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YOUR HOME

## Why Renters Need Insurance

By [JAY ROMANO](#)

ACCORDING to the Insurance Information Institute in [Manhattan](#), renters are 50 percent more likely than homeowners to be victims of burglars.

But while 96 percent of homeowners have homeowner's insurance, which covers theft, only 43 percent of renters have such insurance, said Jeanne M. Salvatore, a spokeswoman for the institute. "And that's a shame because a basic renter's policy not only provides coverage for theft, it also provides coverage for personal property and liability coverage for personal injury to others," Ms. Salvatore said.

Robert Owens, the president of the Owens Group, an insurance brokerage in Englewood Cliffs, N.J., says many renters who do not have their own insurance believe they are adequately covered by the building's insurance policy. "The renter's personal property is not going to be covered by the building's policy," Mr. Owens said.

Renters can choose between two types of coverage. "Actual cash value" coverage pays to replace damaged items after taking depreciation into account. "Replacement cost" coverage pays to replace the property at today's cost. The premium for replacement coverage is typically about 10 percent higher.

Besides deciding between actual-cash-value and replacement-cost coverage, renters must also choose a "named peril" or "all peril" policy. A named-peril policy specifies what risks are covered, like fire, windstorm, hurricane and theft, and excludes everything else. An all-peril policy covers all risks except those specifically excluded, like flood and earthquake.

"With all-risk coverage, if you are having a party and someone spills a glass of red wine on your white couch, the damage to the couch would be covered," Mr. Owens said. "With a named-peril policy, it wouldn't be."

Ron Tepperman, the principal in the Manhattan insurance agency bearing his name, said that with basic renter's insurance, the minimum coverage for personal property is generally \$25,000. "That covers clothing, furniture, computers, televisions and appliances — basically, anything that's movable," he said. Such a policy would cost about \$250 a year.

But in most cases renters find that \$25,000 represents only a fraction of what it would cost to replace their personal property.

Mr. Tepperman also pointed out that almost all policies set limits on things like jewelry, furs, fine art and stamp and coin collections. "In many cases, there is a \$500-to-\$1,000 total limit on such items," he said.

It is possible to buy “floaters” covering such items for an additional premium.

Michael [Spain](#), who owns the Spain Agency in [Mahopac](#), N.Y., noted an advantage to having renter’s insurance: a policy with just \$25,000 in property-damage coverage will also provide a minimum of \$100,000 in personal liability coverage if someone is injured by the insured. That coverage includes the cost of legal fees for fighting a personal injury lawsuit, he said.

There are other benefits to having a renter’s policy. A person who buys a renter’s policy from the same company with which he or she has auto insurance typically gets a 5 or 10 percent discount on the auto policy, Mr. Spain said.

Ms. Salvatore noted another benefit of having both forms of coverage from one company: the ability to purchase \$1 million of “umbrella” or “excess liability coverage” for both policies for about \$200 or \$300 more.

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