

What You Need to Know about Renters Insurance

Many people in the District rent a home or apartment and the number of renters continues to grow. Unlike a homeowner who is required by their mortgage company to buy insurance, there is generally no requirement to purchase renters insurance. Common misperceptions about renters insurance include:

- **"Renters insurance is too expensive, and I already have enough bills to pay."** The average renters insurance policy costs between \$15 and \$30 per month. Replacing all of your possessions or being liable for someone being injured on your premises will cost much more.
- **"I don't have that many valuables."** Even a minimal number of small household appliances can add up to more than you realize and if you add in expensive sound systems and clothing, the cost to replace your belongings could be much higher than you think.
- **"My landlord has insurance, so I'm already protected."** The landlord's insurance does not extend to your personal property, nor does it protect you from being liable for damage you might cause to the building (e.g., a kitchen fire or a plumbing mishap) or for another person's injuries that occur inside your apartment. Your landlord has insurance for damage to the building and protection for lawsuits filed against the landlord but that insurance does not cover renters.

Who needs renters insurance?

- Anyone who rents an apartment, condominium or even a home;
- Former homeowners who may be downsizing to an apartment;
- College students not covered by parent's homeowners policy.

DISB offers these tips for renters:

1. How much renters insurance do you need? Talk to your insurance agent or company about the property you want to protect and the hazards you would like to be insured from. Your agent can provide guidance based on your specific needs. Questions you might ask include:

- What hazards are included in your plan and if you need a separate policy for specific circumstances;
- If your insurance plan affects your roommate(s), if any;
- How you should determine value for your items;
- What some of the insurance terms mean or what they include;
- What optional coverage might be available to you; and
- How much liability coverage is included in your plan.

- 2. Can you get a discount on renters insurance if your residence has particular safety features, like a burglar alarm?** Many insurers will reduce your premiums if you have fire or burglar alarms, fire extinguishers, sprinkler systems and/or deadbolts on exterior doors. Some companies might also offer discounts if you have more than one policy with them. Be sure to ask about discounts.
- 3. Are you covered in the case of a flood or earthquake?** These natural disasters are not generally covered by a renters insurance policy. If you believe you may be subject to these risks, ask your insurance agent or company if your policy fully protects you or whether you need to purchase additional coverage.
- 4. Could owning a pet cause your premium to be higher?** Certain municipalities require that owners of select breeds of pets buy liability insurance to cover injuries caused by the animal. Some insurance companies might only provide this insurance through the purchase of additional coverage.
- 5. Does renters insurance only cover you when you're at home?** Some insured items may be covered if they are stolen by someone who breaks into your car or if they are damaged while not on your property.
- 6. Is personal liability included?** A renters insurance policy also covers your personal legal responsibility (or liability) for injuries to others and/or their property while they are on your property.
- 7. Will you receive additional living expenses if you have to live somewhere else while your apartment is being repaired?** If there is damage to the building you are renting and you must live elsewhere during repairs, additional living expense coverage will help pay rent at another location.
- 8. How do you expedite your renters insurance claim?** A home inventory - along with photos and proof of ownership - makes it easier to file an accurate, detailed insurance claim in case your possessions are damaged or destroyed. A home inventory can also help determine how much coverage you need from your renters insurance. Go to: <http://www.insureuonline.org> to download a free home inventory checklist.
- 9. Are there different forms of renters insurance?** Yes, there are two standard renters policy forms. The Comprehensive Form covers your possessions against more perils but costs more. The Broad Form covers less but costs less. Review your specific situation with your insurance professional.
- 10. I have some jewelry and one expensive painting; are they covered?** The typical renters policy does not cover certain items of high value, however, a jewelry floater or fine arts floater can be added that will specifically name high value items and insure them at specified amounts.
- 11. If I file a claim how am I reimbursed?** Most policies insure your possessions on a "replacement cost" basis which means that you receive enough funds to replace damaged items. Avoid "actual cash value" policies since they settle claims by deducting for depreciation which means you will get less and may not have enough funds to replace the damaged items.

Your insurance professional should assist you by identifying your specific needs and help you select the right policy to meet your needs.

About DISB

The mission of the Department of Insurance, Securities and Banking is two-fold: 1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and 2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia. This information is courtesy of Insure U from the National Association of Insurance Commissioners (NAIC).

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