

Shopping for Insurance

Rates vary among companies, even for the same or similar coverages. It pays to shop around. The following tips can help you shop:

- Keep an inventory of your property to keep track of what you own and its value. Make sure you buy enough coverage to replace your property if it's stolen or destroyed.
- Get quotes from several companies. Use HelpInsure.com to help you compare companies and shop for insurance. The comparison guide lists sample rates for renters insurance based on \$25,000 coverage on your personal property.
- Ask about endorsements if you want more coverage than the policy provides.
- When comparing prices, be sure you understand the coverage that each policy provides. A cheaper policy could provide less coverage.
- When getting a price quote or applying for insurance, answer questions truthfully. Wrong information could cause you to get an incorrect price quote or could lead to a denial or cancellation of coverage.
- Consider factors other than cost, such as an insurance company's financial strength and complaint index. The financial rating indicates a company's financial strength and stability, and the complaint index is an indication of its customer service record.
- Review your credit score. Some companies use your credit score when deciding what rate to charge you. It's a good idea to look at your credit reports each year and correct any errors. For more information about

credit scoring, visit TDI's Credit Scoring and Insurance web page at www.tdi.texas.gov/credit/index.html.

- Buy only from licensed insurance companies and agents. Learn a company's license status, complaint history, and financial rating from an independent rating organization by calling TDI's Consumer Help Line.

Having Trouble Finding Renters Insurance?

Visit HelpInsure.com to help you compare companies and shop for renters insurance. If you still can't find coverage, the Texas FAIR Plan Association offers a tenant policy for people who can't get renters insurance from a licensed company. To be eligible for this coverage, you must have been denied insurance by at least two Texas-licensed property insurance companies and may not have received a valid offer of similar insurance from a company licensed in Texas.

FAIR Plan policies are available only through Texas-licensed agents. For more information, call your agent or the **Texas FAIR Plan Association** at 1-800-979-6440 or visit the FAIR Plan online at texasfairplan.org.

Get Help from TDI

For insurance questions or for help with an insurance-related complaint, call the **TDI Consumer Help Line** at 1-800-252-3439 or visit our website at tdi.texas.gov.

Visit HelpInsure.com to shop for automobile, homeowners, condo, and renters insurance and TexasHealthOptions.com to learn more about health insurance and your options for coverage.

Renters Insurance



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If you live in a rented house or apartment, you'll need renters insurance to protect your personal property. Renters insurance pays to repair or replace your clothes, furniture, electronic and other property if they're stolen or damaged. Renters insurance won't pay to fix the house or apartment building if it's damaged. The building owner's insurance policy covers that.

Some landlords might require you to buy renters insurance as a condition of your lease.

Types of Policies

Insurance companies sell two types of renters policies. They have different amounts of coverage.

- **Named-perils policies** cover property that's lost or damaged because of events listed in the policy, such as fire and theft. These policies won't cover losses caused by events that aren't listed in the policy. Named-perils policies are also called specified perils policies.
- **All-risk policies** cover every type of loss, unless the policy excludes it. These policies are more expensive than named-perils policies because they cover more losses. All-risk policies are also called comprehensive or open-perils policies.

All renters policies have a total dollar limit. The dollar limit is the most the insurance company will pay you for a claim, even if the cost to repair or replace your property is higher. Make sure you buy a policy with a high enough dollar limit to replace your property if it's stolen or destroyed.

A deductible is the amount of a covered claim you pay. For example, if you have \$25,000 in damages with a \$250 deductible, the insurance company will deduct \$250 from the amount it pays you.

Renters Insurance Coverages

Renters insurance policies typically include three types of coverages: personal property coverage, loss of use, and personal liability.

- **Personal property coverage** pays to repair or replace your personal property, up to your policy's dollar limit. In addition to a total dollar limit, policies may limit payments for certain kinds of property.

Common limits are:

- \$100 for cash;
- \$2,500 for personal property used for business;
- \$500 for valuable papers; and
- \$500 for jewelry, watches, and furs.

Renters insurance also covers your luggage and other personal items when you travel. This coverage is usually limited to 10 percent of the amount of your policy or \$1,000, whichever is greater.

- **Loss of use** pays your additional living expenses for things like food and rent if you have to temporarily move from your house or apartment. Loss of use coverage is generally limited to a percentage of a policy's personal property coverage.
- **Personal liability** protects you against a claim or lawsuit if someone is injured in your home. The amount the policy will pay varies by company.

Note: Ask about buying additional coverage if the value of your personal property is more than your coverage limits. People often buy endorsements to add or increase coverage for jewelry, fine arts, antiques, computers, and electronics.

Also consider additional liability coverage if you don't think the basic limits are high enough. Your company might require higher limits if you have potentially dangerous items like a pool or trampoline.

Actual Cash Value vs. Replacement Cost Coverage

Renters policies usually pay for losses on an **actual cash value** basis. This means the insurance company will subtract an amount for depreciation and wear and tear from the value of your property before paying your claim. For example, if someone steals your five-year-old television, the insurance company will only pay you the cost of the television minus the depreciation and your deductible. The settlement amount won't be enough to buy a new TV similar to the one that was stolen.

For a higher premium, you can buy **replacement cost coverage**. Replacement cost coverage pays what it would cost to replace your property, minus your deductible and up to your policy's dollar limit. This coverage could provide you with enough money to buy a new TV like the one that was stolen.

If you have replacement cost coverage, some policies will pay up to \$1,500 to repair or replace your damaged property, without applying depreciation. However, if the damage exceeds \$1,500, the company will pay the loss on an actual cash value basis. You must then repair or replace the property with an item of like kind and quality before the company will

pay the remaining amount of your claim.

Other policies pay replacement cost differently. Read your policy or ask your agent to find out how your policy pays a claim.

Note: A complete inventory of your personal property can be helpful if you ever file a claim. Your inventory should list each item, its purchase date, value, and serial number. Take pictures or a video of each room, including closets, open drawers, storage buildings, and garage. Keep the inventory and receipts for major items in a fireproof place or another location. Use the Texas Department of Insurance's Home Inventory Checklist at www.tdi.texas.gov/pubs/consumer/cb086.pdf to help you create your inventory.

Coverage for College Students and Dependents

College students and other dependents living away from home probably don't need renters insurance if they're covered under their parents' or guardians' homeowners policies. Ask your insurance agent or company if your policy covers children and dependents living away from home.

Homeowners policies generally cover a dependent's personal property at 10 percent of the policy's personal property limit. For example, if the parents' insurance policy has a personal property limit of \$50,000, their dependents have \$5,000 in coverage while living away from home. Dependents also receive 100 percent liability coverage.