

Question: Does renter really need renter's insurance?

Answer: YES, because tenants' personal items are NOT insured by the landlords insurance.

Money Minute: Do I really need renters insurance?

Yahoo Finance on 4/6/2015

The tragic gas explosion that left two dead and dozens of New Yorkers homeless last month was a wake-up call for many renters: If you haven't gotten renters insurance yet, it's time to get busy.

As it stands, only 37% of renters in the U.S. are insured, according to the Insurance Information Institute.

"Many people who rent don't think they need renters insurance because they either think that their landlord's insurance takes care of their personal possessions, or they think they don't have a lot of "stuff" so they don't purchase coverage," says Loretta Worters, vice president of the I.I.I.

These people are wrong. It may seem complicated, but getting a renters insurance policy can be done in a matter of minutes.

Why every renter needs insurance: Because you have stuff and if that stuff were to be destroyed, wouldn't it be great if you didn't have to blow your savings to replace it all?

Renters insurance protects you from all kinds of disasters (fire, storm, theft, etc.). And what many people don't know is that renters insurance even covers your belongings if they are damaged outside of your home. That means if your laptop is stolen out of your best friend's apartment, you'll be covered.

It also covers you for the kind of disasters you may never think of, like personal liability. Liability insurance covers you if a guest in your home hurts himself (for example, they trip on your rug, crack their head and need stitches) and they try to hit you up for medical expenses.

And lastly, most renters insurance policies will help you pay for temporary living expenses and food if you find yourself suddenly homeless after a fire or other disaster (yes, even a gas explosion).

How much it costs: The best part about renters insurance is how cheap it is. The average policy costs just **15 to 30 bucks per month**. Most policies come with deductibles starting around a few hundred dollars. Just like health insurance, the higher your deductible, the less expensive your renters policy will be.

What to do before you buy it: You don't have to know how much your stuff is worth before you buy a policy, but it's a good idea. Most people underestimate the value of their belongings. Take 15 minutes, walk around the house and add up the value of things like your TV, your sofa,

jewelry, clothing and gadgets. Take photos or video of everything. Track it on a spreadsheet or use a tool like the one at KnowYourStuff.org.

Other tips: Some natural disasters, like floods, aren't covered by basic renters policies and require additional riders. If you live in a flood zone, definitely do this. When shopping for a policy, know the difference between policies that cover replacement cost or actual cash value. Replacement coverage means you can ask for enough cash to replace what you've lost. Actual cash value coverage means the insurer will give you the current market value of your items, which may not be enough to recoup all your losses. Obviously, replacement policies are a little pricier but not by much. If you have really valuable items like jewelry or art, you may need to buy additional insurance, called a "rider", which will likely raise your deductible. An insurance agent can help you decide whether it's necessary.

Where to get it: Make sure to shop around for policies at a few different insurers before you settle on one. If you have military connections, USAA is a great option. There's also State Farm, Geico, AllState, and Farmer's. A quick web search will turn up lots of options.

Source: <http://finance.yahoo.com/news/do-i-need-renters-insurance--171129476.html>