More People Rent Than Own Their Homes in Large U.S. Cities; But Most Don't Buy Renters Insurance

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

NEW YORK, July 16, 2012? While the majority of American homeowners have insurance, only 31 percent of renters buy renters insurance, according to an Insurance Information Institute (I.I.I.) survey conducted in May, 2012. That number drops to 15 percent amongst Hispanic renters.

And yet, in some of the largest cities, renters significantly outnumber homeowners. In fact in 2010, 69 percent of households rented their homes in New York City, followed by Los Angeles (61.8 percent), Chicago (55.1 percent) and Houston (54.6 percent), according to the U.S. Census Bureau.

?Renters insurance provides financial protection against the loss or destruction of your possessions when you rent a house or apartment,? pointed out Jeanne M. Salvatore, the I.I.I.?s consumer spokesperson and senior vice president for Public Affairs. ?While your landlord may be sympathetic if you experience a burglary or a fire, your possessions are *not* covered by your landlord?s insurance. The good news is that renters insurance premiums are relatively inexpensive.?

In fact, the average renters insurance policy costs only \$184 per year in 2009 (the latest year this data is available) according to the National Association of Insurance Commissioners. This is less than \$16 per month.

By purchasing renters insurance, your belongings are covered against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm and water damage (not including floods). Like homeowners insurance, renters insurance also 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.

Renters insurance covers your additional living expenses (ALE) if you are unable to live in your home because of a fire or other covered peril. ALE pays for hotel bills, temporary rentals, restaurant meals and other expenses you incur while your home is being repaired or rebuilt. It is important to know how much coverage you have, and what the limits are.

There are two types of renters insurance policies:

- 1. **Actual Cash Value** ? pays to replace your possessions up to the limit of your policy, minus a deduction for depreciation.
- 2. Replacement Cost? pays the real cost of replacing your belongings (regardless of depreciation) up to the

limit of your policy.

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 offer only a limited dollar amount for such items; a floater is a separate policy that provides additional insurance for your valuables and even covers them if they are accidentally lost.

If you are a renter, you can review the I.I.I.?s Renters Insurance Checklist to make sure you are adequately covered.

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Video: Renters Insurance

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