk by providing a more comprehensive insurance solution. For example, some rental deposit alternatives include insurance coverage that protects against unpaid rent, legal expenses and damages caused by tenants, giving property managers peace of mind.

Conclusion

Rental Deposit alternatives offer a number of benefits for operators, including increased speed and efficiency, reduced administrative burden, increased flexibility for tenants, and better risk management. By considering these benefits, operators can make informed decisions about the best way to navigate risk in their rental properties.

The Advantages of Our Rental Deposit Waiver Program

There are several key advantages to our deposit waiver program, including:

Enhanced ROI and Asset Value

All coverage plans are underwritten by an A-rated insurance company, ensuring predictable outcomes
and increased return on investment for the operator's portfolio.

Attract More Qualified Tenants

Reduced move-in cost attracts a greater tenant applicant pool, resulting in more qualified tenants to choose from, strengthening margins and lowering tenant debt load.

Efficient Digital Administration

Our digital onboarding process fills units faster, eliminates the hassle of handling deposit cheques, and the expenses of managing a trust account, saving operators time and money.

Collect What You're Due

A rental deposit waiver protects operators from loss in cases of non-payment and eviction - a direct boost to the bottom line.

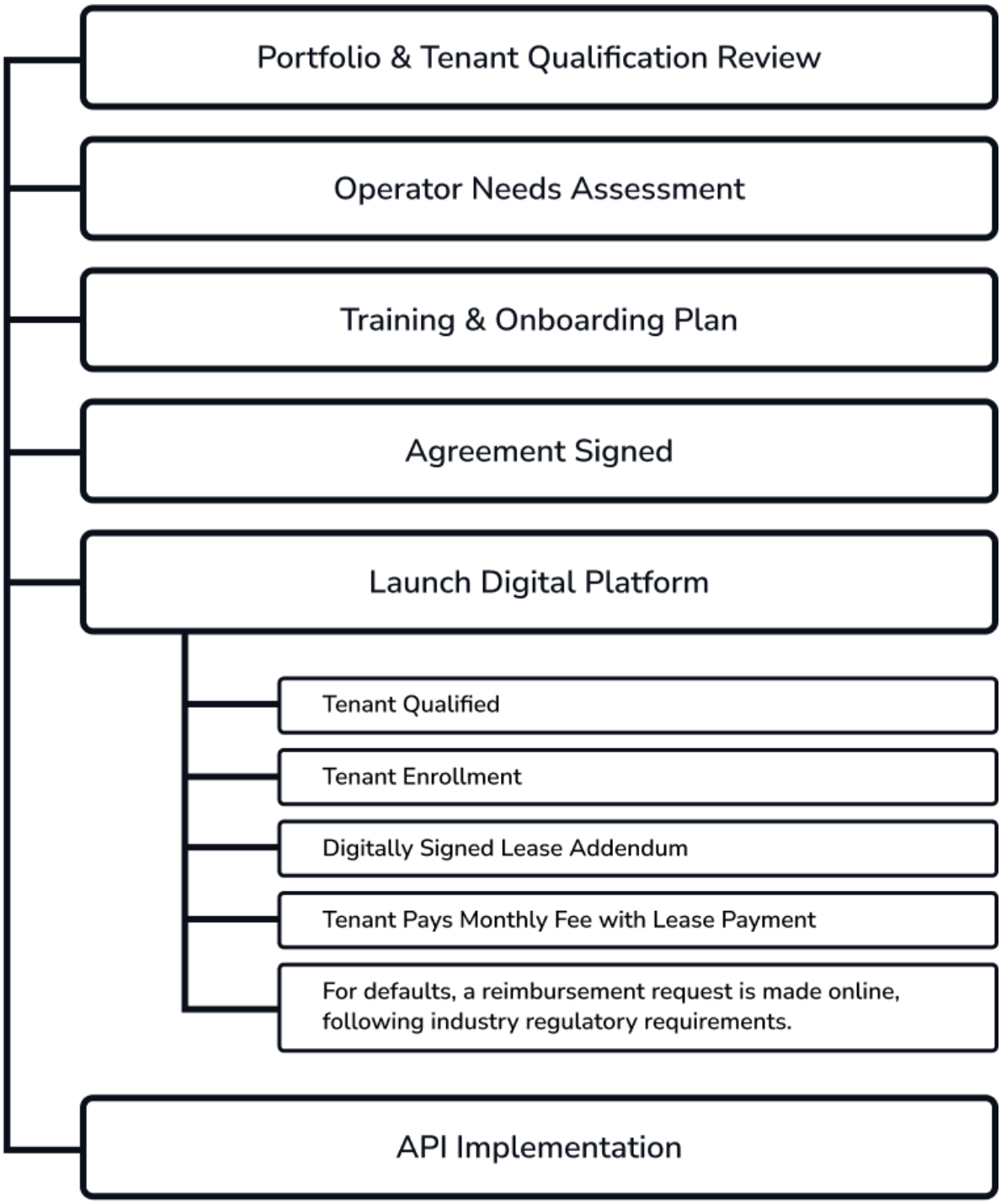
API System Integration- Ready

Rental Deposit Now is easily integrated into your current property management system via API.

Conclusion

This is a new and innovative solution for the rental industry that offers several benefits for both operators and renters. Deposit alternatives empower operators to provide a seamless onboarding experience, while offering greater flexibility, protection, and security - while reducing risk and upfront costs to tenants

How Our Program Works



Case Studies

The Impact of Rental Deposit Alternatives

Last month's rent has long been inadequate as a risk management tool. In an uncertain economy, shifting government regulations, financially burdened tenants and changing demographics play a big role in the renting ecosystem, following case studies look at rental deposit alternatives from the perspective of landlord operators, tenants, and system providers.

Case Study 1: Increased ROI & Asset Value

Reduce Tenant Default, Legal and Accounting Expenses by 40+%

In the dynamic rental market, property managers and landlords are increasingly adopting rental deposit alternatives to reduce tenant default bad debt and tenant eviction expenses to increase ROI.
