

RENTERS INSURANCE

Renters insurance is not required however, it is highly recommended.

Your landlord may have insurance to protect the building you are living in, but your landlord's policy won't replace your personal possessions or pay for your living expenses while the building is being repaired.

The only way to protect yourself financially against disasters is to buy a renters insurance policy.

Renters insurance, sometimes referred to as tenants insurance, includes three basic types of protection:

- Personal Possessions
- Liability
- Additional Living Expenses

Personal Possessions

Standard renters insurance protects your personal belongings against damage from fire, smoke, lightning, vandalism, theft, explosion, windstorm, water and other disasters listed in the policy. Floods and earthquakes are generally not covered. Supplemental insurance is available to cover these disasters.

To decide how much insurance to buy, you need to know the value of all your personal possessions—including furniture, clothing, electronics, appliances, kitchen utensils and even towels and bedding. In other words, if your home were to burn, you should have enough insurance to replace all of your possessions.

The easiest way to figure out how much insurance coverage to buy is to create a home inventory (a detailed list of all of your personal possessions, with their estimated value). An up-to-date home inventory will also make filing an insurance claim faster and easier.

Liability

Standard renters insurance policies provide liability protection against lawsuits for bodily injury or property damage that you or your family members cause to other people. It also pays for damage

your pets cause. So, for example, if your son, daughter or dog accidentally ruins your neighbor's expensive rug, you'll be covered. However, if your children or pets destroy your own rug, you will not be covered.

The liability portion of a renters policy pays for both the cost of defending you in court and for court awards, up to the limit of the policy. Liability limits generally start at about \$100,000. You can also buy an *Umbrella* or *Excess Liability* policy, which provides higher limits and broader coverage.

Generally, umbrella policies cost a bit more.

Your policy may also provide *No-fault Medical* coverage. So, if a friend or neighbor is injured in your home, you can submit their medical bills directly to your insurance company. It doesn't, however, pay the medical bills for your own family or your pet.

Additional Living Expenses

Many people don't know that *Additional Living Expenses* coverage, also known as ALE, is included in a renters insurance policy. If your home is destroyed by a disaster that your policy covers and you need to live elsewhere, renters insurance covers your additional living expenses. Policies will generally reimburse you the difference between your additional living expenses and your normal living expenses. ALE covers hotel bills, temporary rentals, restaurant meals and other expenses you have incurred while your home is being rebuilt.

There are two types of renters insurance policies:

Actual Cash Value pays to replace your possessions minus an amount for depreciation (the reduction in the value of items due to age and use) up to the limit of your policy.

Replacement Cost pays the actual cost of replacing your possessions (with no deduction for depreciation), up to the limit of your policy. The price of Replacement Cost coverage is about 10 percent more than Actual Cash Value coverage but can be well worth the extra cost.

How to Buy Renters Insurance

Renters insurance is easy to get, and there are many insurance companies to choose from. Insurers who offer homeowners insurance generally also sell renters insurance. In fact, a renters insurance policy and a homeowners insurance policy are almost identical. The main difference is that a renters policy doesn't include coverage for the building, since the landlord owns that.

Comparison Shop

Prices vary from company to company, so it pays to shop around. Get at least three price quotes.

You can call companies directly or get quotes from the Internet.

Get quotes from different types of insurance companies. Some insurers sell through their own agents. These agencies have the same name as the insurance company. Some sell through independent agents, who offer policies from several insurance companies. Others don't use agents at all but sell directly to consumers over the phone or via the Internet.

But don't shop by price alone. Select a company that answers your questions and handles claims fairly and efficiently. Ask friends and relatives for their recommendations.

Look for an agent or company representative who takes the time to answer your questions.

Remember, you'll be dealing with this person if you have an accident or other emergency.

Ask Your Insurer How You Can Save Money

These are some ways to save money on premiums: Consider taking a higher deductible (the amount of money you have to pay toward a loss before your insurance company starts to pay a claim). The higher your deductible, the more money you save on your premium. Consider a deductible of at least \$500. If you can afford to raise it to \$1,000, you may get as much as 25 percent off your premium. Remember, though, that you'll pay the deductible each time you file a claim.

Insurance companies often offer discounts on renters insurance if you have another policy with them for your car or business. More discounts might be available depending on your age or whether or not you smoke.