



## Do you have renter's insurance? If not, make that a News Year's goal

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By

Are you still deciding on a New Year's resolution? Maybe you have already faltered in keeping one of those lofty resolutions, such as cutting out sweets or giving up cigarettes.

Don't give up altogether. There's still time to set a few smaller goals that can help make the New Year successful and productive. Make getting renter's insurance one of those goals.

Many apartment dwellers believe that the landlord is financially responsible when there is a fire, theft or other catastrophe. That is simply not the case.

"If you rent a house or apartment, your landlord's insurance will only cover the cost of repairing the

building if there is a fire or other disaster," said Robin Hammond, personal lines manager at The Hoffman Group in Berea. "That is why every renter should buy renter's insurance that covers their belongings."

Your landlord may be sympathetic if you have experienced a burglary or a fire, but his or her policy will not replace what is lost. It will not pay for your living expenses should the building need to be repaired, or nor will it protect you against liability claims that others may make against you.

A good renter's insurance policy will do all of that. Because these policies don't have to cover big expensive things like the physical structure, they are budget friendly.

Hammond said that most renters can get their apartment contents insured for \$20 or less a month.

"Of course the actual price depends on the value of the contents that you put on your policy, your deductible, and whether you bundle your renter's insurance with car insurance and other insurance products. Generally, though, it runs a couple of hundred of dollars a year," she said.

Still, less than half of renter's buy insurance. A recent Insurance Research Council poll found that while 96 percent of homeowners had homeowner's insurance, only 43 percent of renters had renter's insurance. Some renter's mistakenly think that they can rely on the landlord's insurance coverage. Others simply may believe that they don't have anything of value.

The real issue is not the financial worth of individual pieces of electronics, furniture or even jewelry, Hammond said. It's how much it would take you to replace all of the contents of your apartment. Piece by piece, it adds up. Without insurance, you could be devastated by a fire or other disaster.

Coverage for your  
personal possessions



There are two types of renter's insurance policies that you can purchase. An actual cash value policy pays to replace your possessions minus a deduction for depreciation. A replacement cost policy will pay the cost of replacing your possessions without accounting for depreciation. The price of replacement cost coverage is slightly higher but well worth the upgrade, Hammond said.

"If you have a 10-year-old TV in your apartment, the actual cash value of that TV may be \$25, but it may cost you \$800 to buy a new TV that is the same size or brand," she said.

What the insurance provider is looking for, in either case, is a monetary figure that represents what you estimate your apartment contents are worth.

The best way to establish a value for your personal possessions, including furniture, clothing, electronics, appliances, dishes, and even linens, is to make an apartment inventory. Create a detailed list of all of the apartment contents, along with an estimated value for each item. The Insurance Information Institute offers a free Web-based home inventory program at [www.knowyourstuff.org](http://www.knowyourstuff.org).

Having such an inventory will also make the claim's process, should you need to file a claim, faster and easier. "Most people come in and try to do it from memory, which is not really the ideal situation," Hammond said.

#### Additional coverage

Most renter's insurance policies also pay for the living expense that you may incur while your apartment is being restored. That may include hotel bills, a temporary rental, and even meals. The standard policy will reimburse you the difference between your additional living expenses and your normal living expenses, but there may be limits. Another great plus of renter's insurance is liability coverage, according to the Information Insurance Information Institute. Most policies cover you against lawsuits for bodily injury or property damage that may be caused by you, your family members and even your pets. This coverage pays for the cost of defending yourself in court and any court awards up to the limit of your policy, which is generally at least \$100,000. Higher coverage amounts can be incorporated into the policy or added as a separate policy.

#### Deductibles and discounts

While features like additional living expense reimbursement and liability coverage are fairly standard from one policy to the next, deductibles and discounts represent opportunities to personalize your policy and make sure that it fits into your budget. Like most insurance policies, Hammond said the higher the deductible, the lower your premium or the amount you pay for the policy annually, semi-annually or monthly. Deductibles typically start at \$500, but be sure to price the policy at deductibles of \$1,000, \$2,000 or even higher to see how the premium is impacted. Discounts are another way to lower your premium. The most common discounts come from buying multiple types of insurance from the same provider. That means that if you get your life insurance, auto insurance and renter's insurance from the same company, they will likely give you discounts on each policy. Some companies may also offer discounts for having security systems or deadbolts or using smoke detectors, so be sure to ask for specific discounts. We all know that most New Year's resolutions are far easier to make than they are to keep. Don't let that stop you from making smaller changes that can encourage a happier, more successful future. Protecting yourself from the financial devastation caused by losing all of your possessions is as simple as calling a few insurance providers for quotes or doing an online query. And, it can have a big impact on your bottom line should the unthinkable happen.