

Why should I purchase renters insurance?

Even though you may not own the building in which you live, you still have personal property as well as possible liability exposures that need to be protected. Your landlord's insurance coverage protects his property from loss, but it does not cover your property. In the event of a loss, could you afford to replace your personal property? If someone were injured at your residence due to your negligence, would you be able to pay for the expenses resulting from the injury? This is where renters insurance comes in.

What is covered?

Personal property coverage covers your furniture, clothing, TV/VCR/DVD, stereo, appliances, and other personal belongings. It covers your property in your residence, and it also provides limited coverage when you are away from home.

Renters insurance covers "named perils" such as:

- Fire and lightning
- Windstorm or hail
- Explosion
- Riot or civil commotion
- Aircraft
- Vehicles
- Smoke
- Vandalism and malicious mischief
- Theft
- Accidental discharge or overflow of water or steam from plumbing, heating or air conditioning systems
- Freezing of the plumbing, heating or air conditioning systems
- Artificially generated electrical current

Perils that typically are not covered include:

- Flood (may be purchased through a separate policy)
- Sewer back-up (may be purchased as an additional coverage)
- Earthquakes (may be purchased as an additional coverage)
- Power failures
- Neglect
- War
- Nuclear hazard
- Intentional acts

What other coverages should I know about?

Most renters policies provide coverage for the *actual cash value* of your property. This means the policy only pays the depreciated value of the property at the time of loss. However, if you buy *replacement cost coverage*, the company will pay what it will cost to replace the item without a deduction for depreciation. *Replacement cost coverage* is a little more expensive, but it is usually worth it.

Renters insurance also includes *loss of use coverage*. If a fire, water damage, or any



covered loss renders your home or apartment uninhabitable, *loss of use coverage* pays for the additional living expenses you might incur so you can continue your normal standard of living.

What happens if someone falls in your home or apartment and is injured, or a fire you accidentally start damages your neighbor's property? Your landlord's policy will protect him, but it won't protect you. The personal liability coverage on your renters policy protects you when an accident occurs for which you are legally liable. It will pay the cost of an attorney to defend you and will pay any judgment against you, up to the limits of the policy. Even if you are not negligent, your policy will typically pay the necessary medical expenses incurred by someone other than yourself or a member of your household if they are injured in your home. This will be covered under the coverage called *medical payments to others*.

How much coverage do I need?

Your insurance agent or insurance company can provide assistance in determining the amount of coverage you will need. Think about what it would cost to replace everything you own.

Make a room-by-room inventory of all your personal property. Remember to include items in your closets and storage areas. Your insurance agent or insurance company may have forms that will assist you in compiling an inventory.



What else should I do?

Shop around for coverage. Most companies' policies provide the same minimum coverage, but many companies add extra protection for very little additional premium. Remember that you can lower your premium by purchasing a higher deductible. The deductible is the amount that you will be responsible for paying in the event of a property loss, so make sure it is set at a manageable amount.

It is very important to read your policy and talk to your insurance agent or insurance company about the types and levels of coverage that will suit your needs. Coverage on valuables such as jewelry, silver, cameras, etc. may be subject to certain dollar limits so talk to your insurance agent or company if you need higher limits for these types of items. Be sure to discuss any business being conducted on the premises since it might be necessary to purchase coverage to be properly insured. Also ask about coverage for water and sewer back-up which may be added to your policy for an additional premium. Do not wait until after you have a loss to determine what coverages are limited or excluded.

Who should I call if I have other questions?

If you have any additional questions regarding renters insurance or any other insurance topic, please contact the Bureau of Insurance's Property and Casualty Consumer Services Section by phone, letter, or e-mail.



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Renters Insurance Consumer's Guide



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