



# City of Madison Fire Department

## *Fact Sheet*

### **The Basics of Renters Insurance**

If you rent an apartment, own a condominium, or live in a dorm, you need insurance to protect your belongings. While your landlord or condo association might have insurance, it only protects the building. Your belongings are not covered under those policies.

#### **What standard policies cover**

Your policy should cover losses to your personal property from 17 types of perils:

- Fire or lightning
- Windstorm or hail
- Explosion
- Riot or civil commotion
- Aircraft
- Vehicles
- Smoke
- Vandalism or malicious mischief
- Theft
- Damage by glass
- Falling objects
- Weight of ice, snow, or sleet
- Water-related damage from home utilities
- Electrical surge damage.

#### **Actual cash value vs. replacement cost**

One thing to look at is whether the insurance company will offer "actual cash value" (ACV) or "replacement cost coverage" for your belongings. As the name implies, ACV coverage will pay only for what your property was worth at the time it was damaged or stolen. So, if you bought a television five years ago for \$300, it would be worth significantly less today. While you'd still need to spend about \$300 for a new TV, your insurance company will pay only for what the old one was worth, minus your deductible.

Replacement cost coverage, on the other hand, will pay what it actually costs to replace the items you lost, again minus the deductible.

***Let your agent know about any particularly valuable items you have.*** Jewelry, antiques, and electronics might be covered up to a certain amount. If you have some items that are unusually expensive, such as a diamond ring, you'll probably want to purchase a separate rider. If you don't talk to your agent about an expensive item when you buy the policy, you probably won't be able to recover the loss.

#### **Take inventory**

To ensure you are compensated for any belongings you lose from a fire, storm or other catastrophe, you should inventory all of your personal belongings. Making an inventory will help you decide how much insurance you need. It also will simplify claims. Your inventory should list each item, its value, and serial number. Photograph or videotape each room, including closets, open drawers, storage buildings, and your garage. Keep receipts for major items in a fireproof place."

#### **Footing the bill when your home is unlivable**

If your apartment or condominium becomes uninhabitable due to a fire, burst pipes, or any other reason covered by your policy, your insurance will cover your "additional living expenses." Generally, that means paying for you to live somewhere else.

This coverage has a limit of about 30 to 50 percent of the total value of the policy. So, if you're insured for \$100,000, your "additional living expenses" limit will be \$30,000 to \$50,000, depending on your policy terms. Your insurance company will continue to pay while your home is being repaired or rebuilt, or until you permanently relocate.