LeaseLock, Obligo, Leasey.AI and Assurant have notably transformed risk management for landlords by allowing renters to bypass traditional security deposits, yet ensures landlords can recover funds substituting traditional security deposits with insurance policies that cover multiple rent defaults
Assurant's introduction of deposit alternative, a risk-based surety bond with integrated collections, reduces risk exposure and tenant bad debt by allowing the landlord to collect from the insurance companies not the tenant (Assurant - Renter Solutions)

Another factor increasing net operating income is the efficient administration of such solutions. Accounting staff no longer have to process checks, do bank runs, open and close escrow payments etc. Efficient system have shown reduced administrative burden with Data from Leasey.ai shows that usage of their tool had a 70% reduction in manual work and increased effective administration significantly (Leasey - Tenant Retention) (Obligo - Deposit Free Renting)

With an appropriate rental deposit alternative it's like having a partner that helps process claims and protects your bottom line by limiting the impact of bad debt on your cash flow. Faster payments for lost rent and damages means refurbishing units quicker to decrease turnaround time between occupants. (Assurant - Renter Solutions)

Case Study 2: Increased ROI & Asset Value with Process Modernization lift of 30+ %

Onboarding Velocity: Increased Tenant Pool & Close Ratio,
Faster Closes & Vacancy Fills

By leveraging tools such as Leasey.ai and deposit-free renting options, properties have experienced notable improvements in onboarding velocity, and overall operational efficiency. Here, we delve into the specifics of how these innovations contribute to a 30+% lift in ROI and ultimately asset value.

These programs not only attract a broader tenant base & and speed up vacancy fills but also enable operators a greater operational velocity while being differentiated from the rest of the market. (RentSense) Going paperless and closing deals on the spot, without sending their valuable prospects to the bank to get cashier's checks increase their operational velocity.

A leading example of the adoption of rental deposit alternatives is through companies such as Rhino and DepositFree. According to a study by Rhino, properties using these alternatives saw a 25% increase in the pool of qualified applicants due to lower upfront costs. This increase in qualified applicants helps reduce vacancy rates significantly (SayRhino) (SayRhino).

Properties that adopted these rental deposit alternatives reported a faster lease closing cycle. This was attributed to the streamlined processes that make moving in quicker and easier for tenants. Additionally, these properties experienced a reduction in tenant turnover by approximately 15%, as the appeal of deposit-free renting solutions made it easier to attract and retain tenants (Rhino+) (Rhino+).

