

For Rent: Protecting Your Belongings with Renters Insurance

If you're moving to a new apartment, you might not think you need renters insurance. After all, it's the landlord's responsibility to fix the building if it floods. However, personal belongings that might be damaged or even stolen will not be covered by a landlord or property management company's insurance policy. Read the tips below to help determine if renters insurance is right for you.



What is renters insurance?

Renters insurance protects your personal property against damage or loss, and also protects you in case someone is injured while on your property.

It's always a good idea to take precautions to protect yourself and your belongings. But, not everyone needs renters insurance. Dependents, such as college students, may be partially covered under their parent or guardian's policies. A common provision provides dependents coverage for up to 10 percent of the parent's policy. Check with your insurance agent regarding the specific provisions of your policy.

Why purchase renters insurance?

If you live in a rented apartment, house or condominium, your landlord's insurance doesn't cover your personal property in the event that it is stolen or damaged as a result of a fire, theft or other unexpected circumstances. The premiums for renters insurance average between \$15 and \$30 per month depending on the location and size of the rental unit and the policyholder's possessions.

As with any insurance policy, evaluate the benefit of coverage on an individual basis. Your landlord's coverage will take care of damage to the building's structure. However, if you want to protect your personal belongings, consider buying a renter's insurance policy. In addition to personal belongings, some policies will also cover living expenses if your apartment or home is uninhabitable due to damage.

It's also important to protect yourself from lawsuits alleging negligence. The personal liability portion of a renters policy will provide you with a legal defense and pay for damages if a court determines you are negligence resulting in an injury or property damage to another person.

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Tips for Renters Insurance continued...

What are your options?

Most renters insurance policies provide two basic types of coverage: personal property and liability. Personal property coverage pays to repair or replace personal belongings if they are damaged, destroyed, or stolen. This is the most commonly purchased renters policy.

Liability insurance provides coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident while on the policyholder's property.

There are two major types of renters insurance:

- The Broad Form covers personal belongings against specific events, such as fire or theft. This is the most commonly purchased renter's policy. Typical coverage under this form includes damage from fire, lightning, explosion, smoke, vandalism, theft and water-related damage from property utilities.
- The Comprehensive Form provides coverage for a range of events, unless specifically excluded by the policy. Considering the potential amount of coverage, the premiums for this policy may be higher. Also think about your location when choosing your form. If you live in an area prone to violent storms, such as hurricanes, consider purchasing a comprehensive policy that specifically addresses storm damage. Unusually expensive items, such as fine jewelry or an art collection, may require the renter to purchase additional coverage, called a rider or floater. Your insurance agent can help you determine if additional coverage is necessary.

What's actual cash value and replacement cost?

One important factor to look for when shopping for renter's insurance is actual cash value vs. replacement cost coverage. While it may not affect your short-term premiums, it may make a large difference in your claim submission.

Actual cash-value coverage will reimburse the renter for the cost of the personal property at the time of the claim, minus the deductible. It's important to account for depreciation when considering this coverage option.

For example, if a stereo system were stolen from an apartment, five years after the stereo was purchased, the policyholder would be reimbursed for the current value of the system. Replacement cost coverage, on the other hand, will reimburse the full value of the new stereo system, after you purchase the new system and submit your receipts. While the up-front cost is greater, you are more likely to receive sufficient compensation to replace your possessions.

More Information:

For additional information about homeowners and renters insurance, please visit the SC Department of Insurance website, www.doi.sc.gov. You may also contact the SC Department of Insurance Office of Consumers Services Monday-Thursday, 8:00 a.m.-6:00 p.m. and Friday, 8:00 a.m.-5:00 p.m. by calling 1-800-768-3467 or by e-mail at consumers@doi.sc.gov.