

Why Renter's Need Insurance and How to Choose the Right Policy

The first time most people think about insurance is with their first car or home. Usually this is because the law or bank requires us to do so. Although renter's insurance is usually not required, it is just as necessary to have. Not only will renter's insurance protect your personal items, it will also give you help with temporary housing and liability protection such as medical expenses for people on your property or a lawyer if you are sued by someone unintentionally injured by you. Once you determine your need for renter's insurance, knowing your options will help you choose the best policy.

If the ceiling in your rented property is damaged by wind or hail in a storm, of course the ceiling is covered by your landlord. But what about your brand new stereo and TV that was damaged? Also, while the ceiling is being fixed, do you have enough money to immediately find another place to stay? These are the types of things that would be covered by your renter's insurance policy.

Along with personal property coverage and living expenses, your renter's insurance policy will also cover your liability or damage you cause to others or their property. For example, your girlfriend comes over to visit and she slips on the ice outside your door. The same walkway that is your responsibility to keep clear! Your girlfriend needs medical attention and decides to sue you! Renter's insurance can't help with your broken heart, but it will help you pay for your ex-girlfriend's medical expenses and a lawyer.

Now that you have decided renter's insurance is for you, there are some things to consider when purchasing your renter's insurance policy:

- 1. Dollar Amount of Coverage:** This is a leading factor in the price and coverage. A dollar amount is not placed on each piece of property, instead a fixed amount for all of your possessions will be determined. Of course, the more coverage you purchase, the higher the price of the policy.
- 2. Deductible:** This would be a leading factor to consider in the cost and how much you are willing to pay out of pocket before your insurance kicks in. Coverages subject to the deductible would be everything except liability coverages, like paying for your girlfriends medical expenses.
- 3. ACV(Actual Cash Value) or Replacement Cost:** When the insurance company comes to reimburse you for your stereo and TV what they give you is determined by these factors. A basic policy will pay you ACV, which is the value of the property at the time of loss. But, if you opt for replacement cost you will get an actual replacement. For example, your 5 year old stereo will be replaced with as much money as it would cost for you to purchase a new comparable stereo. Expensive items prone to theft such as jewelry and guns, only have limited coverage so it is wise to place these items on a separate policy. Replacement cost is well worth the small amount more it may cost for your policy.
- 4. Location and Previous Claims:** If you rent in an area prone to thefts you will probably pay more for your insurance and if you or the previous person or neighbors have had a large amount of claims, this may raise the cost of your policy.

Even if you feel your personal property is not worth enough to insure, the value of having liability coverage is well worth renter's insurance. Remember, as with all insurance policies, check with your agent on specific coverages. Each policy can vary between companies and states.