The cumulative effect of shifting bad debt to insurers, lower administrative costs, and improved onboarding velocity directly contributes to an increase in asset value and ROI. Properties that implement these innovative solutions report significant financial benefits, including a 30% lift in ROI and overall asset value.

Case Study 3: Benefits - 80+ % Reduction in Move-In Costs

Promoting a Social Good, Tenant Appeal & Market Differentiation

The landscape of property management is increasingly competitive and challenging, prompting managers to seek innovative solutions like rental deposit alternatives. Properties offering deposit alternatives stand out in competitive markets making them very appealing to modern renters. (RealPage - Property Managers)

Market differentiation is a key benefit of offering rental deposit alternatives. A survey conducted by Apartment List in 2022 found that 68% of tenants preferred properties with deposit-free options. These tenants view such options as modern and tenant-friendly, helping properties stand out in saturated markets by attracting a broader pool of applicants and reducing vacancy rates (Apartment List) (Rhino+).

Similarly, RentSense's Deposit Plus+ offers an innovative, worry-free solution that safeguards property against damage while promoting financial flexibility. By reducing initial financial burdens, property managers using RentSense can attract a wider pool of applicants, enhancing tenant diversity.

With deposit alternatives typically only 17.5 percent – of the total security deposit amount is paid offering tenants a 82.5 % reduction of move-in costs https://leaselock.com/blog/security-deposit-alternatives-vs-deposit-replacements/

Case Study 4: Tenant Benefits- 90+% Utilisation of the Program

No Large Upfront Deposits, Financial Flexibility and Simplified Digital Move-In Process

As rental markets tighten and living costs rise, rental deposit alternatives are proving invaluable for tenants seeking financial flexibility and ease in the moving process. These innovative solutions are designed to alleviate the initial financial burden associated with renting, providing tangible benefits that are being recognized across the industry in Europe the US and now in Canada

A nationwide Assurant study found that renters rank lower move-in costs as one of their top two priorities when it comes to choosing a new rental property. And almost three-quarters (71%) believe it's important for a surety bond option to be offered as a deposit alternative during the leasing process.
((Assurant - Deposit Alternatives))

This approach to enable deposit alternatives not only enhances tenants' financial flexibility but also broadens their housing options within their budget. By reducing the upfront costs associated with moving, these deposit alternatives make it easier for tenants to secure housing that might otherwise be financially out of reach. By digitising the entire process, Rentable ensures a seamless experience that can handle security deposits efficiently and painlessly, as highlighted by their use in multifamily and commercial properties. (Rentable)

Polling by YouGov has shown that 43% of renters would support a system of deposit replacement insurance with a small cost rather than the current system of tenants paying large upfront deposits. Companies like Knotel and Jetty offer programs that replace traditional security deposits with a small, one-time fee or monthly payments, significantly reducing move-in costs for tenants. This financial flexibility allows tenants to allocate money to more immediate needs such as moving expenses and home furnishings.
(CPS - Down with Deposits)

In addition to the lack of large upfront deposits and giving financial flexibility, these solutions offer a simplified process. A company Rhino has a solution that enables building operators to invite tenants to sign up for Rhino-enabled property.
(RentDirect - Rhino Security Deposits)

Case Study 5: Other Tenant Benefits- 100% of the top 10 Property Managers in the USA utilise deposit alternatives

Fair Transparent Transactions & Lower Barriers to Entry

Rental deposit alternatives are transforming the tenant experience in the rental market by offering streamlined, cost-effective, and transparent rental processes. These innovations are especially prominent through platforms like Rentable and Rhino, which have made substantial strides in improving tenant satisfaction and financial flexibility.

Rentable's platform simplifies the leasing process by offering automated deposit management and easy onboarding, which significantly reduces the time and hassle involved in traditional deposit systems. This approach not only accelerates the move-in process but also enhances transparency and reduces tenant disputes.

Similarly, Rhino offers security deposit insurance that lowers the barrier to entry for tenants by eliminating the need for large upfront cash deposits. This model is particularly beneficial for tenants who may not have the immediate funds for a traditional deposit, thereby enhancing their mobility and ability to secure housing without financial strain. Rhino's platform also emphasises a transparent rental process, where tenants can track the status of their deposits and understand their financial obligations clearly, fostering a fair and straightforward renting experience(SayRhino)

Innovative solutions help property managers and residents take advantage of opportunities presented by the evolving legislative landscape. Deposit alternatives promote transparency in rental transactions, leading to a better tenant experience. (Gira - Deposit Alternatives)

These case examples illustrate how rental deposit alternatives enhance easy onboarding and enhanced mobility, an additional benefit is fostering a transparent and efficient rental process. As evolving legislation reshapes the rental industry, renters and property managers must stay informed and adapt to the changing regulatory environment. Security deposit alternatives offer a solution to the financial burdens associated with traditional security deposits, benefiting both rental residents and property managers.

