

Suppose you came home from work to find your apartment had been totally trashed by a burglar. Or you walked into your living room and found your furniture standing in several inches of water. You cannot assume your landlord will pay for the damage.

Things like your clothes, electronics, jewelry, personal computer, and other items are not usually covered by your landlord's insurance against destruction or loss.

Renter's insurance covers your possessions against losses from fire, smoke, lightning, vandalism, theft, explosion, windstorm, and water damage from plumbing.

Renter's insurance also covers your responsibility to other people injured at your home or elsewhere by you, a family member, or a pet, and pays legal defense costs if you are taken to court.

HOW DO YOU BUY RENTER'S INSURANCE?

Decide how much insurance you need.

- ☉ Take an inventory. Make a list of everything in your apartment. Record model numbers, serial numbers, date, and place of purchase. Take photos or make a video of these items. Keep your inventory and visual record of your things outside of the apartment, maybe in a safe deposit box or at the office. An inventory will make filing a claim easier.
- ☉ Check with an insurance company or agent about the following:
 - *Theft limits* – Most renters' policies have a \$2,000 total limit on stolen jewelry, and a \$5,000 - \$10,000 limit for computers. Ask for a list of standard coverage limits so you will know whether you need to get additional coverage for some of your belongings.

- *Cash or replacement value* – Your policy can insure your property in one of two ways, either for cash value or replacement cost. Cash value coverage takes into account the age and condition of items at the time of damage or loss. With this coverage, you will be reimbursed for the value of the item minus depreciation. Replacement value coverage will pay the full cost of buying an item of similar kind or quality today.
- *Deductible Options* – A deductible is your out-of-pocket cost before the insurance kicks in. Keep in mind that the cost of your policy will be lower if you choose a high deductible.
- *Discounts* – Insurance companies frequently offer discounts on renters' insurance if you have another policy with them for your car or business. You can also get discounts if your apartment has a security system, smoke detectors, or deadbolt locks. More discounts might be available depending on your age or whether you are a non-smoker.

Shop Around

- ☉ Ask friends or relatives, look on the Internet, or flip through the Yellow Pages to find the agent that is right for you. Call a variety of insurance companies and agents and ask a lot of questions. Keep your inventory handy so you can find the amount of coverage that is most appropriate for you.

Review Your Policy

- ☉ An insurance policy is a contract between you and your insurance company. Read it carefully. If you have questions or if something is unclear, call your insurance company representative. Do not sign the policy unless you fully understand the company's responsibilities as well as your own. For example, the company has a duty to pay your defense costs if you are sued, but it will be indicated as a condition in the policy

that you must give your insurer complete, accurate, and timely information about the incident.

COMMON QUESTIONS

Q. Does renter's insurance cover all my belongings?

A. It depends. Some items like jewelry and computers often have a per-category theft limit. For example, some policies have a \$5,000 - \$10,000 limit for computers. For these, you may want to buy a "floater" which provides higher limits and broader coverage than those included in your basic policy.

Q. If I file a claim, will my coverage be canceled?

A. If you did not cause the loss or damage, your insurance shouldn't be affected. If you were at fault – if you caused a fire by smoking in bed, for example – the insurance might decide not to renew your policy. Your insurer might also do the same thing if you file several claims within a short time, regardless of fault.

Q. Is my bike or car covered by renter's insurance?

A. Your bike is covered, but vehicles are not. You need to get a separate auto insurance policy to protect your car, van, or motorcycle.

Q. Is my property, such as my laptop computer, covered away from home?

A. Yes, but coverage may be limited, and the conditions of the coverage may vary. You should ask your insurance agent for details.

Q. As a student, am I covered by my parents' policy?

A. If you're a full-time college student and part of your parents' household, their homeowners or renters insurance might give you limited coverage in the dorm, but not if you live off campus.

Q. Can I purchase a renter's policy with my roommate or domestic partner?

A. It depends. Regulations differ from state to state, and policies might also differ from company to company. Find out what regulations apply in your state and then shop around to find an insurance company that suits your needs. Some insurance companies allow unmarried couples who have been living together to obtain joint coverage, rather than two separate policies. But a domestic partner is usually not automatically insured like a husband or wife under the partner's policy. He or she must be specifically named.

