

Renters Insurance 101

You work hard to pay your rent and purchase items to furnish and beautify your house. And just because you don't own the dwelling you reside in, that doesn't mean that you don't have something important to protect. Renters insurance allows you the security of your financial future that you need—even when you don't have possession of the home you occupy. If you are considering renters insurance for the first time, then there are some things you must know prior to conferring with your agent.

Lesson 1: Contents

One of the major concerns for most renters insurance shoppers is to get protection for their belongings. Their furniture, stereo equipment, computers, jewelry—all the objects that sit within the apartment exposed to risks every day. The contents coverage in a renters insurance policy covers all these articles. But that is actually small list. Contents covers all you have inside the apartment, unless it is specifically excluded in the policy. From small appliances to clothes, area rugs to wall hangings—everything that is yours. Contents coverage does not cover the appliances in the apartment if they belong to the property owner. It also does not insure furniture in apartments that came furnished. It is basically meant to provide you, the renter, protection for those items you own—not from your liability to any damage that occurs to the landlord's property.

Lesson 2: Liability

While in your apartment, any number of events that could happen that cause harm to your landlord's property. Floods, leaks, and normal wear and tear are all expected and are considered to be the landlord's responsibility to cover financially. But what if you do something careless that exposes your landlord to damages they otherwise would not have endured? Case in point, let's say you leave the bathtub running and it spills over and destroys your floor—and your downstairs' neighbor's ceiling? Or you overcook some food and start a fire? The damages from these events would be considered your mistake and you, consequently, would be legally responsible to pay for the damages that they cause. With renters insurance liability coverage, you have options to help you pay your landlord back for these damages without paying out of your own pocket.

Lesson 3: Loss of Use

There are several events that can occur which are entirely outside your power—and when you reside in an apartment, there is even more chances for these uncontrollable events to occur. So if your apartment should turn out to be uninhabitable through no error of your own, for example if your landlord wants to rent the structure or there is a fire that relocates you, then loss of use coverage will cover a reasonable amount for your temporary living arrangements.

Lesson 4: Medical Payments

If someone is hurt in your apartment, through no fault or neglect of your landlord, then you could be found liable for paying his or her medical bills. Medical payments coverage in a renters policy will make these payments for you so that you do not have to pay out-of-pocket.

Lesson 5: Deductibles and Limits

When you take out your renters insurance policy, you will be asked to select a deductible and a limit for the coverages you pick. Your deductible is the amount of money that you must pay out-of-pocket before the insurance company will step in and make payments. Choosing a high deductible lessens the

insurance company's risk and will result in a less costly policy, but it will also mean that you have more financial liability when things go wrong.

Your limits are the maximum amounts that your renters insurance policy will pay for each kind of claim. If your limits are small, it will result in a less expensive policy since the insurance company will be guaranteeing smaller payments for insurable events, but it could also mean that you don't get reimbursed as much as you should when things go wrong, or that you have more personal liability if your limits are lower than you are found to owe for medical payments or damage to the property.

You take your life seriously. You get up for work every day, pay your bills—heck, sometimes you even force yourself to eat vegetables at dinner time. If you haven't already, it might be time for you to take the next step in taking your life seriously and get a renters insurance policy. After all, it is one of the most effective ways to protect and maintain your financial future.