

Consumer Counselor

Insurance Information for Michigan Consumers

Renters Insurance: A Smart Buy

If you are renting an apartment or a house, renters insurance is one purchase you cannot afford to do without. As a renter you may think your personal belongings are covered by your landlord's insurance. However, the landlord's insurance typically covers structural damage to his property and does not extend to your personal property or protect you from being liable for damage in your home.

Although your personal belongings are very important to you, you may not think you have enough property to insure or that you can afford renters insurance. Your furniture, electronic equipment, clothes, jewelry and other personal belongings are the property items that are covered under renters insurance. However, if you cannot afford to replace your possessions in the event of perils such as fire, an explosion, bursting water pipes or theft, you should strongly consider purchasing renters insurance coverage. Renters insurance is surprisingly affordable.

Renters insurance provides coverage for your personal property while you occupy a dwelling owned by someone else. In a renters policy you choose the amount of property damage coverage you need based on what it would cost to replace the things you own. With renters insurance your personal property is protected from many types of perils including those previously mentioned as well as lightning, windstorm, hail, riot, civil commotions, vandalism, falling objects, smoke and damage from a vehicle. Renters insurance also provides personal liability coverage protecting you from financial loss due to claims made by others for incidents

occurring at your residence for which you are held liable and additional living expenses.

A basic renters policy provides you with more than just coverage for loss of property at home.

You are also entitled to an *additional* 10 percent of the amount of your policy's coverage limit to cover property away from your home. For example, if you have \$50,000 worth of personal property coverage, you will automatically receive an additional \$5,000 in coverage on personal property lost, damaged or stolen while it is anywhere else in the United States or Canada.

In the event that you are forced to find other living accommodations following the loss of your rented apartment or home due to a fire or other peril, a renters policy also covers your *additional living expenses* up to a specified limit or for a specific amount of time (e.g., six months) depending on the policy.

For example, if your rent is \$500 per month and your expenses for food and utilities amount to \$500 per month, your monthly expenses total \$1,000 per month. Also, the renters policy you purchased provides you with additional living expenses benefit of \$350 per month for six months. After a fire you and your family must move into a hotel which costs \$700 per month. Your utilities are included but your cost for meals at restaurants is \$600 per month. Now, your total living expenses is \$1,300 per month, \$300 more than your regular monthly expense. Your renters policy would pay the difference of \$300 for six months.



A basic renters policy usually provides you with *medical payments* coverage for injuries that may occur to someone else in your rented dwelling or which may be caused by you or a family member, and *liability coverage* in case someone sues you for damages caused by you or a family member or which occurs on your property.

For example, if a visitor slips on your rug and breaks a leg, the medical payments coverage in your renters policy would pay any medical expenses up to the limit in the policy, usually \$1,000 per person. If he or she decided to sue you, your liability coverage would provide you with legal protection and pay the cost of a settlement.

There are other important coverages in a basic renters policy which protect you against many kinds of financial losses. Ask your agent to give you more details and shop around for the lowest price. If you rent, renters insurance is one purchase you cannot afford to do without.

