

What if my stuff is wrecked or stolen?

If you're a renter, your stuff is at risk if a disaster strikes your home. Don't count on your landlord to come to the rescue. Landlords have insurance on the building, not on your belongings in it. That's why you should consider renter's insurance. Could you afford to replace everything you own? It may not seem like much, but it all adds up when you have to buy everything from a TV and computer to shoes and a jacket.

What's covered?

Standard renter's insurance policies cover losses to personal property from many kinds of perils:

Fire or lightning, windstorm or hail; explosion; riot or civil commotion; damage caused by aircraft and vehicles; smoke; vandalism or malicious mischief; theft; volcanic eruption; falling objects; weight of ice, snow, or sleet; certain damages from water relating to heating, plumping, air conditioning and appliances, and certain electrical damages.

If you live in an area where there are floods, earthquakes or hurricanes, you'll need to purchase additional insurance to cover any damages to your stuff.

Insurance policies vary by state and company, but typically cover things

like stereo systems, DVD players and disks, TVs, cameras, movable appliances like a microwave, furniture, sports equipment, dishes and glassware, clothing, and books.

Other items may also be covered with limitations such as computers, cash and checks, jewelry and watches, and even your comic book collection.

Most policies cover your living expenses if you have to move out if your place becomes uninhabitable due to a fire or other reasons. Liability protection is also standard with most policies. This means if someone slips and falls in your unit, you're covered for any costs up to your liability limit. If that someone sues, you're covered for certain legal expenses, too.

Things to consider when shopping for renter's insurance

1. Actual cash value or replacement cost

When shopping for a policy, you'll need to decide whether or not you want actual cash value (ACV) or replacement cost coverage of your belongings. ACV pays what your stuff is worth when it was damaged or stolen. So, if you bought a \$400 laptop three years ago, you know you couldn't sell it for that much today. It may cost you \$400 to replace your laptop, but your

insurance company will pay what it is worth today, minus your deductible.

With replacement cost coverage, you'll be paid what it actually costs to replace the items you lost—minus your deductible. Replacement cost coverage costs more, but pays out more if you ever need to file a claim.

2. Amount of your deductible

The deductible is the fee you pay the insurance company before your coverage kicks in each time you make a claim. Increasing the amount of your deductible is one way to lower the cost of your policy. Make sure you can afford whatever deductible you choose.

3. Discounts available

Some companies offer discounts if you are a non-smoker or install protective devices like burglar alarms, fire extinguishers and smoke/fire detectors. Thinking about getting a dog? Check with your insurance company. Some don't write policies for owners of certain breeds. If you have a vehicle, consider purchasing auto and renter's insurance from the same company to get a multi-line discount.

Take inventory of your stuff

You'd be surprised at the value of what you own. The best way to track your possessions is with an inventory. You can do it with a notebook and pen, or go to knowyourstuff.org for free software to do create a room-by-room inventory of your personal possessions that includes the options of uploading pictures and receipts.

Having an up-to-date home inventory will help you purchase enough insurance to replace the things you own, get your insurance claims settled faster, and substantiate losses for your income tax return. Keep a copy of your inventory—including pictures and receipts—in a safe place like a fire-proof box. Make an extra copy and leave with your parents or a trusted friend.

Hey, insurance guy! What about...?

It pays to shop around for the best policy. Plus, you have to read the fine print and ask plenty of questions like:

- Will property shared by my roommates be covered?
- What items should I take photos or videos of?
- How do you cover satellite dish and portable cellular communication systems?
- What's the difference—in price and protection—between replacement cost and actual cash value?
- If my building is destroyed, will you pay for a place for me to live until it is fixed?
- What circumstances are—and aren't—covered in your personal liability? What about medical coverage?