**Do You Really Need Renter's Insurance?**



While moving into a new place can be a chore in itself, don’t forget to make sure you have the coverage and protection you might need in case of an emergency. Not sure what exactly it is you need to look for in your renter’s insurance policy, or still have questions? Here are some answers.

**Why do I need renter’s insurance?**

Most apartment complexes and landlords only have insurance that covers the damage to the actual dwelling, which leaves everything of yours—electronics, furniture, clothes, whatever—vulnerable. So, to protect your belongings in case of fire, theft, or damage, you need your own policy, called an HO4 or renter’s insurance policy. (Unless, of course, you have the funds to replace everything yourself!)

You also need liability coverage for damages caused by negligence. For instance, if you accidentally leave the kitchen sink on and it overflows into your neighbors’ apartment, you could be found liable for that damage—and required to pay for repairs, medical bills related to the accident, as well as defense costs if they bring a suit against you. Renter’s insurance would cover those costs.

No, none of this is fun to think about, but believe me—it’s a lot easier to plan (and pay) for it before it actually happens.

**What will a policy cover—and what won’t it?**

**Personal Property**

Most standard renter’s insurance policies offer protection for your belongings in case of power surges, water damage, fire, vandalism, theft, and other events out of your control. However, most *do not* cover damage caused by flood water, earthquakes, mudslides, or nuclear hazards. If you live near a fault line or the water or are concerned about these hazards, talk with your insurance agent about getting a separate policy.

Also keep in mind that certain types of property will only be covered up to a limit set by your insurance company—$2,500 for electronics and $1,500 for jewelry and furs, for example. So, if you have [an engagement ring](http://www.thedailymuse.com/social/4-ridiculous-things-youll-hear-when-you-get-engaged/), a customized computer, or even an expensive set of golf clubs, you should consider purchasing an additional personal articles policy. These add-ons to your renter’s insurance are typically inexpensive (we’re talking a few dollars every month), but protect those really important items that would be costly to replace.

**Loss of Use**

Your policy also covers your living expenses in case you must leave your home after an accident. Say a tree crashes through your roof and the place needs repairs before you can live there again—loss of use will cover a hotel, food, and any other expenses you incur during that time.

**Liability**

Your liability coverage pays for bodily injury and property damage caused by negligence—like if your dog gets loose and bites the neighbor's kid and he has to get stitches.

You’re not, however, covered for negligence for expected or intended bodily injury (you throw a baseball in a parking lot trying to hit your neighbor), business pursuits (the cupcakes you bake in your apartment make someone sick with food poisoning—you would need a business owner's policy), or vehicle-related damage or injury (your emergency brake fails and your parked car hits someone—auto insurance covers this).

**Additional Coverage**

In addition to the basics, there are a few other types of coverage to know about. If a visitor suffers an injury in your home, your policy’s “medical payments to others” coverage will take care of the medical bills, regardless of who is at fault. “Credit card and bank forgery” coverage will protect against some monetary fraud attempts, such as if a burglar steals your credit card or check book during a break-in to run up fraudulent charges or write forged checks. And “property of others” coverage replaces not only your belongings, but others’—for example, if you borrow a friend’s laptop, and a leaking pipe destroys it.

**How much coverage do I need?**

Many landlords require their tenants to have a minimum of $100K in liability coverage. If your landlord doesn’t have this guideline, talk to an insurance agent to determine how much coverage you need.

For property damage coverage, one of the first questions the agent will ask you is how much your stuff is worth. While that seems like a simple question, when you really start to think through what it would cost to replace everything in your home, it can get tricky. But a good rule of thumb, and what basic policies cover, is $50,000 to $100,000 for apartments and around $250,000 - $500,000 for single family homes.

More importantly, even if you can’t put a dollar sign on all that you have, take photos or videos of your place and your most important belongings. This way, in case of a catastrophe, you’ll have a record of everything and can think through how much everything is worth at that point.