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Renters insurance can save you

Renters insurance may seem expensive or even esoteric if you're among the more than two-thirds of tenants who lack it.

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The Associated Press

NEW YORK — Renters insurance may seem expensive or even esoteric if you're among the more than two-thirds of tenants who lack it. But it's the best way to avoid losing thousands of dollars if you're robbed or your apartment is damaged by water or fire.

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New York resident Rose Lichter-Marck, 28, had to pay cash to replace all her furniture, housewares and books after a fire in her building that started with an electrical problem on another floor.

Cleaning the smell of smoke from her clothes cost \$2,000, even with a "pity discount," because she didn't have insurance, she said. Then she had to stay with friends and relatives until she found a new place.

With insurance, the whole experience would have been less painful and less expensive.

"They would have put me up in a hotel, paid for my cleaning and moving fees and even the broker's fee for a new place," Lichter-Marck said.

A basic policy can be had for 50 cents a day, roughly the cost of one large pizza per month. But many renters, mostly young adults, think — incorrectly — that their stuff isn't worth enough to insure, according to Apartments.com, which found in 2010 that 70 percent of tenants don't buy renters insurance.

"If something were to happen, it's going to cost a lot more than people imagine to replace dishes, computers, a big-screen TV, clothing," said Ben Rabinowitz, an agent with Allstate Insurance in Pikesville, Md. "It begins to really add up."

Renters insurance covers more than what's inside your apartment. Say you happen to leave the bathtub running too long and water damages your neighbor's ceiling below; renters insurance will cover the repairs.

Or, if your laptop is stolen from your car, that's generally covered by renters or homeowners insurance — and not auto insurance.

Here are five steps to take if you're considering renters insurance:

- **Inventory your possessions:** Go room by room and photograph everything you own to get a sense of how much it would cost to replace your things. Write down the serial numbers of all

your electronic devices and appliances to guarantee you are fully reimbursed if you do choose to buy insurance and you suffer a loss.

- **Seek out discounts:** Take note of any special safety precautions in your building, such as deadbolt locks, a 24-hour doorman or a sprinkler system, that will earn you a break on your monthly premium. If you buy coverage from the same company that insures your car or provides you other types of coverage, that can earn you a multi-policy discount.
- **Think about partying:** If you like to entertain, renters insurance can be especially helpful. Most policies will offer your guests medical coverage, so if someone visiting your place slips and smacks his head on your kitchen counter, his trip to the emergency room will be covered. (And it's no-fault coverage, so you won't have to wait for a court to decide who is liable before your insurance kicks in.)
- **Choose replacement vs. actual value:** Most insurers will cover either your belongings' actual cash value or what it would cost to replace them. A cash-value policy will be cheaper, but the payout will be reduced by how much the items have depreciated since you bought them. Replacement-cost coverage will cover the cost of replacing your belongings new, now.