

Insurance for renters is a valuable but unknown protection for tenants

By Teresa M. Hanafin
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BOSTON — A burglar has never broken into Michael Epstein's apartment. But if one does, he'll be ready.

Mr. Epstein has armed himself. He's bought renters insurance.

Never heard of it? You're not alone. Lots of people think the only time you protect your belongings is when you buy a house.

Epstein knows better.

"We don't have all that much, but what we have we value," said Mr. Epstein, 24, who is about to get married. "There's a lot of sentiment built up there. We have some things that if, God forbid, we were to lose them, they'd be awfully hard to replace, both financially and emotionally. We just thought it would be best to have our things covered."

He's smart. Now, if a burglar dares step foot into Mr. Epstein's suburban Boston apartment and make off with the TV or other belongings, or if a fire melts his dining room table and scorches the carpet, Mr. Epstein will be insured for the loss.

Most renters aren't.

Less than 25 percent of renters nationwide have insurance on their personal property. In the Northeast, only 8 percent do.

Yet break-ins continue unabated. And if you think it won't happen to you, think again: Last year there were 9,163 burglaries in the city of Boston alone. That's about 25 a day.

This lack of insurance coverage might result from two misconceptions that many renters harbor, insurers say.

First, your landlord's insurance generally will not pay for the loss of your personal property.

"Landlords almost always indicate in their leases that they won't provide any coverage for tenants' property," said Ronald Zalger, senior vice president of Caddell & Byers Insurance in Burlington, Mass. "They're not responsible. The tenant is."

Second, some tenants don't buy insurance to save money, and figure if they do suffer a loss, they'll deduct it on their tax return. Not so, says insurance agent Eric Swanson of Stonham, Mass.

"It used to be that you could itemize casualty or theft losses on your tax return and deduct them after taking a \$100 deductible," he said. "But four or five years ago the rules were tightened considerably."

Today renters can deduct only that portion of the total loss that exceeds 10 percent of their adjusted gross income.

"And adjusted gross income is the line on the front of the form, before you've taken all your deductions," Swanson noted. "So if you make \$50,000 a year, you can only deduct the amount of your loss that exceeds \$5,000. For most people, that doesn't do much good."

Yet renters insurance can be affordable, depending on where you live, the security of your building and the value of your belongings.

A renter who lives in Boston and buys \$10,000 worth of coverage through the Massachusetts Property Insurance Underwriting Association (more on that later), with no extra coverage, will pay \$115 to \$128 per year, depending on the section of the city where the renter lives.

Or let's say you live in Brookline, Mass., and decide you want \$15,000 worth of coverage, with replacement cost on contents. That means you'll collect the amount it will cost you to buy new possessions, not just their current, depreciated value.

That policy, with the standard \$250 deductible, costs \$186 a year from the Alan L. Hoffman Insurance Agency in Brookline, which writes policies with Quincy Mutual Insurance Co.

A \$25,000 replacement-cost policy from Hoffman would cost \$237 if you live in Framingham, Mass., according to Karen MacCormack, a customer service representative with the company.

Mr. Epstein, who bought replacement insurance from McCarthy Insurance Agencies in Lawrence, Mass., and added extra coverage for jewelry and personal liability, is paying \$233 a year.

Renters insurance is a package deal: All policies carry coverage for personal belongings, living expenses, liability and medical coverage. Here's what's covered:

□ **Belongings.** A policy insures your personal belongings against losses from theft, fire, lightning, hail, windstorm, explosion, riot, civil commotion, aircraft, vehicles, smoke, falling objects, vandalism, building collapse — well, you get the idea.

□ **Living expenses.** Coverage will pay for living expenses incurred if you have to move out of your apartment temporarily because of damage. This is called loss of use coverage; usually you receive 20 percent of your policy amount — \$3,000 on a \$15,000 policy, for example.

□ **Liability.** Coverage is for injuries or damage caused by you, your family or a pet in your apartment or elsewhere — except your car, which is covered by auto insurance.

So if a neighbor slips on a throw rug and wrenches her back, son Gerald tees off at the local golf club and bops a spectator off the head or Aldo bites the mall carrier, you're covered.

A standard policy carries \$100,000 worth of liability, but it's cheap to increase the limit. An extra \$9 or so a year will bring your liability coverage up to \$300,000; \$15 a year gets you \$500,000 in protection.

□ **Medical payments.** Companies will pay up to \$1,000 in medical expenses for someone injured by you or your household members.

There are two basic types of renters insurance, also known as tenants or apartment insurance: Coverage that pays what your belongings were worth when they were stolen or destroyed (so you won't get much money for a 15-year-old TV), or insurance that pays what it will cost to replace your possessions. This replacement-cost coverage generally

costs 35 percent more than an actual cash value policy, according to Ms. MacCormack.

Renters insurance is not like auto insurance, says agent Philip Glantz. "Companies will not insure all-comers, regardless of risk." If you fall into a high-risk category because of where you live (some companies won't write policies in Boston), lack of security in your building or your own loss history, you may have to be insured by the Massachusetts Property Insurance Underwriting Association.

The association, a quasi-public agency formed by the Legislature in 1968 to provide property insurance for those who can't find insurance in the private market, writes only actual cash value policies, not replacement cost.

It has a minimum policy amount: \$6,000. Most private companies won't sell policies of less than \$10,000 or \$15,000.

Although insurance covers your belongings, there are limits on what companies will pay on items such as jewelry, gold and silver, cash, credit cards and watches (see chart).

You can increase the limits on these categories by paying a higher premium, or you can have particularly valuable items such as diamond rings appraised, listed separately on your policy (known as an endorsement) and covered for their value.

If you do decide to buy renters insurance, the first step is to take an inventory of your belongings.

Stand in every room and write down everything you see, making sure you open drawers, look on all shelves, inspect every box. Count how many ties and pairs of shoes you have as well as your couches and lamps. Most insurance companies and agents have checklists to help with this process. Write down manufacturers' names, models and serial numbers of as many items as possible. If you have antique or rare items, make a special note.

Take photographs, both general shots of each room from different angles so you capture all the contents, and close-ups of individual, valuable items like jewelry. When you have the photos developed, identify and date each on the back.

Gather any receipts you have saved so you can mark down the purchase date and price of each item where possible.

"After a loss, people are so upset and so emotional, they can't remember everything they had," said Barbara Masters, director of the consumer service section of the state Division of Insurance. "Sometimes weeks go by before they realize something is gone. Photographs can help them remember."

Then shop around.

"It's not like auto rates that are set by the state," Ms. Masters said. "It's very competitive, and rates vary."

Most agents urge renters to at least look into buying insurance. "Many people view it as just another bill to pay," Swanson said. "They see it differently after they're robbed."



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