



Don't Underestimate the Value of Renters Insurance

By John D. Doak, Oklahoma Insurance Commissioner

Despite its long list of benefits, just 31 percent of renters purchase a renters insurance policy. But renters face the same risks as homeowners including severe storms, fires, thefts and earthquakes. Many renters assume their landlord's insurance protects them, but that's just not true. That coverage only applies to the structure, not the tenants' belongings.

Renters insurance includes three important types of financial protection: coverage for personal possessions, liability protection and additional living expenses. Loss of belongings can range from damage caused by fire, smoke, lightning, vandalism, theft, explosion, windstorm and water (not including floods). If your home or apartment is damaged by a covered event and you have to live somewhere else, most policies will reimburse you the difference between your additional living expenses and normal living expenses.

Most renters' insurance policies also offer liability coverage, which can protect you if you are sued due to an accident that occurred at the rental property. The liability policy will also cover the actions of your pets, reasonable medical payments for anyone injured on the premises and damage to the property of others.

For those who think they can't afford renters insurance, consider this. The average cost is just \$185 per year, according to the National Association of Insurance Commissioners. That's about \$15 a month, which is very affordable. You'll also want to shop around for policies based on the specific amount of coverage you need. In order to determine the correct coverage amount, you'll need to take inventory of what you have and determine a value for your belongings. According to Bankrate, the average renter has more than \$20,000 in possessions. You can get either a replacement-cost policy, which will pay to replace your possessions up to the policy's dollar limit, or a cash-value policy, which will pay only what the items are worth when stolen or damaged.

Always remember to ask about discounts. Most insurers offer discounts for having a security system, smoke detectors and deadbolt locks. Multi-policy, good credit and senior citizen discounts are also often common money savers.

Of course, to make sure you're properly compensated for any belongings lost in a fire, storm or other catastrophe, you need to create a home inventory. List each item along with its value and serial number. Photograph or videotape each room, including closets, open drawers, storage buildings and the garage. The inventory and receipts for major purchases should be kept in a fireproof place or a safe deposit box.

For more information or help with other insurance questions, please contact the Oklahoma Insurance Department's Consumer Assistance Team at 1-800-522-0071.