

FACT SHEET: THE ABC'S OF RENTERS INSURANCE

If you're a renter, you may not think you need insurance at all. But you may not realize that your landlord's policy doesn't cover any of your personal property. What would happen to your belongings if:

- Your apartment building burned down?
- A thief broke into your town house?
- A guest slipped and injured himself in your kitchen?
- The home you're renting suffered water damage?
- Excavation next to your building damages your building, forcing you to vacate?

Without renters insurance, you've got no coverage for personal property loss or damage. Fortunately, you can get affordable renters insurance to protect you in situations like these.

Standard Coverage:

Every basic renters insurance policy will come with two main protections: 1) Physical damage coverage and 2) liability coverage. The physical damage component of the policy will pay out benefits if the belongings you store in your rental are lost or damaged. For instance, if your computer equipment were stolen from your apartment, the physical damage portion of your policy would reimburse you. Secondly, renters insurance policies offer liability coverage. This portion of the policy will pay for your legal defense and any judgments against you if you are sued for an accident or injury that occurred on your property. Some policies include another important type of coverage: Relocation costs in the event your apartment is damaged by a fire or by construction next door that undermines your building's foundation. It's important that you ask if the standard policy includes relocation costs. If not, ask that this be added to the policy.

Types of physical damage covered:

In the insurance industry, the typical renters insurance policy is known as "HO-4" coverage. This type of policy will protect you from 17 different perils, including:

- Falling objects
- Smoke
- Vandalism
- Wind and hail damage
- Water-related damage from home utilities
- Lightning or fire damage
- Theft
- Electrical surge damage to appliances
- Gas explosion

Policy Offerings:

Be sure to get insurance that provides "replacement cost coverage" rather than "actual cash value (ACV) coverage". With actual cash value renters coverage, the insurance company will only pay you for the present-day value of the lost or damaged item(s). For instance, you may have bought a computer two years ago for \$900, but after factoring in depreciation, the computer may only be worth \$200, which is all you will be reimbursed. On the other hand, with replacement cost coverage, your insurer will pay out whatever it would cost to buy the lost or damaged item new today, which could be \$900 or more to replace your computer.

Shop for the best policy: You should get a price quote for the annual cost of the Renters Insurance from at least 2 companies. We don't recommend any company in particular. The following companies all underwrite Renters Insurance policies: Allstate, Castle Rock Agency, Farmers, Geico, Nationwide, State Farm. Give some of them a call and find a policy you can afford:

(This Fact Sheet was prepared by the Cooper Square Committee, 61 E. 4th St., NY, NY 10003; 212-228-8210)