

# Renters Insurance: Why You Need It



By J.R. Orenstein  
State Farm® agent  
January 2010

There are two big myths about renters insurance. One is that it's too expensive and the other is that it's not needed. Not having renters insurance is a pretty big gamble, considering that without it you face the cost of replacing your personal belongings after an event such as fire or theft. What's more, you could face the prospect of defending yourself in a lawsuit because of some accident for which you might be held legally responsible, whether it happened where you live or elsewhere.

In many cases, for less than a couple hundred dollars a year you can protect your valuables, like your furniture and clothes, from loss by fire, theft, wind and water damage or other covered hazards. But many renters still don't believe they need such insurance. A survey conducted by Cambridge Reports, Inc. for the Insurance Information Institute found that fewer than three out of every 10 renters purchase renters insurance. Many renters mistakenly believe their landlord's insurance will cover their own belongings. In fact, it would be extremely rare for a landlord's policy to extend to tenants' property.

To determine how much insurance coverage you'll need, take a complete inventory of your personal items. An insurance agent can help with this by estimating the total value of your property.

You'll also need to decide whether to opt for

depreciated or limited replacement cost coverage.

Depreciated coverage is the cost to repair or replace your belongings minus depreciation. Let's say you bought a quality sofa with an expected useful life of 10 years. If it's now five years old and would cost about \$1,000 to replace, you could expect to receive about \$500 (less deductible) if your sofa was destroyed by fire. You would pay slightly more for limited replacement cost coverage, but you could expect to receive \$1,000 for your sofa minus your deductible.

You should also keep in mind that insurance coverage for some types of personal property is limited in terms of dollars. Renters insurance also gives you personal legal liability coverage and medical payments to others who are accidentally injured while in your home, apartment or elsewhere if the injuries are caused by your actions. And, if you are forced to live elsewhere because of damage to your residence due to a covered loss, renters insurance covers additional living expenses. Remember, you may not own the building in which you live, but you still need to have insurance to protect your property in the case of fire, theft or other hazards. Talk with your insurance agent for more information.

**J.R. Orenstein, Agent**



**JR Orenstien – [JROrenstein.com](http://JROrenstein.com)**  
**516-466-3276**  
45 S Middle Neck Road,  
Great Neck, NY 11021-3455