

FROM HOMEOWNER TO RENTER:

What You Need to Know about Renter's Insurance

As the national economy has weakened, more people are losing their homes to foreclosure. Others are choosing to downsize by selling their houses and moving into apartments. Consumers who are renters again after being homeowners might not think about the need to continue insurance coverage, or might believe they do not need this protection.

Most homeowners have a mortgage and therefore must buy insurance as a requirement of their loan. Renters, however, have a choice and many renters decide to go without renter's insurance, even though they face many of the same risks as homeowners. Some common rationales for this decision include:

- **"My landlord has insurance, so I'm already protected."** Your landlord has coverage for structural damage to the building, and might have coverage against damage caused by tenants. However, this coverage does not protect your personal property, nor does it cover your responsibility for damage you might inadvertently cause to the building—such as a kitchen fire or a plumbing mishap.
- **"Renter's insurance is too expensive, and I already have enough bills to pay."** The average renter's insurance policy costs between \$10 and \$30 per month. Replacing all of your possessions or being liable for an accident on your premises would likely cost much more. You should consider finding room in your budget for this relatively inexpensive protection.
- **"I don't have that many valuables; renter's insurance isn't worth the cost."** Renter's insurance policies can cover everything from electronics to clothing to household appliances. Even a minimal number of items could add up to thousands of dollars' worth of merchandise, especially with the computers and audio/video electronics common in today's households.

Consumers familiar with homeowners insurance might not understand how renter's insurance can protect them. The Maine Bureau of Insurance and National Association of Insurance Commissioners (NAIC) offer these tips for former homeowners who are now renting:

1. **How much renter's insurance do you need?** Talk to your insurance company representative or agent about the property you want to protect and the property hazards you would like to be insured against. Your agent can give you coverage specifics based on the type of policy you want. Agents can answer important questions you might have about:
 - What hazards your policy covers and whether you need a separate policy for specific circumstances
 - If your policy covers your roommates, if you share a rental
 - How you should determine value for your items
 - What some of the insurance terms mean or what they include
 - What optional coverage might be available to you
 - How much liability coverage your policy provides

2. **Can you get a discount on renter's insurance if your residence has particular safety features, like a burglar alarm?** Many insurers will reduce your premiums if you have fire or burglar alarms, fire extinguishers, sprinkler systems and/or deadbolts on exterior doors. Some companies might also offer discounts if you have more than one policy with them, such as an auto insurance policy. Be sure to ask about any discounts that might be available to you.
3. **Are you covered in the case of a flood or earthquake?** These natural disasters are not generally covered by either a renter's or homeowner's insurance policy. Ask your insurance company representative or agent if your policy fully protects you or whether you need to buy coverage for these disasters.
4. **Does renter's insurance only cover you when you're at home?** Most policies do not limit protection to losses that happen at home. For example, items you have insured are often covered if they are stolen by someone who breaks into your car or if they are damaged while away from your residence.
5. **Is personal liability included?** A renter's insurance policy covers your property and your personal legal responsibility (or liability) for injuries to others and/or their property while they are on your property. It can also cover damages and injury for which you are responsible when away from your residence.
6. **Will you receive additional living expenses if you have to stay somewhere else while your apartment is being repaired?** If there is damage to the building you are renting and you must live elsewhere while the building is being repaired, you will have coverage for additional living expenses incurred during the reconstruction period.
7. **How do you expedite your renter's insurance claim?** A home inventory – along with photos or video of your possessions and proof of ownership – makes it easier to file an accurate, detailed insurance claim in case your home is damaged or destroyed in a disaster. An inventory can also help you determine how much coverage you need from your renter's insurance. Go to www.naic.org/index_disaster_section.htm to download a free home inventory checklist. A home inventory checklist video is also on the Maine Bureau of Insurance website at www.maine.gov/pfr/insurance.

Get More Information

If you have questions or are confused about your insurance policy, call the Maine Bureau of Insurance at 1-800-300-5000 (toll free in Maine) or 207-624-8475. You can also find information online at www.maine.gov/pfr/insurance, www.NAIC.org or www.InsureUonline.org.