
C H A P T E R 6

Renters Insurance

Learn all the information you need to know to make informed decisions and protect your valuables and material possessions.

As a renter, you need insurance for your belongings. Many people think their possessions inside their rented apartment or home are automatically covered by the insurance their landlord or property management company has on their building. This is false information. If something happens to your belongings and you don't have renter's insurance, you will lose them and have to pay to replace them yourself.

Casey Anderson, a junior in college, works and goes to school full time. For two years, she has lived in an apartment complex with two close friends. She enjoys spending time with friends, going on hikes, and attending the occasional party. No event or situation has negatively tainted college life for her - except one.

One fall night, Anderson was at work and so was one of her roommates. The third roommate was frying okra for dinner, but she walked away from the kitchen to answer the phone, leaving the okra in oil on the stove. She completely forgot about the okra when she heard some exciting news from her friend on the phone.

Fifteen minutes passed and the neglected okra caught fire. Hot flames moved quickly from the frying pan to the droplets of grease splashed on the stove's surface, building momentum. Smelling the smoke, Anderson's roommate rushed into the kitchen. In a panic, she filled a dishpan with water and threw it onto the flames. The fire continued to spread.

Within seconds, the smoke from the flames engulfed the entire kitchen, setting off the smoke alarm and eventually the water sprinklers. Fortunately, the pressure from the sprinklers put out the fire. But it didn't end there.

The sprinklers don't turn off until someone shuts them off manually, and unfortunately for Anderson and her roommates, no one was working in the office at this time of night. The sprinklers continued to spray water. Even though fire fighters arrived within minutes, it was too late and the entire apartment was flooded.

Hearing what happened, Anderson left work and hurried home. Coming back to an almost destroyed kitchen and flooded apartment was not easy. All of her possessions were ruined by water. Her laptop, furniture, CDs, movies, TV, stereo equipment, textbooks, clothes, and shoes were completely soaked and destroyed.

Luckily Anderson had renters insurance.

The majority of students at her college had never heard of renters insurance. While it is not required, it is just as necessary to have as car insurance. The biggest misconception when renters sign a lease is that the insurance is already provided. Your apartment building is protected by insurance, *but your possessions are not*.

Renters insurance will not only protect your personal items, but it will also give you liability protection, such as paying medical expenses for people injured on your property or a lawyer if you are sued by someone who is unintentionally injured there.

Renters insurance also covers living expenses if you have to stay in another place while your apartment is being remodeled after a fire or other damage. This is called **loss of use** coverage.

The best kind of coverage is **replacement cost**. It pays to replace an item that was destroyed or stolen. It's a little more expensive than the other type, known as actual cash value. **Actual cash value** pays the current value of the item. For example, a computer that is five years old would only be worth the price you would pay for a computer that old. Replacement cost would buy you a new computer.

You should compile all of your items in an inventory, just like homeowners do for their insurance claims. Use your digital camera to do this and keep the receipts and serial numbers for all electronic equipment. Put this information in a safe place that is fireproof. It's easier to do this before you have a claim on your insurance. Remembering what you had when it's gone is really

