

# A Brief Guide to Renter's Insurance

OFFICE OF THE COMMISSIONER OF INSURANCE

PI-017 (R 03/2008)



Homeowner's and renter's insurance protects your property against several types of losses including injury or damage stemming from your negligence or that of your family members.

## Types of Policies

There are several types of homeowner's insurance policies sold in Wisconsin. They vary according to the coverage in the policy and the type of dwelling being insured. **HOMEOWNER'S FORM 4 (HO-4) IS ESPECIALLY DESIGNED FOR RENTERS.** It covers your personal property for a number of different types of damage including theft, smoke, vandalism, fire, explosion, falling objects, building collapse, and rupture of steam or hot water systems. There is *no* coverage for the dwelling as that is the owner's responsibility and should not be insured by the renter.

## Additional Coverage

Other losses covered by a renter's policy are:

- A minimum of \$25,000 in personal liability for each occurrence of bodily injury and property damage to others arising out of your negligence.
- A minimum of \$1,000 in medical payments without regard to fault for injuries occurring in your home to anyone other than you or your family.
- Injuries occurring outside your home if caused by you, a member of your family living with you, or your pet.

- 10% of the limits of your personal property coverage for your belongings if destroyed or damaged away from your home if the cause is covered by your policy.
- Reasonable and necessary additional living expenses if it is necessary for you to move into a motel or apartment temporarily because of damage caused by a covered loss.

## How Much to Buy

The main factor to consider in determining how much insurance to buy is the actual value of your belongings. This involves establishing the "actual cash value" of all your possessions.

Actual cash value is usually determined by taking the replacement cost of the property when new and subtracting the amount of depreciation that has taken place. For example, a piece of furniture that cost \$500 to replace may have a reasonable "life" of 20 years. If this furniture is destroyed by fire after 10 years, its actual cash value at the time of loss is probably about \$250. Replacement cost coverage on contents may be obtained for an additional premium. Replacement cost coverage pays for your losses on the basis of how much it would cost to replace or repair the item at current costs without deduction for depreciation.

*The easiest way to determine value is to make a complete inventory of your belongings and try and determine their value at the time of inventory. Reinventory and reevaluation of your belongings should be done annually.*

Some property, such as art objects and antiques do not lose value and should be scheduled separately on your policy. Other types of property are covered on a *limited basis only* because they are especially susceptible to loss. These include guns, cash, jewelry, and stamp and coin collections. All homeowner's policies can be modified at additional cost to protect you against such losses.

## Costs

Costs for renter's insurance vary depending on the fire protection rating, type of building, the location, and the amount of insurance. As a renter, you will pay less for your insurance if you live in a fire-resistant building or a building with four or less apartments. This is primarily because the incidence of fires is less in these types of buildings.

The costs also vary among communities in accordance with their fire protection rating. For example, if you live in a small apartment building in Madison with a \$20,000 personal property limit, \$100,000 in personal liability, and a \$250 deductible, in 2008 you could expect to pay from \$61 to \$161 for renter's insurance. If you live in a large apartment building, you could expect to pay somewhat more. Prices will vary so you should call several companies to find out exactly what coverage and price they are offering. Buying a policy with a deductible will lower your premium.

RATES ARE CONSTANTLY CHANGING AND THESE ESTIMATES MAY BE OUTDATED VERY QUICKLY.

## Items to Remember

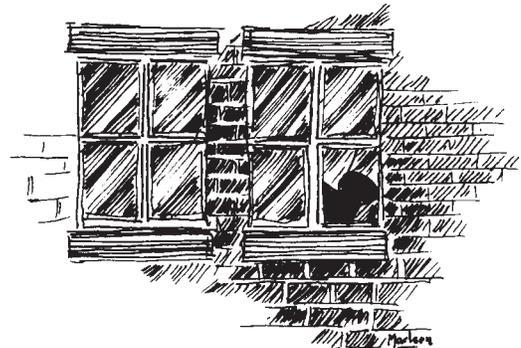
- Find out from a friend or relative the name of a company or agent *with whom they have had good experience*.
- *Shop around.* Companies and agents differ not only in cost but also in claims service and coverage. Don't be afraid to ask questions.
- *Ask about discounts.* If you already have an auto policy with one insurer, ask if the insurer would give you a discount on renter's insurance.
- Keep a list of all your personal property *off premises* so that if it is damaged or disappears, you will be able to account for it. Pictures or video of personal property can be beneficial.
- Check the *theft* provisions of your policy. This is a very common loss for apartment dwellers.
- The laws of Wisconsin prohibit insurance companies from refusing, cancelling, or denying insurance coverage to a class of risks solely on the basis of past criminal record, physical, or developmental disability, mental disability, age, race, marital status, sex, sexual preference, "moral" character, location, or occupation.

- Report all theft claims to the police department promptly.
- Keep a record of the serial numbers of your most valuable possessions.
- You may wish to contact one of the following insurance industry associations or groups for further information:

Independent Insurance Agents of Wisconsin  
725 John Nolen Drive  
Madison, Wisconsin 53713  
(608) 256-4429

Professional Insurance Agents  
of Wisconsin  
6401 Odana Road  
Madison, Wisconsin 53719  
(608) 274-8188

Community Insurance Information Center  
700 West Michigan Street, Suite 350  
Milwaukee, Wisconsin 53233  
(414) 291-5360



For information on how to file insurance complaints call:

(608) 266-0103 (In Madison)  
or  
1-800-236-8517 (Statewide)

### Mailing Address

Office of the Commissioner of Insurance  
P.O. Box 7873  
Madison, WI 53707-7873

### Electronic Mail

ocicomplaints@wisconsin.gov  
(please indicate your name, phone number,  
and e-mail address)

OCI's World Wide Web Home Page  
oci.wi.gov