A Consumer Guide to Renters Insurance

For renters, it's what's on the inside that counts.

In the event a disaster strikes, such as a fire, your landlord's insurance coverage will take care of damage to the building's structure. However, to financially protect yourself and your belongings, you may want to consider purchasing a renters insurance policy.

Most renters insurance policies in New Jersey include the following coverages:

Personal Property (Coverage C) pays if your personal property is damaged or destroyed by a **covered loss**.

Loss of Use (Coverage D) pays your additional living expenses (costs over the normal amount for housing, food, and other essential expenses) if you temporarily move because damage from a **covered loss** renders it uninhabitable.

Personal Liability (Coverage E) pays to defend you in court against certain lawsuits and provides coverage if you are found legally responsible for someone else's injury or property damage.

Medical Payments to Others (Coverage F) pays the medical bills of people hurt on your property. It might also pay for some injuries that happen away from your rental, such as your dog biting someone at the park.

Important to Note:

Even the most comprehensive coverage will exclude certain types of damage. For instance, **flooding (including tidal surge), is NOT covered**. (Flood insurance is available through the National Flood Insurance Program: **www.floodsmart.gov**)

All policies include an all-peril **deductible**. The deductible is the portion for which you're responsible to pay in

Actual Cash Value vs. Replacement Cost

Another factor to consider when shopping for renters insurance is "actual cash value" versus "replacement cost" coverage. In the event of a **covered loss**, **Actual Cash Value** coverage will reimburse you for the value of your personal property as it is now, considering its age and condition (and minus your **deductible**). Many insurers offer an option to purchase an **endorsement** for **replacement cost coverage** on personal property – which would pay the actual cost of replacing your possessions with no deduction for **depreciation** (but still minus your **deductible**). Although this coverage will result in some increase in your **premium**, you may wish to consider this option. For example, a three year old computer damaged by lightning could have an actual cash value of only $650 today, but it would cost $1,100 to replace it. With a replacement cost endorsement, the insurer will pay you the current replacement cost

Covered Losses

Renters insurance policies cover losses by:

Fire and lightning; Sudden and accidental damage by smoke; Explosion; Theft; Vandalism and malicious mischief; Aircraft and vehicles; Windstorm and hail (*Note:* Some policies may include a separate optional wind/hail **deductible** and a mandatory or optional hurricane deductible); Sudden and accidental water damage; Weight of ice, snow and sleet; Riot and civil commotion

What's Not Covered

Renters insurance policies do not cover losses by:

Flooding (including tidal surge); Earthquakes, earth movement, landslides, mudslides and sinkholes; Termites, insects, rats, mice, birds or other vermin; Freezing pipes (unless water was shut off or building was heated); Losses if your rental unit is vacant for the number of days specified by your policy; Wear and tear, rotting, maintenance and pollution; Mold, unless it is as a result of a covered loss (for example, mold damage due to flood would not be covered); Water damage resulting continuous and repeated seepage; Liability which results from the ownership or use of an automobile and other types of motorized land vehicles, aircraft or certain watercraft; Intentional acts caused by you or a resident of your home; War or nuclear hazard

Some Insurance Terms You Should Know

Claim
Notice to an insurer that under the terms of a policy, a loss may be covered.

Deductible
The amount of the loss which you are responsible to pay before benefits from the insurance company are payable.

Depreciation
A decrease in value due to age, wear and tear, and the like.

Endorsement
An amendment to the policy used to add or delete coverage (Sometimes referred to as a Floater or Rider).

Policy
The written contract of insurance that governs your legal rights.

Policy Limit
The maximum amount a policy will pay, either overall or under a particular coverage.

Premium
The amount of money an insurance company charges for insurance coverage.

One size does not fit all

Not all renters insurance is the same – some policies cover more than others and costs for the same coverage may be different from company to company.

Optional coverages that may be offered include earthquake and scheduled personal property **endorsements** for items such as jewelry, fine arts, furs or silverware.

Be sure to shop around and make sure that your coverage plan suits your needs.

For more information, contact:

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Renters Insurance

"It's What's on the Inside That Counts"

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