

Most Renters Aren't Protected From Losses

WRITTEN BY BRODERICK PERKINS POSTED ON WEDNESDAY, 14 AUGUST 2013 00:00

Renters still don't get it.

An overwhelming majority of homeowners buy homeowners insurance, but most renters - 65 percent - don't bother to benefit from the relatively cheap coverage, according to the [Insurance Information Institute \(III\)](#).

The average renters insurance policy costs less than \$200 per year or about \$16 a month, according to the National Association of Insurance Commissioners. That's less than \$17 per month.

It's cheap because it doesn't cover the structure as does homeowners insurance.

The number of renters grew during the Great Recession as many people lost their homes and others weren't able to buy before tight mortgage credit conditions took hold.

According to an April 2013 U.S. Census report, the share of renting households, at 3.54 percent, is still on the rise up from 34.1 percent in 2009.

[Renters](#) outnumber buyers in some of the nation's largest cities. In New York City, 69 percent of households rent their homes, followed by Los Angeles, 61.8 percent, Chicago, 55.1 percent and Houston, 54.6 percent.

"One of the biggest insurance problems after Sandy was the large number of renters who did not have coverage for their homes," said Jeanne M. Salvatore, I.I.I.'s consumer spokeswoman and senior vice president.

"It can be extremely expensive to have to re-buy the entire contents of your home, so a [renter's insurance policy](#) provides very important financial protection when there is a hurricane or other covered disaster," she added, just as the hurricane season is getting underway.

What rental insurance covers

Renters insurance covers belongings against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm and water damage - including if the upstairs neighbor's clogged tub overflows and damages items in an apartment below, according to I.I.I.

Flood insurance is available for renters from National Flood Insurance Program.

Renters insurance can also include additional living expenses coverage for those unable to live in their home because of a hurricane, fire or other disaster listed in the policy.

The coverage pays for hotel bills, temporary rentals, restaurant meals and other expenses incurred while a rental home is being repaired or rebuilt.

Renters insurance includes liability protection. This covers renters against injuries to people injured at your home or elsewhere, including a family member or your pet and it pays legal defense costs if you are taken to court.

Types of coverage

There are two basic types of renters insurance policies.

Actual cash value

This coverage pays to replace possessions, up to the limit of the policy, minus a deduction for depreciation.

Replacement cost coverage

This pays the real cost of replacing belongings (regardless of depreciation) up to the policy's limit. This type of coverage costs about 10 percent more, but is a better value.

Special floaters are necessary to cover high cost items including expensive jewelry, furs, sports or musical equipment, collectibles.

A [home-based business](#) may require special coverage. Check in with an insurance agent to determine what's best.

Also, determine the coverage needed by [creating a home inventory](#) - a detailed list of all personal possessions and their estimated value. Photos and videos can be a big help come claim-filing time.

The I.I.I. also offers interactive online and mobile [Know Your Stuff](#) inventory app to keep track of your stuff.