

Renters Insurance

One of the advantages of renting a home instead of owning is that you're off the hook for most repairs and maintenance expenses. Broken faucet? Call the landlord! Fire damage in your kitchen? Homeowners or renters insurance may cover it.

This may all sound dreamy, but what happens when you have to vacate the home for a while or replace your belongings because your kitchen sink overflowed everywhere? Will your landlord's insurance pay for another place for you to live? Will they buy you a new rug and pay for the dinners out because you can't cook in your hotel room? Probably not.



That's why **renters insurance**—also called tenant liability insurance—is one of the smartest investments you can make when you lease a house or apartment. It's generally very inexpensive (an **average** of about \$10-\$20 per month), but can cover a wide range of issues that your landlord's insurance policy doesn't.

What Does Tenant Liability Insurance Cover?

- **Personal possessions:** You're right to be thinking about protecting your jewelry, art and expensive electronics. But don't forget about the other items that you'd need to replace in the event of a disaster, such as sheets and towels, rugs, kitchen gear, books and clothing. That can all add up quickly.
- **Liability:** Generally, this involves any liability for injuries or property damage you or your family members cause to others. So let's say your kid dumps a can of paint on the neighbor's couch and it's unsalvageable. The bad news is that you're going to have to replace the couch—but the good news is that this is the kind of thing renter's insurance will cover. (But if your kid ruins *your* couch with that paint—sorry, you're on your own with that one.)
- **Additional living expenses:** If your home becomes uninhabitable due to a disaster that needs repair, this policy covers additional costs for temporary lodging and dining expenses you may incur while you're displaced.

How Much Coverage Should I Get?

There are two terms to understand when you buy renters insurance: “actual cash value” and “replacement cost.” The first one commonly takes the age of the item and its condition into account, and the other pays up to the amount you actually spend to replace the item. So, for example, if a fire ruined your five-year-old printer, you'd get back a fraction of what you paid for it with an “actual cash value” policy; with a

“replacement cost” policy, you'd receive the actual cash value of the printer to put towards buying a new printer. If the printer is more than the actual cash value, you will be reimbursed the difference.

To figure out the value of your policy and what you should count among the covered items, imagine that a fire wipes out all your possessions and start from there. One of the smartest moves you can make is to create an inventory of all your belongings and their estimated value, because, if they're destroyed, it might be hard to remember everything you had.

Make that inventory complete with photos and videos (and receipts, if you have them), and keep it safe somewhere away from your home like in a cloud-based digital archive.

The cost of your policy depends on many factors—talk to your agent about discounts for having good security measures and bundling renters insurance with other types of policies such as auto.

You'll also want to be clear on exactly what is on your policy and how much of a deductible there is—there may be a limit for, say, jewelry or valuable antiques, so look into additional coverage (or “endorsements”); sports equipment such as a bike is likely not covered. An umbrella policy will cover huge liability claims that go beyond what a regular policy will. Damage from floods and earthquakes are often not covered in a standard policy and require an additional policy.

We know it's more fun to spend money on other things—but when you invest in protecting everything in your home, you're getting peace of mind in return.

Call Amber Rice Manella at Gallen Insurance to prepare a renters insurance quote for you today. 610-898-6510.



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