GREYSTAR · LINCOLN PROPERTY COMPANY · ASSET · CUSHMAN & WAKEFIELD · FPI MGT

Case Study 6: Property Management Software Provider Benefits - 100% of Top 10 PMS provide support Deposit Alternatives

Competitive Edge, Broad Market Appeal and Enhanced Platform Value

The integration of rental deposit alternatives into property management systems (PMS) is proving to be a strategic enhancement that boosts operational efficiency, attracts a broader tenant base, and solidifies market competitiveness for property managers.

Rhino's integration capabilities with leading PMS platforms such as Yardi and RealPage exemplify how such collaborations can streamline property management operations. By automating renter invitations and consolidating renter and policy data access, Rhino helps property management teams speed up the leasing process, reduce administrative burdens, and increase occupancy rates efficiently. For instance, with Rhino's system, 8 out of 10 renters who receive a quote choose to enroll, demonstrating strong tenant acceptance and participation rates (SayRhino).
Furthermore, automated property management tools like those discussed by Proprli significantly enhance operational efficiency. Centralizing certificates of insurance management and automating compliance monitoring are just two examples of how integrating advanced property management solutions can reduce manual errors and streamline document access, thereby increasing the overall management efficiency (Proprli).
Such integrations not only enhance the functionality and appeal of property management systems but also align with market demands for more agile and tenant-friendly rental solutions. By adopting rental deposit alternatives, property management systems can offer more than just housing—they become partners in facilitating a better rental experience, ultimately leading to increased tenant satisfaction and retention. Integrating security deposit alternatives helps software providers reach a broader market of property managers and landlords seeking innovative solutions. This differentiation can be a critical factor in winning new business and expanding market presence. With LeaseLock automatically embedded in every online lease checkout, properties see adoption rates of 90+% on average.
(Leasey - Tenant Retention)
https://leaselock.com/blog/2022-by-the-numbers/

Final Conclusion

The use of rental deposit alternatives in the rental market has been shown to have a positive impact on the ROI of rental assets. By increasing revenues, reducing operating costs, increasing asset value and reducing vacancy rates, rental deposit alternatives can provide a valuable tool for operators seeking to maximise their asset value

Deposit alternatives such as Rental Deposit Now are an increasingly important part of the future and the now of property management. By offering financial advantages for renters, improved financial management for operators, and a reduced administrative burden, faster, better onboarding experience, rental deposit alternatives must be considered to better margins, increase ROI and, ultimately, Asset Value.

More Security. No Deposits.

Rental Deposits Now has revolutionised the future of renting by giving operators and REITs the tools they need to maximise the ROI on their property portfolios. We are led by industry leaders with vast experience in insurance, PropTech, and affinity partnerships. Our dedication to changing the Canadian rental market drives us to seek innovative solutions that create a better, more profitable leasing process for all.

About Rental Deposits Now

Rental Deposits Now provides REITs, property managers and landlords the ability to transfer the risk of unpaid rent and eviction related expenses, increasing ROI and Asset Value. Our program drastically reduces move-in costs for standard and non-standard credit, providing a more efficient digital onboarding process without the hassle of physical cheques.

Rental Deposits Now is a budding InsurTech based in Toronto, Ontario. We've brought a $16B USA success story to Canada to revolutionise the rental industry.

Rental Deposits Now is part of Miller Company, an interrelated group of financial Companies dedicated to surety, warranty and related Insur Prop Tech applications. Our retail insurance brokerage, Ai Insurance Organization is licensed across Canada and throughout the United States. Our wholesaler, Approved Casualty & Surety serves insurance and surety brokerages as a Lloyd's Coverholder. Auto Shield Canada serves as a licensed claims adjuster and warranty provider to Canada's top franchise car dealerships.

Together we are delivering superior value by creating new market segments for both industry and consumer certainty.