

SAFETY AND COST SAVING TIPS FOR RENTERS

Consider renters insurance before moving into your first apartment. Remember, your landlord's insurance coverage does not cover your personal belongings for theft and other normal losses. There are some ways to help keep the cost of insurance down.

1. Check with your insurance agent about the following: policy exclusions (what's not covered and what has limited coverage), any endorsements you should consider (like replacement cost coverage on your possessions) or available discounts (for multipolicy or apartment security systems).

2. Consider increasing your insurance deductible. The higher the deductible you select, the less you pay in premiums.

3. Make sure the policy limits are enough to cover all the property that moves in with you. A good way to determine adequate coverage is to prepare an itemized list of all items in your apartment—furniture, clothes, and electronic and other equipment—which will force you to think about all the things you own and how much it would cost to replace them.

4. Consider videotaping or photographing all your belongings. In the event of a claim, this will help you recall all your possessions and help serve as proof that you had these items in your apartment at the time of the loss. Be sure to keep the video or pictures off premises, perhaps in a safe deposit box.

5. Shop around to compare rates, services and claims procedures of several insurance companies and agents.

6. Protect your property and premises from losses. Some tips: remember to lock apartment doors and windows when leaving; don't invite crime by leaving expensive items in direct view of open windows; use timers on lights and radios to give the apartment that "lived-in" look when you're away.

QUIZ

Would your renters insurance policy provide protection for the losses listed below? Circle "yes" or "no" and explain why or why not.

1. Last spring damage from a tornado made your apartment uninhabitable. Until repairs were completed, it cost you \$1,200 more to live in a motel and to eat out in restaurants than it cost to live and eat in your apartment. **Yes** **No**
2. Your car is stolen from the apartment parking lot. **Yes** **No**
3. While you are out doing your grocery shopping, a hail storm breaks a window in your apartment and the sofa that was sitting by the window is ruined by the rain. **Yes** **No**
4. A salesman enters the yard of the house you rent. Your dog, hidden behind the fence, startles the salesman at your door. He turns, misses the step and strains his back resulting in a \$400 doctor bill. **Yes** **No**
5. Someone breaks into your apartment while you're out and vandalizes your belongings. **Yes** **No**

activities

- Create an inventory of every item in your bedroom (don't forget the stuff in closets/drawers). You can download free inventory software at www.knowyourstuff.org. Check online for the cost to replace each item.
- What additional property would you have to acquire to furnish your first apartment? List these items and figure the cost from your research.
- Divide into groups and debate the pros/cons of carrying insurance for your apartment.
- If every item in your apartment were destroyed, could you afford to replace each item? What things would you replace first, second, etc., if you did not have insurance? Prioritize the list.
- Play OII's Renter's Insurance Edu-game. www.ohioinsurance.org/teachers/renters-edu-game.asp.



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understanding
Renters home OWNERS
insurance



Representing Ohio's property/casualty insurance industry

Imagine yourself a year or two from now. You've just moved into a new apartment and recently purchased new furniture, a stereo and a TV. Stop and think—what happens if you come home one evening to discover you've been burglarized? Or, what happens to you if someone is hurt while on your property? Could you pay their medical bills? Or, in case you live with your parents, how would you replace your belongings if their home and everything in it was destroyed by fire?

How do you recover from any of these losses? Renters/homeowners insurance should be a consideration to provide protection for your possessions and your legal responsibilities to others.

understanding Renters home OWNERS insurance

What's covered

Renters/homeowners insurance covers your home and personal property (contents), and also provides liability protection. Renters insurance does not provide coverage to the building itself because you don't own the building. Like other types of insurance, renters/homeowners insurance is available with deductibles. By agreeing to pay for small losses, you keep your insurance costs down. Remember, you choose the amounts of insurance coverage and these would be the limits for each type of loss.

CONTENTS



The contents portion of your policy covers your personal property such as furniture, clothes, appliances, stereos and other valuables. You are protected not only in case of theft but also from damage to your property by fire, lightning, wind, hail, vandalism, smoke damage and other causes of loss.

Your insurance policy may not cover everything you own. There may be limits on certain items such as money, jewelry, guns or furs. To obtain additional protection for these things, investigate the availability of "scheduled property endorsements" with your insurance representative. For an additional premium, you can cover these special items at their appraised value.

LIABILITY



Liability insurance protects you from claims or judgments made against you by others injured while on your property. It also provides protection for any injuries caused by you or your family on or off the premises. In addition, it covers damage to others' property, the cost of defending you in court due to a lawsuit, and it pays the injured person's medical bills regardless of fault.

STRUCTURE



Unlike most homeowners policies, the renters insurance policy does not cover structures such as the apartment building and garages. Since you do not own the building, this coverage is unnecessary. However, you still might be held responsible for damage to the building, so you need to make sure that you carry adequate liability limits.



ADDITIONAL LIVING EXPENSES/LOSS OF USE

If your home or apartment becomes uninhabitable due to an insured loss, the policy provides coverage for above-normal expenses (like room and board) up to a stated amount. This "loss of use" coverage is standard in both renters and homeowners policies.

When shopping for any type of insurance, ask the insurance agent or representative what's not covered by the policy. All policies contain "exclusions" and it's best to find out ahead of time what will not be covered in the event of a loss. Oftentimes, coverage can be "bought back" through an endorsement to the policy.

