



What's UP with Renters Insurance?

Renters insurance is a bargain compared to most kinds of insurance. It's the best way to make sure you'll have cash to repair or replace your belongings if a fire or natural disaster damages/destroys your home. **Buy it if you can.**

The following are tips on buying renters insurance from United Policyholders (UP). UP is a non-profit consumer organization. We don't sell insurance or accept donations from insurance companies. We give you the straight scoop.

After you read these tips, use our ***Renters Insurance Comparison Shopping Guide***, call around and use the Internet to get a few "apples to apples" premium quotes.





When does Renters Insurance come in handy?

Typically renters insurance will cover you after:

- Someone breaks into your home and steals your stuff
- A fire damages or destroys your home
- A guest gets injured while visiting you
- You're robbed while traveling

Basic renters insurance will *not* cover you after:

- You intentionally damage or destroy your home
- An earthquake damages or destroys your home
- A flood damages or destroys your home

How do I buy Renters Insurance?

Figure out how much and what you need

- **Create a basic inventory list of everything you own:** Start with the most valuable items. A convenient time to do this is when you are packing or unpacking for a move. To create your inventory on a computer, you can use a free Home Inventory spreadsheet (www.uphelp.org). Another option is to use a simple inventory booklet, available from the California Department of Insurance by calling 1-800-927-HELP.
- **Do the math:** Estimate approximately how much it would cost to replace the items on your inventory.
- **Store your inventory in a safe location online or outside your home:** If you ever have a loss and need to file a claim, the insurance company will ask you to itemize every item that was damaged or destroyed. Having a pre-loss inventory will be a huge time and hassle saver.
- **Think about your local risks:** Fires and theft can happen anywhere; earthquakes and floods are more region-specific. You may need to buy a separate policy for earthquakes and/or flooding.

Find the policy that best fits your wants and needs

- **Shop Around:** Use our Comparison Shopping Guide, search the Internet, call toll-free numbers, and see what competing insurance companies offer. If websites lack detail, get in touch with an **insurance agent** or **broker**.
- **Find a good Agent or Broker:** "Captive agents" can only sell one insurer's policies so they offer fewer choices. "Independent agents", also called "brokers", sell a wider array of choices.
- **Ask for discounts:** Don't wait for insurers to offer. Most insurers will give you a discount for buying your renters and auto insurance through them. Discounts may also be available for having an alarm system and/or good credit.
- **Aim for Replacement Cost (RC) not Actual Cash Value (ACV) coverage:** These are the two types of personal property coverage – RC is better, ACV is cheaper. If you have RC coverage, your insurance company will reimburse you for the actual cost of replacing what you lost. If you only have ACV, your insurance company will pay what a willing buyer would have paid you immediately before the loss. We **strongly** recommend replacement cost coverage if you can afford it.
- **Customize your safety net:** A standard renter's policy has caps/limits on payments for certain items such as business equipment, jewelry, firearms and electronics. If you work from home, have collections, art or high value items, consider buying extra coverage, known in insurance lingo as a "rider" or an "endorsement."
- **Higher deductibles = lower premium:** Your deductible is a set dollar amount of a loss that you absorb before insurance kicks in. Ask for a higher deductible if you want to pay less for your insurance.



What do you get when you buy a Renters Insurance policy?

Coverage for Personal Property (“your stuff”): Insurance to repair or replace your damaged or stolen furniture, clothing, and household items that belong to you. A typical renter’s policy limits payments for business property, fine art, collections, jewelry and other specific items.

Loss of Use: Insurance to pay for hotel bills, a security deposit and additional rent if your home is damaged and you have to move into a more expensive apartment while it is being fixed. Some insurance companies pay for loss of use up to a set dollar amount. Others will cover you for a set amount of time for a living space similar to what you had, usually for a maximum of 12-24 months. We strongly recommend coverage for the longest maximum time you can afford, as it frequently takes longer to repair a damaged property than you think.

Liability Coverage: This protection pays for legal costs if someone claims you are responsible for damage or injuries. For example: Your crepes flambe experiment fails and you cause a cooking fire that damages a next door apartment, or you host a party and a guest slips in a spilled drink and fractures their skull. A minimum amount of this protection is included in a basic renters policy. We recommend buying extra liability protection. It’s usually not expensive to add.

