

# A Brief Guide to Renter's Insurance

OFFICE OF THE COMMISSIONER OF INSURANCE

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Like homeowner's insurance, renter's insurance protects your property against several types of losses like damage from a fire or theft. Renter's insurance also covers 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 coverage in the policy and type of dwelling being insured. HOMEOWNER'S FORM 4 (HO4) is especially designed for renters. It covers your personal property for several 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 from residing in a temporary location 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 "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 calculated as \$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 to determine their value at the time of inventory. Inventory 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. *You may want to discuss these coverage and policy issues with your agent.*

## Cost

Cost of renter's insurance varies depending on fire protection rating, type of building, location, and 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 fewer apartments. This is primarily

because the incidence of fires is lower in these types of buildings. If you live in a large apartment building, you could expect to pay somewhat more than a smaller apartment building.

The cost also varies among communities in accordance with their fire protection rating. As cost varies, you should call several companies to find out exactly what coverage and price they offer. Generally, the higher the deductible, the lower the premium, but make sure you can afford the deductible.

### **Important Things to Remember**

- *Shop around.* Companies and agents differ not only in cost but also in claims service and coverage. Do not be afraid to ask questions.
- If you do not have an agent, find out from a friend or relative the name of a company or agent *with whom they have had a good experience.*
- *Ask about discounts.* If you already have an automobile 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 if property is damaged or stolen, you will be able to account for it. Pictures or video of personal property may be helpful.
- Check the *theft* provisions of your policy. This is a very common type of loss for apartment dwellers.
- Report all theft claims to the police department promptly.
- Keep a record of the serial numbers of your most valuable possessions.
- Wisconsin insurance laws prohibit insurance companies from refusing, cancelling, or denying insurance coverage to a class of risk 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.
- You may wish to contact one of the following insurance industry associations or groups for further information:

Independent Insurance Agents of Wisconsin (IIAW)  
725 John Nolen Drive  
Madison, Wisconsin 53713  
(608) 256-4429  
[www.iiaw.com](http://www.iiaw.com)

Professional Insurance Agents of Wisconsin  
Clock Tower Office Park  
6401 Odana Road #1  
Madison, Wisconsin 53719  
(608) 274-8188  
[www.piaaw.org](http://www.piaaw.org)

Community Insurance Information Center  
600 West Virginia Street, Suite 101  
Milwaukee, Wisconsin 53204  
(414) 291-5360  
[Insuranceinfo-ciic.org](http://Insuranceinfo-ciic.org)

**To file a complaint online or to  
print a complaint form:**

OCI's Web Site  
[oci.wi.gov](http://oci.wi.gov)

Phone  
(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

E-Mail  
[ocicomplaints@wisconsin.gov](mailto:ocicomplaints@wisconsin.gov)  
Please indicate your name, phone number,  
and e-mail address.

**Deaf, hearing, or speech impaired callers may  
reach OCI through WI TRS**