

Renters Insurance

Publications

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If you rent a house or apartment and think that your landlord is financially responsible when there is a fire, theft or other catastrophe—think again.

Your landlord may have insurance to protect the building you are living in. But your landlord's policy won't replace your personal possessions or pay for your living expenses while the building is being repaired.

The only way to protect yourself financially against disasters is to buy a renters insurance policy.

Renters insurance, sometimes referred to as tenants insurance, includes three basic types of

protection:

- Personal Possessions
- Liability
- Additional Living Expenses

Personal Possessions

Standard renters insurance protects your personal belongings against damage from fire, smoke, lightning, vandalism, theft, explosion, windstorm, water and other disasters listed in the policy. Floods and earthquakes are not covered. Supplemental insurance is available to cover these disasters—see the Frequently Asked Questions section of the brochure for more information.

To decide how much insurance to buy, you need to know the value of all your personal possessions—including furniture, clothing, electronics, appliances, kitchen utensils and even towels and bedding. In other words, if your home were to burn, you should have enough insurance to replace all of your possessions.

The easiest way to figure out how much insurance coverage to buy is to create a home inventory (a detailed list of all of your personal possessions, with their estimated value). An up-to-date home inventory will also make filing an insurance claim faster and easier.

Liability

Standard renters insurance policies provide liability protection against lawsuits for bodily injury or property damage that you or your family members cause to other people. It also pays for damage your pets cause. So, for example, if your son, daughter or dog accidentally ruins your neighbor's expensive rug, you'll be covered. However, if your children or pets destroy your own rug, you will not be covered.

The liability portion of a renters policy pays for both the cost of defending you in court and for court awards, up to the limit of the policy. Liability limits generally start at about \$100,000. Some experts recommend that you buy at least \$300,000 worth of protection. You can also buy an *Umbrella* or *Excess Liability* policy, which provides higher limits and broader coverage. Generally, umbrella policies cost between \$200 to \$350 a year for an extra \$1 million of liability protection.

Your policy also provides *No-fault Medical* coverage. So, if a friend or neighbor is injured in your home, you can submit their medical bills directly to your insurance company. You can generally get \$1,000 to \$5,000 worth of this coverage. It doesn't, however, pay the medical bills for your own family or your pet.

Additional Living Expenses

Many people don't know that *Additional Living Expenses* coverage, also known as ALE, is included in a renters insurance policy. If your home is destroyed by a disaster that your policy covers and you need to live elsewhere, renters insurance covers your additional living expenses. Policies will generally reimburse you the difference between your additional living expenses and your normal living expenses. ALE covers hotel bills, temporary rentals, restaurant meals and other expenses you have incurred while your home is being rebuilt.

There are two types of renters insurance policies:

Actual Cash Value pays to replace your possessions minus an amount for depreciation (the reduction in the value of items due to age and use) up to the limit of your policy.

Replacement Cost pays the actual cost of replacing your possessions (with no deduction for depreciation), up to the limit of your policy. The price of Replacement Cost coverage is about 10 percent more than Actual Cash Value coverage but can be well worth the extra cost.

How to Buy Renters Insurance

Renters insurance is easy to get, and there are many insurance companies to choose from. Insurers who offer homeowners insurance generally also sell renters insurance. In fact, a renters insurance policy and a homeowners insurance policy are almost identical. The main difference is that a renters policy doesn't include coverage for the building, since the landlord owns that.

Comparison Shop

Prices vary from company to company, so it pays to shop around. Get at least three price quotes. You can call companies directly or get quotes from the Internet. Your state insurance department (contact information is on the back of this brochure) may also provide information about prices.

Get quotes from different types of insurance companies. Some insurers sell through their own agents. These agencies have the same name as the insurance company. Some sell through independent agents, who offer policies from several insurance companies. Others don't use agents at all but sell directly to consumers over the phone or via the Internet.

But don't shop by price alone. Select a company that answers your questions and handles claims fairly and efficiently. Ask friends and relatives for their recommendations.

Look for an agent or company representative who takes the time to answer your questions. Remember, you'll be dealing with this person if you have an accident or other emergency.

