

# Do You Need Renter's Insurance?



Renter's insurance assures you that you're protected against the damage or loss of personal property when you rent an apartment or house. Your landlord may have insurance that protects the physical building in which you reside, but this insurance will not cover your personal property. In fact, it's not at all uncommon for landlords to require the purchase of renters insurance prior to renting or leasing. This is prudent for both the renter and the landlord, protecting both from the

possibility of lawsuit by alleviating each other's respective liability. In determining whether or not you need renters insurance, the questions you need to ask yourself are: How much would it cost to replace my belongings if they were damaged or stolen? And can I afford to replace them? Depending on your answer, renters insurance may be an easy choice, providing you with the protection you need. Either way, it's reassuring to have the peace of mind that comes from being protected.

Things to consider before purchasing rental insurance:

**How Much Coverage?** – The amount of renters insurance you choose will have the biggest impact on price of coverage. It is important to insure against all of your property. Remember, you're not just insuring against theft. In the case of a fire, for example, you could lose everything.

**Deductible** – The amount of the deductible premium that you're willing to pay will have a major impact on the premium costs. The higher the deductible, the lower the cost of home renters insurance.

**Actual Cash Value (ACV)** – Type of coverage that will pay for what the item was actually worth at the time of loss. This basic coverage payout is determined by the cost to replace, minus depreciation.

**Replacement Cost** – Type of coverage that will provide for the actual replacement value of the item with no deduction for depreciation. Although replacement cost coverage comes at an additional premium, it's usually worth the relatively small increase in cost. Here are a few ways to save on renters insurance. Many insurers will offer discounts, if you have some of the following:

- Monitored fire or burglar alarms
- Fire extinguishers
- Sprinkler systems

- Dead bolts on all exterior doors
- Auto insurance with that provider

If you own a dog, however, it may add to your premium. Due to liability issues, some insurers won't even offer insurance if certain dog breeds are owned. This discrimination is exclusive to certain larger working dog breeds. It's unfortunate because many of these breeds are good-natured and provide a great deterrent to theft. Yet, in the eye of the insurer, they're a risk. The insurance companies that do offer coverage for these breeds, will often do so at a premium. Flood and Earthquake protection is not commonly included on rental insurance policies. If you live in an area where these natural disasters are more common, you may want to purchase an additional rider. Liability coverage is most often a standard feature with renters insurance.

This can prove invaluable in case of an accident, such as a slip or fall by a guest. It provides protection against legal claims that you may be obligated to pay, such as injury, sickness and death. It is, however, limited to the amount of liability coverage provided by your policy. In order to avoid any disputes with your insurance company, it's recommended that you take an inventory of your personal items before purchasing rental insurance. This can be done by video taping or photographing each room of your house. It is important to keep all receipts for any major purchases,