A typical renter’s insurance policy covers

Coverage C (Personal Property)	An amount, designated by the insured, subject to a minimum as determined by your insurance company
Coverage D (Loss of Use)	20% of Coverage C
Coverage E (Personal Liability)	Generally subject to a minimum of \$100,000
Coverage F (Medical Payments to Others)	Generally subject to a minimum of \$1,000

CA Department of Insurance “Residential Insurance, Homeowners and Renters Guide,” August 2008



How Deductibles Work

If you have a policy with a \$500 deductible and a robber steals \$2,000 worth of stuff, you can file a claim with your insurance company, and they will give you a check for \$1,500. (A \$2,000 loss minus the \$500 deductible equals \$1,500 claim payment.)

If you have a policy with a \$500 deductible and a robber steals \$400 worth of stuff, your insurance company will not pay you anything, because the loss is below your deductible. For a loss that is **below** your deductible, it is wise to pay for the damage yourself and not to file a claim with your insurance company. The more claims on your record (paid or unpaid), the more you pay for insurance.

If there are earthquakes where you live, consider EQ Insurance

A basic renter's insurance policy **won't cover losses caused by earthquakes**. If you live near a fault and want to protect your belongings, you need to add earthquake to your basic renters insurance. Earthquake insurance covers the cost to repair or replace your personal property and your temporary extra rent or hotel bills if you need to move out while your place is repaired/rebuilt. **You must have basic renter's insurance in order to add or buy separate coverage for earthquakes.**

Earthquake insurance for California renters is mostly available through a government program called **The California Earthquake Authority (CEA)**. There are a few companies that sell it outside of the CEA.

CEA Renters Insurance:

Personal Property (Coverage C)

- The base policy for personal property provides up to \$5,000 to replace your property. You can increase this coverage up to \$100,000. There is a \$750 deductible for your personal property no matter how much coverage you buy.
- When determining how much coverage you want for your personal belongings, remember that there are exclusions to what is covered. Here is a **partial list** of what Coverage C will **not** replace:
 - o Pets, bird, fish, livestock, or other animals
 - o Artwork, photographs or ceramics
 - o Motor vehicles (and stuff inside) or trailers
 - o Glassware, crystal, porcelain, or china
- Coverage C will only replace up to a certain amount for certain items including:
 - o Up to \$3,000 for damage of computers and electronic data processing equipment
 - o Up to \$1,000 for business equipment including storage media and software
 - o Up to \$250 for cash, coins, bank notes etc.

Loss of Use (Coverage D)

- Basic Loss of Use coverage is \$1,500 and can be increased up to \$25,000. It covers your living expenses above and beyond what they were before you lost the use of your rental home due to damage or destruction. There is no deductible for loss of use.

Non-CEA Renters Insurance:

If you prefer not to be insured through the CEA, contact an insurance agent or broker or research online to get a quote from a non-CEA company. If the company that insures your home is not a CEA participating company, they must by law offer to sell you earthquake insurance. In most cases they will offer you a "mini-policy" with very basic, minimal limits. Be sure to check the deductible and ask how much damage would have to occur before you would collect benefits.



Photo by Darryl McElroy, courtesy of Visit Oakland



Renters Insurance Comparison Shopping Guide



Compare at least three insurance companies	1	2	3
\$ _____ Personal Property Coverage (Ask for Replacement Cost)			
Loss of Use (How many months and dollar amount)			
Liability			
Deductible			
Limits on Specific Items (eg: computers, art, etc.)			
Premium			
Add Earthquake Insurance			
\$ _____ Personal Property Coverage			
\$ _____ Loss of Use			
Deductible			
Annual Premium with Earthquake Coverage			
Discounts?			
Non-Smoker			
Fire extinguishers in home			
Home security system			
Proximity to fire station			
Other discounts			



Our Mission

United Policyholders (UP) is a 501(c)3 non-profit that is a voice and information resource for insurance consumers across the country. We are on your side and want your insurance to protect you. We do not sell insurance and do not accept donations from insurance companies. We are consumer advocates...we want you to be treated fairly and get your money's worth. By using our buying tips, you can avoid many of the problems we've seen in our twenty years helping people with home, business, health, life, disability, and auto insurance claims.

The **Roadmap to Recovery** program gives individuals and businesses free tools and resources to use after an accident, loss, illness, or other adverse event. These include a library of claim tips, sample forms, educational videos, professional help directories, and articles written by leading experts in personal finance.

The **Roadmap to Preparedness** program teaches financial and disaster preparedness through insurance literacy outreach and education in partnership with civic, faith based, business and other nonprofit associations.

The **Advocacy and Action** program advances pro-consumer laws and public policy related to insurance matters.

