



Department of Business Regulation
Insurance Division
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Consumer Alert 2015-9

DO I REALLY NEED TO INSURE MY STUFF?

What College-Bound Students Should Know About Auto and Renters Insurance Coverage

Until now your parents have probably handled all of your insurance decisions. Even if they still do, you should understand your insurance coverage in the event of an accident or loss. There are two main types of insurance appropriate for most college students to purchase: auto and renter's. Rhode Island Superintendent of Insurance Joseph Torti III and the National Association of Insurance Commissioners (NAIC) offer you some guidance on the basics you should know about insuring your stuff.

Why Buy Renter's Insurance?

Make a mental list of the things you own. You may not think you have much to insure. Your computer? Maybe. Your gaming equipment? Possibly. Your hand-me-down couch? Maybe not. But you buy insurance because when you start adding up the value of all this stuff, the cost to replace it all generally outweighs the cost to insure it. Insurance is meant to help get you back to where you were before an accident or disaster.

Your Auto Insurance

The first thing you need to know about auto insurance is that most states require you carry at least a minimum amount of liability coverage. In Rhode Island that minimum is \$25,000 per person/\$50,000 per occurrence. The liability coverage on your car pays damages and injuries to someone else if you are found responsible for an accident you did not intentionally cause. So, whether you drive a new car or an old car, you have to have continuous liability coverage.

If your name is on the title for the car, you will need to purchase your own auto policy. If your parents own it, you may be able to remain on their policy, which may be less expensive (but you may have to prove your parent's home remains your primary residence). Be sure to notify your insurance company about the address where the automobile will be stored, if it is different than what is on the policy. If you are going to school in another state, be sure to check with your insurance agent on the new state's minimum liability or personal injury protection (PIP) coverage requirements that may be required in that state.

If you want coverage for damages to your car, you will need comprehensive and collision coverage. Collision coverage fixes damage caused when you hit something like another

car, or if somebody hits you. Comprehensive coverage is for just about everything else – like hail damage or hitting a deer. You will have to pay for part of the repairs – that is your deductible and the amount you are going to have to pay is listed on your insurance card. Speaking of an insurance card, the insurance follows the vehicle and not the driver. Always make sure that your insurance card is in the car and if you let a friend borrow the car, make sure they know where to find the card.

If an Accident Happens – What do I do?

If you are in an accident, it is important to get certain information from the other driver. It is also important not to give the other driver too much information about yourself or your parents. Do not admit fault for an accident. The NAIC has a free smartphone app that helps you know what information to get following an accident. Download it here for [Android](#) and here for [iPhone](#).

A word of caution about accidents: When your car is damaged in an accident, that information goes on a special insurance report called a C.L.U.E. report. Insurance companies can access that information. In Rhode Island this information could affect your premium for the next three years.

Your Home Away from Home

Renter's insurance covers the stuff in your apartment or dorm room (but just your possessions, not your roommate's stuff). Like your auto insurance, it also covers your liability if you negligently hurt someone or something. It also covers your personal property that may be stolen from your car or taken from your backpack while you study at the library

If you live in the dorm, it is likely your parent's homeowner's insurance will cover your stuff, but there may be a limit on what is covered. So if you buy a new computer or a gaming system, make sure your parents know so they can talk with their insurance agent about making sure there is adequate coverage.

If you live in an apartment or share a rental house, your name is probably on the lease, which means the policy will be in your name and you are responsible for any losses. The policy will cover a set amount of stuff that you own. It also covers your liability if somebody gets hurt at your place.

It is also important to know the difference between actual cash-value and replacement cost coverage. Actual cash-value coverage will reimburse the renter for the cost of personal property at the time of the claim, minus the deductible. Replacement cost coverage will reimburse the full value of the new item after you purchase it and submit your receipts.

There are things that you may be considering purchasing that could be excluded from your liability coverage – such as certain breeds of dogs or a trampoline that sounded fun when you saw it on Craigslist. You should talk with your parents or insurance agent before adding major, potentially hazardous stuff to your collection. Also, if you are throwing a party, you need to know it is possible you could be held liable for accidents that happen after someone's been drinking at your house.

No matter where you live, it is a good idea to have a full list of your stuff that you have with you at school. A home inventory will help you and your parents know how much insurance you need and if something happens you can use it to file your claim. The NAIC has a free smartphone app that makes a home inventory easy. You will find the iPhone version [here](#) and the Android app [here](#).

Don't be a victim of insurance fraud! Before you sign a contract, write a check or give out personal information, STOP. CALL the Rhode Island Insurance Division at 401-462-9520 or email dbr.insurance@dbr.ri.gov and CONFIRM that the agent, adjuster, appraiser, and/or company you are working with are licensed to do business in RI.

About the RI Insurance Division

The mission of the 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, or you may contact us at 401-462-9520 or email dbr.insurance@dbr.ri.gov for assistance.

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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September 4, 2015