

Renters' Insurance Needs

Persons who live in apartments or rent a residence are fortunate. Most insurance companies can protect their assets and belongings by using a policy that is designed especially for tenants. Typical policies cover your possessions for common causes of loss, additional living expenses related to making other living arrangements, medical expenses for treating people injured on your premises and, of course, lawsuits.

Property Coverage

Protection under a standard renters policy is on an actual cash value basis (item's replacement cost less depreciation).

Example: Stewart's kitchen catches fire and his five year old refrigerator is destroyed. A new model of the refrigerator costs \$750. His insurance company pays him \$162, explaining that it's the effect of five years of deteriorating value. Most companies offer coverage on a replacement cost basis if you purchase a separate endorsement.

Theft Limitations

Certain types of property are quite vulnerable to being stolen, therefore very limited coverage is available for items such as jewelry, furs, gems, gold, silverware, pewterware, money, securities, guns and accessories. Protection can be increased by adding additional coverage to the tenant policy or by purchasing a personal article floater policy.

Additional Living Expenses

A typical tenant policy provides a limit equal to 20% of your contents insurance limit. If your contents limit is \$15,000, then your additional living expenses limit will be \$3,000.

Liability Coverage

Liability insurance covers you for injury you cause to others and for damage to property that belongs to others. The policy also provides for the cost of a lawyer (if necessary) and most court costs. Examples of liability claims include: slips and falls; beaming a neighbor's child with a baseball; hitting a golfer with your errant hook shot; or a friend breaking her hip when she trips on a skateboard your child left on the stairs.

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