



## Renters Insurance

Renters insurance protects you, the renter when your belongings are stolen or damaged due to fire, flooding, or other events listed in the insurance policy. Renters insurance does not cover the structure where you live; this is covered by the landlord's insurance policy. Renters insurance pays you for losses up to limits of the policy. The technical term for this type of insurance is an HO-4 policy.

### What to consider when renters insurance is provided through your lease

If your lease has the option to include renters insurance, review the policy to make sure there is adequate coverage and **use caution**. Sometimes these policies will only cover limited liability required by the landlord. If a peril (theft or damage to your property from a fire, flood, or tornado, for example) occurs, your personal property may not be covered. Make sure that whatever renters insurance you purchase has enough coverage to replace your belongings and, if needed, cover your living expenses if your rental unit becomes uninhabitable.

### Personal Property

Personal property coverage covers possessions in case of loss or damage. Possessions can be covered even if you are not home when the damage occurs. Examples of items that may be covered include:

- Clothing
- Electronics (TVs, stereos, computers, monitors, etc.)
- Furniture
- Decorations
- Toys/other games (arcade systems, pool tables, ping-pong tables, etc.)
- Tools/power equipment
- Appliances the renter has purchased

### Personal liability

Personal liability coverage may provide protection if a claim or lawsuit is brought against you for bodily injury or property damage that you may be responsible for.



### Medical payments to others

Medical payments to others may provide coverage if there is bodily injury to someone else in your rental unit.

### Loss of use

Loss of use coverage may pay for additional costs to keep your normal household standard of living while your rental home is being repaired or rebuilt due to a covered loss.

Covered Perils often included in renters policies include:

- Fire or lightning
- Theft
- Windstorm or hail
- Smoke
- Vandalism or malicious mischief
- Explosion
- Accidental discharge of water or steam from within certain household systems or appliances

### Why is renters insurance important?

Anyone who is renting space to live has the risk of losing personal property. Monthly lease payments to a landlord do not cover the loss if a loss occurs. If property is stolen

or damaged, it will have to be replaced with personal funds.

### What coverage should I look for?

**Actual cash value coverage** pays what the property was worth at the time damage or loss occurred. The property is not valued at the price that was originally paid. Wear and tear or age are considered when determining the actual cash value.

**Replacement cost** pays the full amount of replacing the items or property with new ones and is about 10% more expensive than actual cash value coverage. Example: if you bought a smart phone three years ago for \$1,000 and it is damaged or stolen, cash value coverage might only give you \$400 if the insurance company says that is what it is currently worth. Replacement cost coverage might give you \$1,200 or whatever is needed to buy an equivalent new phone. If you have property that's of significant value, it may be worthwhile to purchase replacement cost coverage.

Deductibles are the amount that the insured person pays out of pocket before insurance is paid for a loss. Deductibles can range from \$500 to \$2000. The bigger the deductible, the lower the premium (the amount you pay each month for the insurance). Consider how much you can afford to spend to replace your belongings in the event of a major loss, then insure yourself for the difference.

### When does coverage start?

Typically, renters insurance coverage begins once the application process is complete. Confirm with your insurance provider when coverage begins.

### How much coverage do you need?

The amount of coverage will depend on how much the property that is inside your rental is worth. Consider the following questions:

- How much would it cost to replace the items if a loss occurs?
- What can you not live without or pay to replace tomorrow if loss were to occur?

Liability coverage helps protect you from lawsuits and medical bills. Consider the following when determining the amount you need.

- What are the requirements of the landlord? Sometimes landlords require a specific amount to be purchased to live in the rental space.

- What is the value of the things you own, including savings, investments and income?
- What is your risk of liability if someone was hurt or their belongings were damaged in your home?

What is the cost of renters insurance?

Renters insurance costs can vary depending on the amount of coverage you need and the municipality where you are purchasing the coverage. Most individuals find that renters insurance can be low cost. Shop around to find the best option for you.

### Items to remember

- Shop around. Companies and agents differ not only in cost but also in claims services and coverage.
- Don't be afraid to ask questions.
- If you don't have an insurance agent, find out from a friend or relative the name of a company or agent with whom they have had a good experience.
- Ask about discounts. If you already have an auto policy with one insurer, ask if the insurer would give you a discount on renter's insurance.
- Keep a list of all your personal property off site so that if it is damaged or disappears, you will be able to account for it. Pictures or video of personal property can be beneficial.
- Check the theft provisions of your policy. This is a very common loss for apartment dwellers.
- Report all theft claims to the police department promptly.
- Keep a record of the serial numbers of your most valuable possessions.