



# ***Renting a Home***

## ***Renters Insurance***

# ***Renting a Home: Renters Insurance***

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You will need to purchase renters insurance after the lease is signed and before you move in. Renters insurance is a special type of insurance that can protect your property such as televisions, stereos, clothing, furniture, jewelry, carpets and appliances if damaged or stolen. Renters insurance also protects against lawsuits for unintentional damage or harm you or your family may cause to others or their property.

Most policies cover property loss from theft, fire, windstorms, hail or smoke damage. Losses from some causes are excluded so read the policy carefully. For example, renters insurance does not cover damage from floods, hurricanes or earthquakes. Separate policies can be purchased to cover these.

Renters often think that the landlord's insurance will protect them in case of fire, theft or accident. While most landlords carry insurance, it does not pay for losses to a renter's personal property. Renters who do not have insurance on their personal property may be left with nothing in the event of damage to the rental property. Renters without liability insurance have no protection from lawsuits for any harm they may cause to others or their property.

For example, if your barbecue grill starts a fire that damages or destroys the apartment building, you could be responsible for damages to the entire structure. The landlord's insurer could sue you for the amount paid to the landlord. If the landlord was uninsured, he or she may sue you directly.

You also could be sued by other tenants or visitors for injuring them or damaging their property.

Most policies also will reimburse you for temporary living expenses if your apartment is damaged and you must find another place to live while repairs are made. The amount you receive is often stated as a percentage of the personal property coverage. For example, a policy with \$25,000 coverage and a 20 percent temporary living expense limit would cover up to \$5,000.

## **Insurance costs**

The cost of a policy is affected by a number of factors. One of these is the amount of coverage you buy. The more property you have, the more it will cost to cover it. So a \$50,000 policy will cost more than a \$25,000 policy.

The deductible is another factor affecting the cost of the policy. The deductible is the amount that you will pay before the insurance will begin to reimburse you for loss of property. In effect, you are self-insuring for small losses up to the deductible amount. (There is no deductible for liability claims.) The idea is to insure against big losses but take care of the small, occasional losses yourself. A \$250 deductible is fairly common but if you increase the deductible to \$500 you can lower the cost of the policy. If you have an emergency fund as part of your money management plan, you can afford to take care of losses up to the \$500 limit. Over time, the lower cost of the policy can contribute to your savings

and other financial goals.

The kind of property coverage you choose also will affect the cost of a policy. Actual cash value coverage is the value the item minus depreciation for normal wear and tear. This is the standard coverage provided by policies. You can buy a policy that will provide replacement cost coverage. This will replace a loss with a comparable item at today's price. For example, a television purchased five years ago for \$400 may have an actual cash value of only \$50 today. Because the cost of items can rise, the replacement cost for the same television might be \$500 or more today.

Before you buy renters insurance, know the safety and security features of your unit. Ask for discounts based on these features. The unit and property should be equipped with such things as smoke and carbon monoxide detectors, fire sprinklers, escape pathways and lighted exits, emergency lighting, security systems and deadbolt locks.

### **How much is enough?**

Renters should not underinsure just to save a little money. It is important to buy the coverage that protects what you have. To figure out how much insurance you need, make a written inventory of clothing, jewelry, electronic gear, books, CDs and other household goods. Write the name, cost, purchase date, model and serial number on the inventory. If you use a credit card for most purchases, check past statements for prices and dates. If you pay by check, consult your checkbook register or carbon check duplicates. If you do not have cost and date information, make estimates of the cost and approximately when you think you bought it. Clothing and furnishing catalogs can help in the estimating process.

The total value you calculated will give you a good estimate of how much coverage to buy and can be helpful if you file a claim. You can support

the inventory with a video or photographs of your personal property. Keep this initial inventory, video or photographs in a safe place away from the apartment – just in case. Keep a copy of the inventory handy so you can update it as you buy new things and get rid of items you no longer need. Keep receipts for expensive items. Once or twice a year, copy the updated list and make a new video as needed.

### **Finding an insurance company**

Start by asking family, friends and co-workers about companies they use. Be sure to consider factors other than cost, such as a company's customer service record and financial strength. Buy only from licensed companies and agents. To find out if agents or companies are licensed call the New Mexico Public Regulation Commission Insurance Investigation Bureau at (505) 827-4439 or write to them at Post Office Box 1269, Santa Fe, New Mexico 87505.

The price of renters insurance varies from company to company. It is a good idea to compare price, coverage, exclusions and discounts from at least three different companies. When comparing prices, be sure you understand the amount of coverage different policies provide. You may get a multiple policy discount and save money if you buy from the company that covers your car and life insurance.

