



Department of Business Regulation
Insurance Division
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Consumer Alert 2015-5

FOR RENT: PROTECTING YOUR BELONGINGS WITH RENTERS INSURANCE

If you're moving to a new apartment, you might not think you need renters insurance. After all, it's the landlord's responsibility to fix the building if it floods. However, personal belongings that might be damaged or even stolen will not be covered by a landlord or property management company's insurance policy. Read the tips below to help determine if renters insurance is right for you.

What is renters insurance?

Renters insurance protects your personal property against damage or loss, and also protects you in case someone is injured while on your property.

It's always a good idea to take precautions to protect yourself and your belongings. But, not everyone needs renters insurance. Dependents, such as college students, may be partially covered under their parent or guardian's policies. A common provision provides dependents coverage for up to 10 percent of the parent's policy. Check with your insurance agent regarding the specific provisions of your policy.

Why purchase renters insurance?

If you live in a rented apartment, house or condominium, your landlord's insurance doesn't cover your personal property in the event that it is stolen or damaged as a result of a fire, theft or other unexpected circumstances. The premiums for renters insurance average between \$15 and \$30 per month depending on the location and size of the rental unit and the policyholder's possessions.

As with any insurance policy, evaluate the benefit of coverage on an individual basis. Your landlord's coverage will take care of damage to the building's structure. However, if you want to protect your personal belongings, consider buying a renter's insurance policy. In addition to personal belongings, some policies will also cover living expenses if your apartment or home is uninhabitable due to damage.

It's also important to protect yourself from lawsuits alleging negligence. The personal liability portion of a renters policy will provide you with a legal defense and pay for damages if a court determines you are negligence resulting in an injury or property damage to another person.

What are your options?

Most renters insurance policies provide two basic types of coverage: personal property and liability. Personal property coverage pays to repair or replace personal belongings if they are damaged, destroyed, or stolen. This is the most commonly purchased renters policy.

Liability insurance provides coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident while on the policyholder's property.

There are two major types of renters insurance:

- The Broad Form covers personal belongings against specific events, such as fire or theft. This is the most commonly purchased renter's policy. Typical coverage under this form includes damage from fire, lightning, explosion, smoke, vandalism, theft and water-related damage from property utilities.
- The Comprehensive Form provides coverage for a range of events, unless specifically excluded by the policy. Considering the potential amount of coverage, the premiums for this policy may be higher. Also think about your location when choosing your form. If you live in an area prone to violent storms, such as hurricanes, consider purchasing a comprehensive policy that specifically addresses storm damage. Unusually expensive items, such as fine jewelry or an art collection, may require the renter to purchase additional coverage, called a rider or floater. Your insurance agent can help you determine if additional coverage is necessary.

What's actual cash value and replacement cost?

One important factor to look for when shopping for renter's insurance is actual cash value vs. replacement cost coverage. While it may not affect your short-term premiums, it may make a large difference in your claim submission.

Actual cash-value coverage will reimburse the renter for the cost of the personal property at the time of the claim, minus the deductible. It's important to account for depreciation when considering this coverage option.

For example, if a stereo system were stolen from an apartment, five years after the stereo was purchased, the policyholder would be reimbursed for the current value of the system. Replacement cost coverage, on the other hand, will reimburse the full value of the new stereo system, after you purchase the new system and submit your receipts. While the up-front cost is greater, you are more likely to receive sufficient compensation to replace your possessions.

More information

Don't be a victim of insurance fraud! Before you give out any personal information (like your social security number or bank information), sign a contract or write a check for coverage, STOP. CALL the Rhode Island Insurance Division at 401-462-9520 or email at

dbr.insurance@dbr.ri.gov and CONFIRM that the individual and/or company you are working with are licensed to do business in Rhode Island. You can also check the status of an [individual](#) or [insurer](#) by visiting our website at www.dbr.ri.gov.

About the RI Insurance Division

The mission of [Rhode Island Insurance Division](#) is to assist, educate and protect Rhode Islanders through the implementation and enforcement of state laws mandating regulation and licensing of the regulated industries while recognizing the need to foster a sound business environment in the state. We are also committed to treating everyone who comes before us fairly, efficiently and with respect. Please visit our website to obtain additional [consumer information](#) and [alerts](#) issued by the Rhode Island Insurance Division.

About the NAIC

[The National Association of Insurance Commissioners \(NAIC\)](#) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

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