

## Should I Buy Renters Insurance

Recently my daughter's home she is renting was broken into and she and her three housemates had their computers stolen as well as a wallet, camera and ipod.

Theft is such a violation especially in ones own home. If you think because you are only renting a house or apartment that you don't need insurance, this may change your mind, insurance isn't just for homeowners.

The homeowner's property insurance policy covers the physical dwelling you live in; it doesn't cover your possessions inside the building. A renter's insurance policy provides protection for your personal property. [www.geico.com](http://www.geico.com)

To ensure you are compensated for any belongings you lose from a fire, storm, theft or other catastrophe, inventory all of your personal belongings. Your inventory should list each item, its value, and serial number. Photograph or videotape each room, including closets, open drawers, storage buildings, and your garage. Keep receipts for major items in a fireproof place. Keep this list out of your computer. Have an extra copy with someone you trust who lives outside your home or keep in a safety deposit box.

The cost of insurance is something people assume will be expensive. Compared to the amount of property you could stand to lose in the event of a severe loss at your residence, renter's insurance is cheap. The premium depends on a number of factors: where you live, your deductible, your insurance company, and whether you need any additional coverage.

Some ways to reduce the cost of insurance is:

- Increasing your deductible (the amount you pay before your coverage kicks in) is one strategy. Make sure you can afford whatever deductible you choose.
- Most insurers offer a discount for "protective devices," including smoke and fire detectors, burglar alarms, and fire extinguishers. If you're thinking about getting a dog, you might want to think twice. Some insurance companies are reluctant to write policies for owners of certain breeds. Check with your insurance company first.
- Some insurers might offer discounts to policyholders who are over age 55 and retired.
- Other companies might offer a discount if you buy both an auto and renters policy (called a multi-line discount).

There are several types of residential insurance policies. Renter's policies provide "named peril" coverage: meaning the policy states specifically what you are insured against. They cover losses to your personal property from 16 types of named perils. Some of the named perils are:

Fire or lightning

Windstorm or hail

Explosion

Riot or civil commotion

Damage caused by aircraft

Damage caused by vehicles

Smoke

Vandalism or malicious mischief

Theft

Volcanic eruption

Falling objects

Weight of ice, snow, or sleet

Accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning, or automatic fire-protective sprinkler system, or from a household appliance.

Sudden and accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system, an air conditioning or automatic fire-protective system.

Freezing of a plumbing, heating, air conditioning or automatic, fire-protective sprinkler system, or of a household appliance.

Sudden and accidental damage from artificially generated electrical current (does not include loss to a tube, transistor or similar electronic component)

Floods and earthquakes aren't on the list. If you live in an area prone to either, you'll need to buy a separate policy or a rider. In some coastal regions, where hurricanes might pose a threat, you might also need to buy a separate rider to cover wind damage. This is according to insure at [www.insure.com](http://www.insure.com) .

One thing to look at is whether the insurance company will offer "actual cash value" (ACV) or "replacement cost coverage" for your belongings.

As the name implies, ACV coverage will pay only for what your property was worth at the time it was damaged or stolen. So, if you bought a television five years ago for \$500, it would be worth significantly less today. While you'd still need to spend about \$500 for a new TV, your insurance company will pay only for what the old one was worth, minus your deductible.

Replacement cost coverage, on the other hand, will pay what it actually costs to replace the items you lost, again minus the deductible. In some regions, most insurers write ACV coverage. In others, they'll quote you replacement cost coverage by default. Replacement cost coverage will cost you more in premiums, but it will also pay out more if you ever need to file a claim.

An additional benefit is that coverage will include liability which covers damages as a result of unintentional bodily injury or property damage to another person. If necessary, a renter's insurance policy may even pay for your legal defense in these circumstances.

Whether you rent an apartment or a home, renter's insurance is an important means of protecting yourself from financial hardship. The information in this article is to help you understand the different types of coverage's. It is not intended to modify any provisions in any contract of insurance. Always read the insurance contract for the specific explanation of coverage's and exclusions. Talk to your insurance agent and make sure you understand what you are purchasing and what you are covered for before signing any contract. Shop around between different insurance companies for the company that can best suit your needs and has an agent who will be able to work for you and your best interests.

#### Marilyn Bohn's Bio

Marilyn is a creative organizer who has been organizing for over 20 years. She is a member of the National Association of Professional Organizers and is working towards becoming a Certified Professional Organizer. Professionally she has been organizing homes and offices for over two years. She holds a bachelors degree in Social Work. She has reared five daughters and currently lives in Utah.

Go to her website <http://www.marilynbohn.com> where you can find free organizing tips and interesting blogs and helpful articles on organizing.

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