

Renter's Insurance

Renter's Insurance Protects Your Belongings

You worked hard to buy your big-screen TV and surround sound system, and you don't want to have to pay to replace them if someone breaks into your apartment. That's why you need renter's insurance.

What it covers

Renter's insurance covers your personal property in case of fire, lightning, windstorm, hail, explosion, theft, vandalism, and a host of other perils. Generally, however, renter's insurance does not cover floods and earthquakes.

Replacement cost coverage v. actual cash value

You'll want to check and be sure your policy is for replacement cost coverage, not actual cash value. Replacement cost coverage means the insurance company will give you \$200 (minus your deductible) to replace your TV, instead of just giving you what your old was worth. If you bought a \$500 TV two years ago, it's not worth \$500 any more. Yet replacing it would mean shelling out \$500.

The premiums for replacement cost coverage will cost more than actual cash value coverage, but the additional money will be well worth it if you actually suffer a loss.

Riders for the big stuff

If you have a lot of electronics or other really expensive items, you'll probably want to take out a separate rider. Check with your agent before purchasing the policy to be sure that it covers all of your belongings.

What you'll have to pay

How much you have to pay for renter's insurance depends on where you live, the deductible amount, the individual insurance company, and whether you need any additional coverage. It typically runs between \$150 and \$300 a year, a pretty small price to pay for peace of mind.