

## Understanding the Basics of Renter's Insurance

You get home from a long day at work to discover your TV, stereo and computer missing. The chances of getting your electronics back aren't good but can you afford to replace them? Or, there is a fire in your place or your neighbor's place, the property manager will make repairs to the unit but can you replace your fire and smoke damaged belongings? What if someone is injured in your place? You could be held liable in a lawsuit.

Similar to homeowners insurance, renter's insurance covers your property losses in a variety of situations including fire, hail, theft and electrical current damage. It also covers your liability if someone is injured in your place or by your pet.

Many people don't have renter's insurance because they think it will be too expensive; however, it can be very affordable. You may not think you own much, but the cost of replacing ALL your belongings can possibly be required if a fire does break out and can become very expensive. Also, premiums can be lowered by having smoke and fire detectors and security systems. A common misconception is thinking you'll be covered by the property manager's insurance. Their insurance covers the building but not your belongings or liability. In fact, many property management companies require residents to have renter's insurance.

As with any insurance, you should contact multiple companies for rates. Be sure to check with your insurance company about discounts for multiple policies. Also ask friends, family and coworkers for recommendations and search online before making a selection.

Be sure you understand what the insurance covers. Floods and earthquakes aren't typically covered and you'll need to buy special coverage if you live in areas prone to those types of natural disasters. Coverage for wind damage from hurricanes can require you to buy a special rider. A rider provides additional coverage for something not specifically in the primary policy.

When looking for coverage, see if the company will pay for "actual cash value" (ACV) or "replacement cost value" (RCV). ACV will cover what your property was worth when damaged or stolen. RCV will cover what it costs to replace the property. In both instances you'll have to pay a deductible first. RCV will have higher premiums but will pay out more if you file a claim. Let your agent know if you have expensive items such as antiques or jewelry. You may need to purchase a separate rider for these items.

When you've selected the company, contact a local agent to write a policy that is right for you. Take an inventory of your belongings. Pictures will help you remember the items that are located in each room and keep proof of ownership if an unexpected accident were to occur.