

### **Why do I need renters insurance?**

News reports of apartment fires often include tragic stories of renters who lost everything because they were uninsured. If you rent an apartment, duplex, house, or townhouse, your landlords insurance policy covers losses to the building, but it does not cover your personal property. To protect your belongings, you need a separate renters insurance policy. Renters insurance covers your personal property and household items in the event of a fire, theft, or other loss. It also offers you financial protection if a visitor is injured in your home.

### **How does renters insurance protect me?**

Renters policies, officially known as "tenant homeowners policies," do two things for you:

- Pay to repair or replace personal property that is damaged, destroyed, or stolen. Limits on personal property coverage can vary by company, but most offer at least \$4,000 worth of protection. Renters policies generally limit payment for certain losses to \$100 for lost cash; \$2,500 for personal property used for business; \$500 for valuable papers; and \$500 for theft of jewelry, watches, and furs.
- Give you liability protection if you are legally responsible for another person's injury or property damage. If someone is injured in your home and files a lawsuit, your landlord's liability policy may not cover the damages. A renters policy automatically provides \$25,000 in liability coverage and pays your legal defense costs if you are sued. Extra coverage is available for additional premium.

### **Is my personal property covered when I'm away from home?**

Yes. When you travel, your luggage and other personal items are covered for up to 10 percent of the amount of your policy or \$1,000, whichever is greater.

### **How much does renters insurance cost?**

Renters insurance premiums typically average about \$20 per month. However, rates vary widely among companies. It pays to shop around. Get premium quotes from several companies for the amount of coverage you want. Also, look at the financial stability and service record of the insurance companies you're considering. You can get information on a licensed company's finances and complaint history by calling TDI's *Consumer Help Line*

**1-800-252-3439  
463-6515 in Austin**

### **Do all renters need insurance?**

No. Dependents, such as college students, are covered by their parents' or guardians' homeowners policies while temporarily living away from home. Personal property at the rented dwelling is covered up to 10 percent of the personal property limit of the parents' or guardians' homeowners policy. For example, if the parents have an insurance policy with a personal property limit of \$50,000, the dependent you would have \$5,000 in personal property coverage. The dependent also is covered up to 100 percent of the liability provided by the your parents' or guardians' policy for claims involving personal liability and medical payments to others.

### **What policies are available?**

- The Broad Form (HO-BT) covers your personal belongings only for losses caused by events specified in the policy, such as fire and theft. Losses not specified are not covered. Most renters buy this type of policy.

- The Comprehensive Form (HO-CT) is an "all risk" policy that protects your personal belongings against every type of event, unless specifically excluded by the policy. Since it covers more risks than the Broad Form, it is more expensive.

The two Texas basic policy forms in Texas are standardized. This means the basic coverages offered by various companies are identical. Endorsements or policy add-ons that give you extra protection at a higher cost vary by company, however.

### **What if I can't find a company that will sell me a renters policy?**

Texas has a Market Assistance Program (MAP) that helps people in certain areas find homeowners and renters insurance. For more information or to learn whether you're eligible, call MAP or visit TDI's Web site

**1-888-799-6277  
www.tdi.state.tx.us**

### **How much can I collect on a policy claim?**

A renters policy normally will pay for the actual cash value of the property you lost. This means that depreciation and wear and tear will be subtracted from the value of your property when your claim is paid. However, you can add replacement cost coverage for about 15 percent in additional premium. Replacement cost coverage pays the full cost of replacing your damaged property, minus your deductible. Most renters policies in Texas carry a deductible equal to 1 percent of the amount of the policy. For example, if you have a \$25,000 policy, you would pay the first \$250 of a claim and the insurance company would pay the rest, up to the limits of your policy.

### **If I have replacement cost coverage, do I have to replace the property before the insurance company will pay the full claim?**

It depends on the replacement value of your property. Your insurance company will initially

pay the full replacement cost up to \$1,500. For any remaining property damage that exceeds \$1,500, the insurer will pay the actual cash value first. You must then actually replace or repair the property with an item of like kind and quality before the company will pay the balance of the claim.

**Note:** A complete inventory of your property can be helpful if you ever file a claim. Keep a copy of the inventory, along with receipts and photos or a videotape, in a secure place, such as a safe deposit box. These will help prove your losses to the insurance company.

### **Will my renters policy pay for a motel or other temporary residence if a fire forces me to move from my apartment?**

A renters policy covers added living expenses such as motel costs if you're temporarily displaced from your home or apartment. This "loss of use" coverage is limited to 20 percent of the personal property coverage under your policy. For example, if you have \$25,000 of personal property coverage, your loss of use coverage would be \$5,000. You will be paid up to this limit for the reasonable time required to repair or replace your rented property.

## For More Information

- TDI offers a variety of insurance-related publications and services. Publications are available in alternate languages and formats and on our Web site

[www.tdi.state.tx.us](http://www.tdi.state.tx.us)

- For printed copies of free consumer publications, call the 24-hour *Publications Order Line*

**1-800-599-SHOP (7467)**

- For answers to general insurance questions call the *Consumer Help Line* between 8 a.m. and 5 p.m., Central time, Monday-Friday

**1-800-252-3439**

- You may file an insurance-related complaint with TDI several ways:

- by our Web site at [www.tdi.state.tx.us](http://www.tdi.state.tx.us)
- by e-mail at
- [consumer.protection@tdi.state.tx.us](mailto:consumer.protection@tdi.state.tx.us)
- by fax at **512-475-1771**
- by mail at

**Texas Department of Insurance  
Consumer Protection (111-1A)  
P.O. Box 149091  
Austin, TX 78714-9091**

- For recorded information on TDI jobs, call our 24-hour *Job Line*

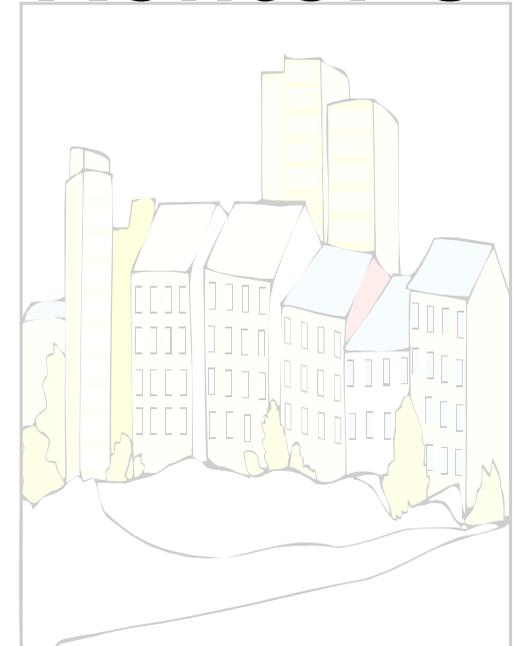
**1-800-952-7099**

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**Texas Department of Insurance  
Consumer Protection (111-1A)  
P.O. Box 149091  
333 Guadalupe  
Austin, TX 78714-9091**

# Renter's



# Insurance

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