

How Do You Buy Renters Insurance?

Buying Renters Insurance

1) Take an Inventory

Before purchasing, make an itemized list of everything you own with price estimates and purchase dates (if possible). Your inventory will help ensure that you purchase the right amount of insurance -- not too much or too little. Also, an inventory will help make filing a claim easier. Make copies of this inventory and keep it in a safe place outside of your home (at work, in a safe-deposit box or friend's house). Take photographs of each item; this can be helpful when filing a claim.

2) Ask Questions

Theft Limits: For example, most renters policies have a \$1,000 total limit on jewelry that is stolen, a \$3,000 - \$10,000 limit for computers and \$2,500 - \$10,000 for silverware or flatware. Policies vary -- so ask. Ask for a list of standard coverage limits so you know whether you'll need to buy a floater, which provides additional coverage for some of your items.

Cash or Replacement Value: Your policy can insure possessions one of two ways -- for either the cash or the replacement value. Cash value coverage takes into account the age and condition of items at the time of damage or loss. Replacement value pays today's cost of a new item. For instance, if your five-year-old TV is stolen, a cash value policy will pay part of the original purchase price while a replacement policy will pay the current price of a comparable set. Replacement value policies tend to cost more, and there may be other requirements as well.

Deductible Options: Find out about the deductible -- your out-of-pocket cost. The lower the deductible, the more the policy will cost you.

3) Seek Discounts

Insurance companies frequently offer discounts to their auto policyholders interested in buying a renters policy from them. You also may be eligible for discounts if your apartment or home has a security system, smoke detectors, or deadbolt locks. Additional discounts may be available depending on your age or whether you are a non-smoker. Policies vary. Examine as many options as possible.

4) Shop Around

Find an insurance agent or insurance company representative with whom you are comfortable. Ask friends or relatives or consult the yellow pages. Call a variety of insurance companies and agents. Ask questions. Keep your inventory handy, so you can find the amount of coverage that is most appropriate for you (\$16,000 is usually the smallest amount of coverage you can get).

5) Read Your Policy

An insurance policy is a contract between you and your insurance company. Read the policy carefully -- if you have questions or if something is unclear, call your insurance company representative. Don't sign the contract unless you fully understand the company's responsibilities as well as your own. An insurance policy spells out several obligations for both you and the company. For example, the company has a duty to defend the insured renter in

court if the renter is sued. On the other hand, you must give the insurer complete, accurate and timely information.