It is important to know if your insurance company is financially sound and will be in business and able to pay a claim if necessary. Companies that rate insurance companies on their financial strength include:

A.M. Best Company, Inc.  
Ambest Road  
Oldwick, NJ 08858  
908-439-2200  
<http://www.ambest.com>

Moody's Investor Services  
99 Church Street  
New York, NY 10007  
212-553-0300  
<http://www.moodyys.com>

Standard & Poor's Insurance Ratings Services  
55 Water Street  
New York, NY 10004  
212-438-2000  
<http://www.standardandpoor.com>

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## Household Property Inventory Spreadsheet

Living/Family Room	Date Purchased	Purchase Price	Model Number	Serial Number
Rugs				
Curtains/Drapes/Sheers				
Sofa				
Chairs				
Coffee Table				
End Tables				
Occasional Tables				
Art Work/Photos				
Wall Hangings				
Mirrors				
Floor Lamps				
Table Lamps				
Writing Desk				
Piano				
Musical Instruments				
Clocks				
Planters/Plants				
Magazine Rack				
Bookcases				
Book Collection				
Accessories				



## Household Property Inventory Spreadsheet (Cont.)

Kitchen/Laundry	Date Purchased	Purchase Price	Model Number	Serial Number
Table				
Chairs				
Curtains				
Refrigerator				
Freezer				
Dishwasher				
Range				
Microwave				
Small Appliances				
Radio/Television				
Clock				
Dishes				
Cutlery				
Flatware				
Pots/Pans/Skillets				
Utensils				
Bowls				
Kitchen Linen/Towels				
Washer				
Dryer				
Step Stool				
Drying Racks				

## Household Property Inventory Spreadsheet (Cont.)

Home Office	Date Purchased	Purchase Price	Model Number	Serial Number
Computer Desk				
File Cabinet				
Bookcases/Storage Units				
Laptop/CPU				
Keyboard/Mouse				
Printer				
Speakers				
Wireless Hub				
Storage Devices				
Computer Disks				
Books/Manuals				
Software Packages				
Home Theater	Date Purchased	Purchase Price	Model Number	Serial Number
Television				
Video Tape Player				
Stereo/Radio Receiver				
Satellite Receiver				
DVD Player				
CD Player				
External Speakers				
MP3 Player				
Bookcases/Storage Units				
Records/Audio Tapes				
Video Tape Collection				
CD Collection				
DVD Collection				

**Renting a Home: Renters Insurance**

## Household Property Inventory Spreadsheet (Cont.)

Other Electronics	Date Purchased	Purchase Price	Model Number	Serial Number
Radios				
Televisions				
Video Camera				
Camera				
Master Bedroom	Date Purchased	Purchase Price	Model Number	Serial Number
Rugs				
Curtains/Drapes/Sheers				
Bed				
Mattress/Springs				
Night Stand				
Chairs				
Dressers				
Dressing Tables				
Lamps				
Mirror				
Cedar Chest				
Sewing Machine				
Sewing Table				
Desk				
Clocks				
Radio				
Television				

## Household Property Inventory Spreadsheet (Cont.)

<b>Master Bath/Closet</b>	<b>Date Purchased</b>	<b>Purchase Price</b>	<b>Model Number</b>	<b>Serial Number</b>
Bath Linen				
Bed Linen				
Clothes Hamper				
Shower Curtain				
Personal Care Appliances				
Scale				
Shoe & Belt Racks				
Clothing				
Shoes				
<b>Bedroom Two</b>	<b>Date Purchased</b>	<b>Purchase Price</b>	<b>Model Number</b>	<b>Serial Number</b>
Rugs				
Curtains/Drapes/Sheers				
Bed				
Mattress/Springs				
Night Stand				
Chairs				
Dressers				
Dressing Table				
Lamps				
Mirror				
Cedar Chest				
Desk				
Clocks				
Radio				
Television				

## Household Property Inventory Spreadsheet (Cont.)

Closet	Date Purchased	Purchase Price	Model Number	Serial Number
Shoe & Belt Racks				
Clothing				
Shoes				
Bedroom Three	Date Purchased	Purchase Price	Model Number	Serial Number
Rugs				
Curtains/Drapes/Sheers				
Bed				
Mattress/Springs				
Night Stand				
Chairs				
Dressers				
Dressing Table				
Lamps				
Mirror				
Cedar Chest				
Desk				
Clocks				
Radio				
Television				
Closet	Date Purchased	Purchase Price	Model Number	Serial Number
Shoe & Belt Racks				
Clothing				
Shoes				

## Household Property Inventory Spreadsheet (Cont.)

Bathroom	Date Purchased	Purchase Price	Model Number	Serial Number
Bath Linen				
Bed Linen				
Clothes Hamper				
Shower Curtain				
Personal Care Appliances				
Scale				
Hobby/Recreation	Date Purchased	Purchase Price	Model Number	Serial Number
Special Equipment				
Special Storage				
Collected Items				
Fishing Gear				
Hunting Gear				
Garage	Date Purchased	Purchase Price	Model Number	Serial Number
Hand Tools				
Automotive Tools				
Power Tools				
Special Storage				

## *This resource is one in a series on Renting a Home which include:*

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### **Deciding to Rent**

Advantages and Disadvantages of Renting  
Who Will Live There? More About Roommates  
What Can You Afford?  
What Do You Want?

### **Finding a Home to Rent**

Finding a Rental Unit  
Comparing Rental Units  
Renting a House  
Renting With an Option to Buy

### **The Rental Process**

The Rental Application  
Your Right to Fair Housing  
Rental Contracts

### **Legal Aspects of Renting in New Mexico**

Regulation of Rental Contracts  
New Mexico Rental Law  
Military Personnel

### **Moving Into Your Rented Home**

Renters Insurance  
Verifying the Condition of the Rental Unit

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