Ask Your Insurer How You Can Save Money

These are some ways to save money on premiums: Consider taking a higher deductible (the amount of money you have to pay toward a loss before your insurance company starts to pay a claim). The higher your deductible, the more money you save on your premium. Consider a deductible of at least \$500. If you can afford to raise it to \$1,000, you may get as much as 25 percent off your premium. Remember, though, that you'll pay the deductible each time you file a claim.

Insurance companies often offer discounts on renters insurance if you have another policy with them for your car or business. You can also get discounts if your apartment has a security system, smoke detectors or deadbolt locks. More discounts might be available depending on your age or whether or not you smoke.

Filing a Renters Insurance Claim

Report any crime to the police

If you are the victim of a theft or your home has been vandalized or burglarized, report it to the police. Get a police report and the names of all law enforcement officers that you speak with.

Phone your agent or company immediately and get answers to these questions:

- How long do I have to file a claim? (There are time limits on claims filing.)
- Do I have the coverage I need?
- Does my claim exceed my deductible?
- How long will it take to process the claim?

Prepare a list of lost or damaged articles

You'll need to substantiate your loss. Don't throw out damaged items until a claims adjuster has visited your home. You should also consider photographing or videotaping the damage. Prepare a list of damaged or stolen items for your adjuster along with copies of receipts.

If you need to relocate, keep your receipts

If your home is severely damaged and you need to find other accommodations while repairs are being made, keep records of all expenses.

Get claim forms

Once you've notified your insurer of your claim, the company is required to send the necessary claim forms to you by the end of a set time period. (The time period varies from state to state.) Return the properly filled out forms as soon as possible to speed up your claim.

If you feel your insurer hasn't given you satisfactory service, you should talk to the agent or company representative who sold you your policy or your insurer's claims manager. If you're still unhappy, contact your state insurance department or local consumer protection office to discuss what you can do.

State insurance department telephone numbers and Web site addresses can be found [here](#).

Frequently Asked Questions

Q. Is my bicycle covered by renters insurance?

A. Your bicycle and other recreational or sports equipment are covered. There are also special policies you can buy for very expensive sports equipment.

Q. Is my car covered?

A. Vehicles aren't covered by renters insurance. You need to get a separate auto insurance policy to drive legally and protect your car, van or motorcycle.

Q. As a student, am I covered by my parents' insurance?

A. If you're a college student living in a dorm and are still part of your parents' household, their homeowners or renters insurance provides coverage. If you live off campus, you'll probably need your own renters policy. Policies can vary, so speak to your insurer about this.

Q. Can I purchase a renters policy with my roommate or domestic partner?

A. Regulations differ from state to state, and policies might also differ from company to company. Find out what regulations apply where you live. Some insurance companies allow unmarried couples who have been living together to buy joint coverage. But a domestic partner is usually not automatically insured, like a husband or wife, under the partner's policy. He or she must be specifically named.

Q. What happens if something I have rented or borrowed is stolen?

A. Items that are "in your possession" are covered under a standard renters policy, whether they are things that you've bought, received as gifts or borrowed.

Q. Is my property covered away from home?

A. Yes, most renters policies include what is called Off-premises coverage. This means that belongings that are outside of your home are also covered against the same disasters listed in your policy. For example, property stolen from your car would be covered. However, there are generally dollar limits on the amount you can be reimbursed. For example, if you have \$25,000 worth of personal possessions insurance, you may be covered for up to \$2,500, or 10 percent of the total.

Q. Are my valuables covered by my renters insurance policy?

A. In general you are covered for up to \$1,500 for jewelry or other expensive items that are destroyed or lost to fire, windstorms, theft or other perils that are listed in your policy. If your valuables are worth more than that, you should consider purchasing a “floater,” also called an “endorsement,” to increase the amount of coverage.

Q. How can I protect my house or apartment against a flood or earthquake?

A. Renters insurance does not cover floods or earthquakes. Flood coverage is available from the National Flood Insurance Program (888-379-9531, www.floodsmart.gov) and from a few private insurers. You can get this coverage, however, from the same agent or company representative who sold you the renters insurance policy. Earthquake coverage can be a separate policy or an “endorsement” to your renters policy.

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