Endorsements are options that can be added to your policy which modify or extend the coverage outlined in the basic policy. An additional premium is normally associated with each endorsement.

What's not covered

Settling YOUR claim



If you have a loss covered by the policy, there are two ways your claim can be settled. One is through the *actual cash value (ACV)* method. ACV is based on the principle that over time, items lose some of their value and are not worth as much as when they were new. For example, a sofa you purchased five years ago probably would be worth much less if you tried to sell it today. If damaged, the depreciated

value to the sofa would be the amount paid for the loss. Actual cash value is the cost to replace an item minus an allowance for depreciation, wear and obsolescence. This type of settlement is normally used when you've suffered a loss of personal property.

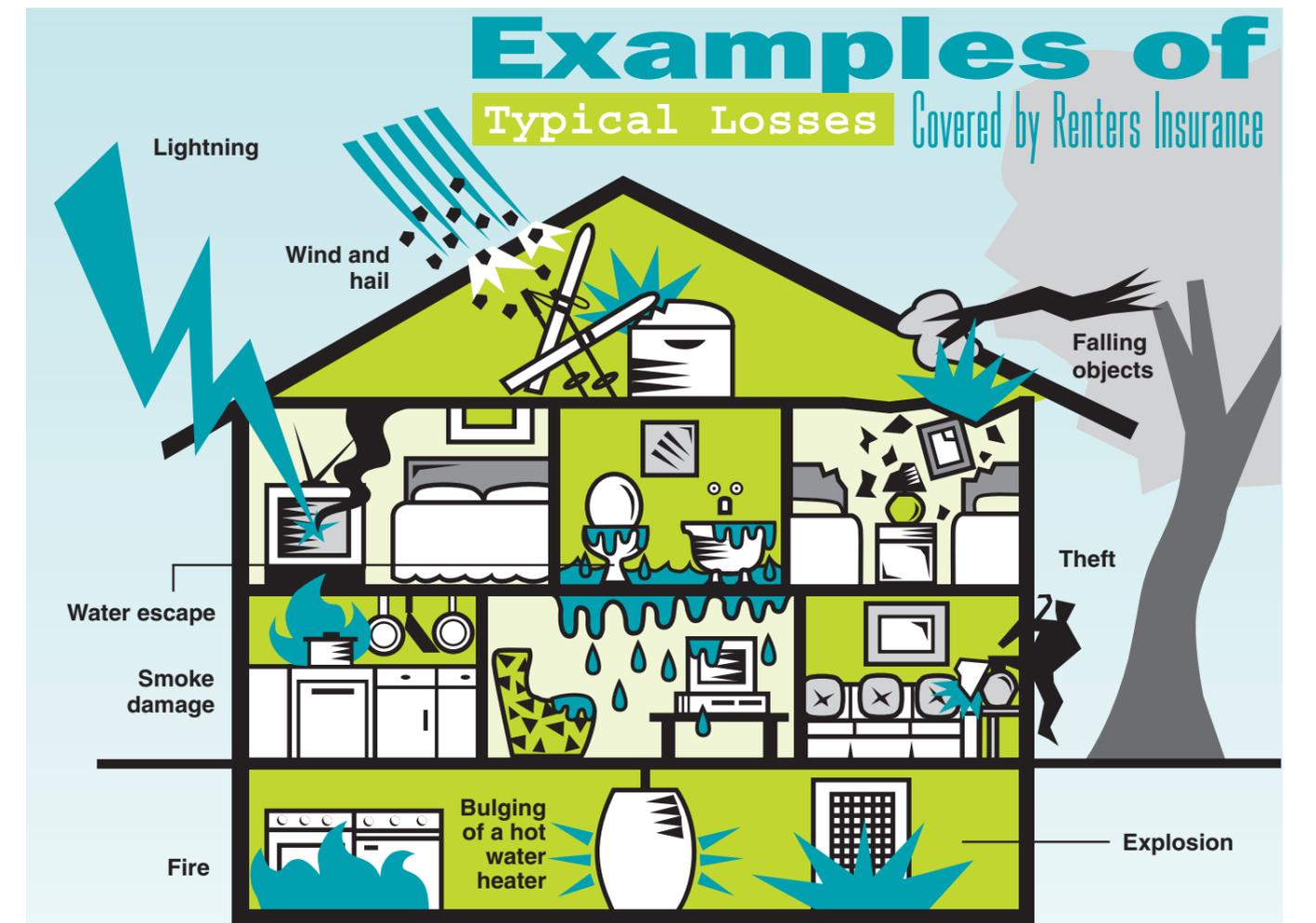
Another way your claim can be settled is through *replacement cost*. This coverage often applies to the house itself, as long as the owner maintains adequate insurance coverage. Many companies now offer replacement cost coverage for your personal property too. You can add the replacement cost endorsement to your policy for an additional premium. Using the same example, the damaged sofa could be repaired or replaced at today's prices. This means that you can replace or repair your damaged sofa without any type of depreciation.

Claims Adjusting PROCESS



When a loss occurs, it is your responsibility to report the loss to the insurance agent or company in a timely manner. It is the company's duty to assign a claims adjuster to evaluate the loss and work with you to determine fair compensation for the loss.

Insurance policies state that the insurance company will "repair or replace" the damaged property, based on the magnitude of the loss and the policy limits you selected.



Note: These are not the only types of covered losses