

Don't RISK IT

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Step 4: Cover your home



Moving Out

So, you're movin' out. Goin' to get your own place. King of your own domain. Do you really need Renter's Insurance? Whether headed out on your own, facing college, or planning a military career, you need to have your stuff covered with renter's insurance.

Renter's insurance is designed to protect you from a total loss of your property. Remember that the best way to learn about your policy is to read it completely.

If you're headed out on your own...

If you had to go out today and replace all the clothes in your closet, how much would it cost? Do you have that kind of cash? Your landlord's property policy does not cover your TV, your bed, your clothes, or your CD collection.

If you're headed to the military...

The military probably won't replace that new \$5,000 camera you put in your footlocker, although they may have alternative compensation. If you have personal items in on-base housing, you need to check with your superior officers to see how your stuff is covered. You may want to search for an insurance agent in the area. Many companies and agents give special rates for military personnel.

If you're headed to college...

Check your parent's policy. Most homeowner's policies will cover items away from the home, up to a certain dollar amount. If you are in doubt after checking the policy, talk to your parent's insurance agent and ask details about their policy. You may not need a renter's policy.... BUT, be careful about that first move into your own apartment. If you move off campus, you may not be covered by your parent's policy.



What your policy covers

Personal Items

Your stuff at home is covered in case of fire or theft. Estimate and itemize the dollar value of the things you own, once a year. Put that information in a safe place away from your home, like at your parent's house or in a safety deposit box in a bank.

Unintentional Damage

If your candle starts a fire or your roommate is a bad cook and starts a grease fire and the apartment complex burns down, there's a good chance the owner will come after you to pay for the building. It sure would be hard to pay for a new apartment building.

Liability

Pays for personal damage or injuries to others.

- Baseball goes through neighbors window
- Dog bites (check your policy for exclusions)

Medical Payments

So you're having a party at your new duplex and someone slips and falls on your deck. Most insurance will cover the medical expenses of your visitors.

Additional Living Expense

If you had a fire and your apartment is getting fixed, renters insurance will pay for you to stay in a different place.

You can get additional coverage for a specific piece of property. Renters insurance policies may limit coverage or exclude coverage on certain types of valuables. If you have something of particular value, for example, over \$500, you will want to make sure that the company covers it. If not, look into getting a separate endorsement for that valuable item.



What you should know

Proof of Loss: When you have a claim you must be able to prove you had a loss. You're going to have to produce some kind of proof of ownership. This is why Mom always says - **"Keep your receipts"**!

Deductible: a clause in your insurance policy that states you will pay a specific amount of a claim before the company pays. *The higher your deductible, the lower your premium.*

Actual Cash Value (ACV) Policy: ACV is the current value of your TV if you sold it in the newspaper today.

- TV purchased in 1995 = \$350
- TV value today (ACV) = \$50

Replacement Cost (RC) Policy: RC is the amount that it would cost you to go out and buy that same TV in the store today.

- TV purchased in 1995 = \$350
- TV replaced today (RC) = \$575

Replacement cost policies typically cost more than actual cash value policies.



Get the facts

Small Claims Can Hurt

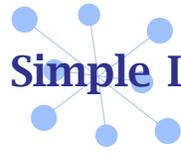
Your property is stolen and was worth = \$350
 Renter's Insurance policy has a deductible = \$250
 Your insurance company pays you = \$100

The severity of a claim does not matter to some insurance companies, simply the number of claims. Most insurance companies will look at your claims record from the previous 5 years.

Many companies will not insure those who have had 2-3 claims in 3 years, no matter the dollar amount of the claims.

Discounts with Auto Insurance

Most companies have big discounts on car insurance if you have a renter's policy with them. Sometimes the savings is large enough that it covers the price of the renter's insurance.



Simple Lesson

Your neighbor above you installs a hot tub, but your lease says you're not allowed to have hot tubs. It breaks and leaks into your apartment!

1. Your neighbor might be liable for the damage to your stuff, but refuses to pay for anything. If you have renter's insurance and your neighbor doesn't have insurance, who pays for your stuff to be fixed?

2. Now, what is the answer if neither of you have insurance? Who pays for your stuff?

3. What if you were the neighbor with the hot tub and no insurance? Can you afford to pay for the damage to your apartment plus someone else's damaged apartment?

Let's estimate the current dollar value of your bedroom.

1. Clothes: if you had to replace your entire wardrobe how much would it cost? Remember coats, shoes, hats, ect.
\$_____
2. Bed, Dresser, Furniture, Lamps
\$_____
3. TV, Computer, Stereo, CD's, DVD's
\$_____
4. Pictures, Rugs, Paint \$_____
5. TOTAL \$_____

1. Your insurance company pays you for your damage and you do, unless you get a lawyer or a nice neighbor. 2. You company would go after your neighbor to get reimbursed. 3. For the price of 2 pizzas per month, insurance sounds better than what a lawsuit may cost you!

Answers:

Missouri Department of Insurance,
 Financial Institutions & Professional Registration
 P.O. Box 690
 Jefferson City, MO 65102

Consumer Insurance Hotline
 1-800-726-7390

<http://www.insurance.mo.gov>