**INSURANCE
INFORMATION
INSTITUTE**

Improving public understanding of insurance—what it does and how it works.

What You Need to Know About Renters Insurance

Renters insurance provides financial protection against the loss or destruction of your possessions when you rent a house or apartment. While your landlord may be sympathetic to a burglary you have experienced or a fire caused by your iron, destruction or loss of your possessions is not usually covered by your landlord's insurance. Because in most cases, renters insurance covers only the value of your belongings, not the physical building, the premium is relatively inexpensive.

By purchasing renters insurance, your possessions are covered against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm and water damage (not including floods). Like homeowners insurance, renters insurance also covers your responsibility to other people injured at your home or elsewhere by you, a family member or your pet and pays legal defense costs if you are taken to court.

Renters insurance covers your additional living expenses if you are unable to live in your apartment because of a fire or other covered peril. Most policies will reimburse you the difference between your additional living expenses and your normal living expenses but still may set limits as to the amount they will pay.

There are two types of renters insurance policies you may purchase:

1. **Actual Cash Value** – pays to replace your possessions minus a deduction for depreciation up to the limit of your policy
2. **Replacement Cost** – pays the actual cost of replacing your possessions (no deduction for depreciation) up to the limit of your policy

With either policy, you may want to consider purchasing a floater. A standard renters policy offers only limited coverage for items such as jewelry, silver, furs, etc. If you own property that exceeds these limits, it is recommended that you supplement your policy with a floater. A floater is a separate policy that provides additional insurance for your valuables and covers them for perils not included in your policy such as accidental loss.