Q. What happens if something I have rented or borrowed is stolen?

A. Items that are "in your possession" are covered under a standard renter's policy, whether they are things that you've bought, received as gifts, or rented.

Q. What if I have problems dealing with my insurance company about a claim?

A. Make sure you have provided all the documentation the company requested. Talk things over with your agent or company representative. Also, your state insurance department can take complaints, or your local consumer protection office can answer questions regarding your rights.

<i>Bucks County Dept. of Consumer Protection</i>	215-348-6060 1-800-942-2669
<i>PA Department of Insurance</i>	1-877-881-6388 717-783-0442

HOW DO YOU FILE A CLAIM?

As soon as you become aware of a loss, note the date, time of day and list of goods stolen or damaged. In case of a theft, call the police as soon as possible. Then contact your insurance company or agent to report the loss and get the appropriate claim forms. Written and documented reports of losses are especially important when theft is involved. Try to include everything and carefully assess damages; amended claims could take longer to pay.

GLOSSARY OF INSURANCE TERMS

Actual Cash Value: Insurance under which the policyholder receives compensation equal to the cost of replacing damaged or stolen property minus an amount for depreciation for age and use. For example: A tree falls through your roof destroying your eight-year-old sofa that cost \$1,200 when it was new but is now only worth \$400. With an actual cash value policy, you will receive \$400.

Agent: Insurance salesperson. (a) An independent agent does not work directly for an insurance company and sells the policies of more than one insurer; (b) An exclusive agent works for one insurance company and only sells its policies.

Claim: Policyholder's request for payment by an insurer for a loss covered by a policy.

Conditions: Part of an insurance policy that states your obligations and those of your insurance company that must be followed for the policy to be in effect.

Deductible: Amount you pay out of pocket per claim or per accident. This amount is subtracted from the total amount paid by your insurer. If the claim is for \$500 and your deductible is \$100, the company will pay you \$400.

Depreciation: Reduction in the value of property due to age and use.

Domestic Partners: Term used to describe unmarried couples living together.

Endorsement: Attachment to a policy that adds to or changes the contract's original terms.

Floater: Additional coverage for items not included in the basic policy, such as expensive jewelry or antiques.

Insurance Department: Agency that enforces rules for the insurance business in each state. A valuable source of information about all types of insurance. The department also handles consumer inquiries and complaints.

Inventory: List of your possessions with description, serial numbers when appropriate, and information on when and where purchased.

Liability Coverage: Insurance which pays the losses of other people to whom you unintentionally or through negligence cause injury. (a) Bodily injury liability coverage pays medical costs of others and your legal defense costs if you physically harm someone. (b) Property damage liability coverage pays claims against you if you damage someone else's property.

Negligence: Failure to exercise a generally accepted level of care and caution.

Peril: Cause of loss; for example, fire or theft.

Personal Property Insurance: Protects against the loss of, or damage to, possessions caused by specific perils.

Policy Period: Amount of time on insurance policy is in force.

Premium: Amount you pay for insurance coverage.

Policyholder: Person who buys insurance.

Proof of Loss: Documents you give to the insurer to support your request for payment of a claim. The company uses these documents to determine whether and how much it will pay. Examples include written repair estimates and police reports.

Replacement Costs: Cost to replace property with items of like kind and quality without regard to age and condition of the original item.

Theft Limit: Highest amount an insurance company will pay on certain items that are stolen from your home. For instance, some policies have a \$5,000 limit for computers. If your computer is worth more and you want to cover it for its full value, you need to purchase a floater (see Glossary above).

The material in this brochure is for informational purposes only. It is meant to give you general information and not specific legal advice.

Provided as a public service by the Insurance Information Institute and The Bucks County Commissioners

Questions and Answers About Renters' Insurance



*County of Bucks
Department of
Consumer Protection/
Weights and Measures*

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**215-348-6060
1-800-942-2669**

**www.BucksCounty.gov/
ConsumerProtection**