

# Number of Renters Is On The Rise—But Few Of Them Have Insurance

In Many U.S. Cities Where Renters Outnumber Homeowners, Disaster Risk is High

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**NEW YORK, September 22, 2014** — The number of renters has grown dramatically in some of the most populous—and disaster-prone—U.S. cities, yet few renters actually purchase insurance, according to the [Insurance Information Institute](#) (I.I.I.)

Indeed, only 37 percent of renters have renters insurance whereas 95 percent of homeowners have a homeowners insurance policy, according to a 2014 I.I.I. poll conducted by ORC International.

“Renters insurance provides a very important financial safety net when there is a disaster,” points out Jeanne M. Salvatore, senior vice president and chief communications officer for the I.I.I. “And, renters insurance is relatively inexpensive—the average cost of a renter’s policy is only \$187 per year, or less than four dollars per week.”

Homeownership has fallen for over the past decade, according to [Pew Research](#). And, in major cities such as New York, Los Angeles, Chicago and Houston, renters outnumber homeowners, the U.S. Census Bureau reports. These cities are also at risk from natural disasters such as hurricanes, flooding, earthquakes and severe winter weather, as well as fire, theft and vandalism.

“Many renters are under the misperception that their landlord’s insurance policy will reimburse them if their personal property is damaged or destroyed, but that’s just not the case,” says Salvatore. “Fortunately, renters have a range of insurance options to choose from.”

The following types of policies are available to renters:

- **Renters/Tenants Insurance**

Renters insurance provides financial protection against damage to or loss of personal possessions due to hurricanes, fire, lightning, theft, explosion and other disasters listed in the policy. There is even coverage for water damage caused by burst pipes or a neighbor who forgets to shut off the water in the tub. Coverage is available on either an actual cash value basis (depreciated value) or for its replacement cost (no deduction for depreciation). Renters insurance does NOT cover flooding and earthquake, but separate policies can be purchased for these events.

Renters insurance also provides coverage for additional living expenses, in the event you are unable to live in your home due to a fire or other insured disaster. It also includes liability insurance if you, a family member (or even your pet) accidentally injure someone and they sue you. For more information: [What You Need to Know about Renters Insurance](#); [Renters Insurance Checklist](#).

- **Flood Insurance**

Flood insurance is available from the National Flood Insurance Program (NFIP) and a few private insurance companies. It provides coverage for personal possessions on an actual cash value basis, generally up to about \$100,000. More information is available at [www.floodsmart.gov](http://www.floodsmart.gov). The I.I.I. also has a video: [Understanding Water Damage and Flooding](#). Excess Flood Insurance is also available if a renter would like more coverage than is in the NFIP policy or if federal flood insurance is not available in their community.

- **Earthquake Coverage**

Renters can purchase insurance for damage to their personal possessions due to earthquakes from private insurance companies or in California from the [California Earthquake Authority](#). Coverage is available either in the form of an endorsement or as a separate policy. Earthquake insurance provides protection from the shaking and cracking that can destroy buildings and personal possessions. Coverage for other kinds of damage that may result from earthquakes, such as fire and water damage due to burst gas and water pipes, is provided by a standard renters insurance policy.

- **Umbrella Liability**

An [umbrella liability policy](#) can be a cost-effective option for increasing your level of liability protection. The policy kicks in when the limit on your renters insurance has been reached. It will also provide coverage for libel and slander. Umbrella policies generally cost about \$150 to \$300 per year and will also provide additional liability protection if you own a car, boat and even a snowmobile. Because the personal umbrella policy goes into effect after the underlying coverage is exhausted, most insurers will require specific underlying limits on your policies. For instance, you may be required to have \$300,000 of liability insurance on your renters insurance policy and at least \$250,000 on an auto insurance policy.

- **Floater or Endorsement for Expensive items**

If you own expensive jewelry, collectibles, musical instruments or even high-end sports equipment, you may want to add a floater or endorsement to your renters policy. This would provide broader coverage for risks such as “mysterious disappearance.” So even if you lose the item, you would be covered. For more information: [Floaters and Endorsements: Special Coverage for Valuables](#).

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