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A Rise in Roommates Raises Questions about Home and Auto Insurance

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NEW YORK, October 8, 2012 ? The number of people living in roommate and unmarried partner situations is on the rise in the U.S., raising questions about home and auto insurance, according to the Insurance Information Institute [2] (I.I.I.).

One out of every eight homes in the U.S. is now inhabited by two or more people who are not related to each other?an increase of over 5 percent from 2000 to 2010, according to the U.S. Census Bureau. In other words, there has been a significant increase in the number of housemates/roommates, roomers or boarders, and unmarried partners living together.

A frequently asked consumer question at the I.I.I. is: ?Can roommates or romantic partners purchase a shared renters insurance policy??

?Laws vary from state to state regarding unrelated people being allowed to have their name on a renters policy, but, where allowed, many insurance companies do offer renters insurance to roommates or an unmarried couple,? said Jeanne M. Salvatore, the I.I.I.?s consumer spokesperson and senior vice president of Public Affairs. ?However, just because a policy is available does not mean it is the best thing to do in every situation.?

Roommates and romantic partners should have a frank conversation about the financial arrangement of their living situation. In addition to discussing how to share rent payments, utility costs, Internet and cable services, and other expenses they should reach an agreement regarding insurance coverage and how things will be handled financially if someone moves out.

A renters insurance policy [3] is written for tenants living at a specific location. If a roommate or partner moves to another house or apartment, it is important to notify the insurance company and get a new policy.

Standard renters insurance policies provide insurance protection for personal belongings such as clothing, furniture and sports equipment in the event of theft or if they are damaged or destroyed by an insured disaster such as fire or a hurricane. Renters insurance policies also provide coverage for liability protection and the cost of additional living expenses in the event the house or apartment is rendered unlivable due to an insured disaster.

Young adults ages 18 to 29 are most likely to live in roommate situations while unmarried partners tend to be older, with the largest percentage 45 to 65 years old.

?Generally speaking, young people have very fluid living situations that can quickly change as career, educational or romantic opportunities develop,? explained Salvatore. ?So a college grad, for instance, who moves into a house with a bunch of friends should consider getting his or her own renters insurance policy in order to financially protect themselves.?

On the other hand, long-term friends or romantic partners who look for an apartment together and share the cost of purchasing items for their new home may want to consider purchasing a single, shared renters insurance policy. However, in order to be properly covered, everyone needs to be listed on the policy.

Unrelated people who jointly buy and co-own a home or condo/co-op can also purchase a homeowners insurance policy together.

?Ultimately, each living situation is different and individuals need to make sure that they secure the right amount and type of insurance protection for their specific situation,? said Salvatore. ?It is also smart to have an up-to-date home inventory of your personal possessions. This is a detailed list of the things you own and their estimated value. The I.I.I. has tips [4] on how conduct a home inventory, as well as Know Your Stuff [5], a free Web-based home inventory software and mobile app.?

If you own a car, you are legally required to purchase auto insurance. If you lend your car to your roommate and he or she gets into an accident, your insurance will provide coverage. However, as the policyholder, that accident will go on your insurance record. So, make sure your roommate is a responsible driver. If anyone is going to use your car on a regular basis (other than simply moving the car to make room for another vehicle or running a quick errand) they should be listed on your policy. If you do not want your roommates to drive your car under any circumstance, be clear about your wishes and keep your keys to yourself.

Contact your insurance professional to discuss the best home and auto insurance options for your particular situation if you plan to live with another person or share a car

RELATED LINKS

- Auto Insurance: What Is Covered by a Basic Policy? [6]
- How to Conduct a Home Inventory [4]
- Renters Insurance Checklist [3]
- Facts and Statistics: Renters Insurance [7]

The I.I.I. has a full library of educational videos on itsYou Tube Channel [8]***. Information about I.I.I. mobile apps can be foundhere*** [5]**.**

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