



Protecting Your Belongings With Renters Insurance

By Commissioner John D. Doak

If you are currently renting or plan to rent soon, we recommend you contact an insurance agent to discuss renters insurance. While it is the landlord's responsibility to fix the building if something like a fire or tornado damages the home, your personal belongings will be your responsibility to replace. Below are a few tips 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 on the property because of your negligence.

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 dependent's 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. In addition to personal belongings, some policies will also cover living expenses if your apartment or home is uninhabitable due to damage caused by a covered peril. The premiums for renter's insurance average between \$15 and \$30 per month depending on the location, the policy limit requested, loss history and other underwriting guidelines.

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.

What's actual cash value and replacement cost?

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

Actual cash value coverage will reimburse the renter for the cost to replace the personal property minus depreciation. It's important to account for depreciation when considering this coverage option. Replacement cost coverage will reimburse the renter for the cost of replacing the property.

For example, if a \$1500 stereo system were stolen from an apartment, five years after the stereo was purchased, with actual cash value coverage, the policyholder would be reimbursed for the *current value* of the system (likely 50 percent or \$750 considering that it's five years old). If the stereo now costs \$2000, replacement cost coverage would first pay you the actual cash value of the stereo system and then reimburse you for the difference between the \$2000 for the new stereo system and the actual cash value paid for the old stereo *after* you purchase a new system of like kind and quality. The insurer will likely require you to submit your receipts.

It is also important to have a current home inventory list so that if you do have to file a claim, you can easily show what contents you had before the loss. Here is a link to our free home inventory list: http://www.ok.gov/oid/home_inventory.html.

For more information on renters insurance visit our website at www.oid.ok.gov or contact the Oklahoma Insurance Department at 1-800-522-0071.

About the Oklahoma Insurance Department

The Oklahoma Insurance Department, an agency of the State of Oklahoma, is responsible for the education and protection of the insurance-buying public and for oversight of the insurance industry in the state.

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