



State of Connecticut

Insurance Department

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Consumer Alert

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FROM HOMEOWNER TO RENTER:

What You Need To Know About Renter's Insurance

*As the economy downturn continues, more and more people are losing their homes to either foreclosure or financially motivated downsizing. In fact, foreclosure filings increased by 5% in October, a 25% increase from October 2007.**

As homeowners, most people carry a mortgage and, therefore, have no choice but to purchase homeowners insurance as a requirement of their loan. But, for renters, the choice is their own — and many people facing financial uncertainty might choose to go without renter's insurance, even though they have many of the same risks as homeowners when it comes to protecting possessions or being liable for accidents at home. Some of the most common misperceptions include:

- **“Renter’s insurance is too expensive, and I already have enough bills to pay.”** The average renter’s insurance policy costs between \$15 and \$30 per month. Replacing all of your possessions or being liable for an accident on your premises will cost much more.
- **“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, which can all be covered in a basic policy.
- **“My landlord has insurance, so I’m already protected.”** Your landlord has insurance for structural damage to the building, and might even be protected against damage caused by tenants. However, this coverage does not extend to your personal property, nor does it protect you from being liable for damage you might cause to the building inadvertently (e.g., a kitchen fire or a plumbing mishap).

Consumers used to having homeowners insurance as part of their mortgage may not think about obtaining a renter’s insurance policy. The Connecticut Insurance Commissioner offers these 8 tips for former homeowners who are now renting:

1. **How much renter’s insurance do you need?** Talk to your insurance agent or company about the property you want to protect and the property hazards you would like to be insured from. Your agent can give you coverage policy specifics based on your state and the type of policy you want. They will answer any important questions you have about:
 - What hazards are included in your plan and if you need a separate policy for specific circumstances
 - Property in storage facilities

- If your insurance plan affects your roommate(s), if any
 - 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
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. Be sure to ask about any discount you might be entitled to.
 3. **Are you covered in the case of a flood or earthquake?** These natural disasters are not generally covered by a renter's or homeowners insurance policy. Ask your insurance agent or company if your policy fully protects you or whether you need to purchase additional coverage.
 4. **Are your possessions insured for the actual cash value or the replacement cost.** Actual cash value is the amount it would take to repair or replace damage to your home or possessions after depreciation while replacement cost is the amount it would take to repair or replace your home or possessions without deducting for depreciation. Speak with your insurance provider to determine whether purchasing replacement coverage is worth the cost.
 5. **Does renter's insurance only cover you when you're at home?** Many policies do not limit protection to home-based situations. For example, items you have insured often are covered if they are stolen by someone who breaks into your car or if they are damaged while not on your property.
 6. **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.
 7. **Will you receive additional living expenses if you have to live 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.
 8. **How do you expedite your renter's insurance claim?** A home inventory – along with photos and proof of ownership – make it easier to file an accurate, detailed insurance claim in case your home is damaged or destroyed in a disaster. A home inventory can also help determine how much coverage you need from your renter's insurance. Download a free home inventory checklist from the Connecticut Insurance Department at <http://www.ct.gov/cid/homeinventorychecklist>.

Get More Information

If you have questions or are confused about your insurance policy, contact the Connecticut Insurance Department online at www.ct.gov/cid, toll free at 800-203-3447, or direct at 860-297-3900.

* Source: RealtyTrac.

ABOUT THE CONNECTICUT INSURANCE DEPARTMENT

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at www.ct.gov/cid.

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