# Majority of Renters Are Uninsured; Renters Insurance Can Provide Important Financial Protection This Hurricane Season

August 2, 2013

## SHARE THIS

- EN ESPAÑOL
- DOWNLOAD TO PDF

SPONSORED BY

# FOR IMMEDIATE RELEASE

New York Press Office: (212) 346-5500; media@iii.org

**NEW YORK, August 5, 2013**? Although the majority of homeowners purchase insurance for their home, when it comes to renters, only 35 percent have renters insurance, according to a poll conducted for the Insurance Information Institute (I.I.I.).

The number of renters is steadily increasing. According to an April 2013 U.S. Census Report, the share of housing occupied by renters rose to 35.4 percent in 2013?up from 34.1 percent in 2009. And in some of the country?s largest cities, renters significantly outnumber homeowners. In New York City, 69 percent of households rent their homes, followed by Los Angeles (61.8 percent), Chicago (55.1 percent) and Houston (54.6 percent).

?One of the biggest insurance problems after Sandy was the large number of renters who did not have coverage for their homes,? pointed out Jeanne M. Salvatore, the I.I.I.?s consumer spokesperson and senior vice president. ?It can be extremely expensive to have to re-buy the entire contents of your home, so a renters insurance policy provides very important financial protection when there is a hurricane or other covered disaster.?

The good news is that renters insurance is relatively inexpensive. In fact, the average renters insurance policy costs only \$185 per year in 2010 (the latest year this data is available) according to the National Association of Insurance Commissioners. That is less than \$16 per month.

When you purchase renters insurance, your belongings are covered against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm and water damage?for example, if an upstairs neighbor?s tub overflows and damages items in your apartment. However, renters insurance does not cover damage from flooding. Flood insurance is available for renters from FEMA?s National Flood Insurance Program.

Renters insurance includes additional living expenses (ALE) coverage if you are unable to live in your home because of a hurricane, fire or other disaster listed in the policy. ALE pays for hotel bills, temporary rentals, restaurant meals and other expenses you incur while your home is being repaired or rebuilt.

Like a standard homeowners insurance policy, renters insurance includes liability protection. This covers your responsibility to other people injured at your home or elsewhere by you, a family member or your pet and pays legal defense costs if you are taken to court.

There are two main types of renters insurance policies:

- Actual Cash Value coverage pays to replace your possessions up to the limit of your policy, minus a deduction for depreciation.
- **Replacement Cost** coverage pays the real cost of replacing your belongings (regardless of depreciation) up to the limit of your policy. This will usually cost about 10 percent more but is a much better value in the long run.

If you have expensive jewelry, furs, sports or musical equipment, or collectibles, you may want to consider adding a floater to your policy. Most standard renters policies include a limited dollar amount for such items. A floater is a separate policy that provides additional insurance for your valuables and may even cover them if they are accidentally lost. More on floaters and endorsements can be found here.

The best way to determine how much renters insurance you need is to create a home inventory. This is a detailed list of all of your personal possessions along with their estimated value. An up-to-date home inventory will also make filing an insurance claim faster and easier. The I.I.I. offers free home inventory software and a mobile app at www.knowyourstuff.org.

For more detailed information, visit our Renters Insurance Checklist.

## RELATED LINKS

- Article: How to Conduct a Home Inventory
- Facts and Statistics: Renters Insurance
- Video: Advice from Dummies: Be Smart and Get Renters Insurance

The I.I.I. has a full library of educational videos on its You Tube Channel. Information about I.I.I. mobile apps can be found here.

# THE I.I.I. IS A NONPROFIT, COMMUNICATIONS ORGANIZATION SUPPORTED BY THE INSURANCE INDUSTRY.

Insurance Information Institute	, 110 Wil	liam Street	. New	York,	NY	10038;	(212)	) 346-5	5500:	www.iii.org
---------------------------------	-----------	-------------	-------	-------	----	--------	-------	---------	-------	-------------

Back to top