



A consumer's guide to **RENTERS INSURANCE**



Division of
Financial
Regulation

Department of Consumer
and Business Services

Contents

- About the Oregon Division of Financial Regulation.. 1
- Why do I need renters insurance?..... 4
- What does it cost?..... 4
- Can my landlord require me to get renters insurance? 4
- What should I look for when shopping for renters insurance?..... 5
- Coverage for personal possessions 5
- How much insurance should I buy?..... 5
- Should I choose replacement cost or actual cash value coverage? 6
- What is my deductible, and how does it work? 6
- What is a “floater” and do I need one?7
- Am I covered if I am traveling or away from home? ..7
- Are my items in my storage unit covered by renters insurance? 8
- Which disasters are covered and which ones are not?..... 8
- Liability protection 9
- Do I have enough liability insurance? 9
- Do I need an umbrella liability policy? 9
- Additional living expenses 10
- What does ALE cover and for how much? 10
- Multiple policy and other discounts..... 10
- Renters insurance shopping tool..... 12



About the Oregon Division of Financial Regulation

The Division of Financial Regulation protects Oregonians' access to fair products and services through education, regulation, and consumer assistance. It is part of the Department of Consumer and Business Services, Oregon's largest consumer protection and business regulatory agency.

We regulate:

- Insurance
- Mortgage services
- Annuities
- Securities
- Student loans
- State-chartered banks and credit unions
- Check cashing services
- Debt management services
- Money transmitters
- Pawnshops
- Payday and title lenders
- Consumer finance
- Collection agencies
- Manufactured structure dealers
- And more

We make sure:

- Your insurance companies, banks, and credit unions are financially sound
- You are treated fairly
- Your insurance claims are handled promptly and accurately and the companies honor their policies
- All financial, insurance, and mortgage professionals are held to high standards
- Insurance rates are not too high, not too low, and appropriate for the benefits being provided

Our consumer advocates are here to help

Protecting your financial life can be complicated, and getting the answers you need can sometimes be frustrating. That is why the Oregon Division of Financial Regulation has a dedicated team of consumer advocates here to help, free of charge.

Oregonians are encouraged to contact our advocates one of three ways to ask questions, check a license, or file a complaint. You can visit our website at dfr.oregon.gov, call 888-877-4894 (toll-free), or email dfr.insurancehelp@dcbs.oregon.gov or dfr.financialserviceshelp@dcbs.oregon.gov.

If you rent an apartment or a home, it is a good idea to consider buying renters insurance. Renters insurance covers your personal belongings and provides liability coverage similar to homeowners insurance.



The property owner's insurance does not cover your personal property or liability. However, a renters policy will help protect you and your belongings. It can even cover additional living expenses (hotel, meals, and more) if a disaster causes the home or apartment to become uninhabitable.

Typically, renters insurance has a low premium, with most policies between \$15 and \$30 a month. When shopping for renters insurance, do not assume the cheapest quote is the best option. It is important to compare both the price and the coverage options before purchasing a policy.

This guide provides more information about renters insurance and a shopping tool to help you compare prices and coverage options.



Why do I need renters insurance?

If you rent a house or apartment and experience a fire or other disaster, your landlord's insurance will cover only the costs of repairing the building. You need renters or tenants insurance to financially protect yourself.

What does it cost?

According to the National Association of Insurance Commissioners (NAIC), most policies cost from \$15 to \$30 a month, depending on the coverage options. So, for less than your monthly coffee budget, you can protect your personal possessions and financial assets from fire, theft, and other disasters.

Can my landlord require me to get renters insurance?

Yes, Oregon Revised Statute (ORS) 90.222 allows a landlord to require you to have a renters insurance policy, unless you meet specific income or subsidy specifications. Landlords are not allowed to require that they be named as an additional insured on the insurance policy. However, they

can be named as having an interest in the policy so that they are informed if you let the policy lapse. ORS 90.222 does limit the amount of liability coverage the landlord can require. Refer to the statute if you believe the landlord's requirement is unreasonable.

What should I look for when shopping for renters insurance?

Renters insurance includes three key types of financial protection:

- 1** Coverage for personal possessions
- 2** Liability protection
- 3** Additional living expenses (ALE)

Below are questions under each type of financial protection that will help you choose the right coverage when shopping for renters insurance.

Coverage for personal possessions

Coverage for your personal property is a key part of renters coverage, protecting you from theft, fire, and other events.

How much insurance should I buy?

Purchase enough insurance to replace all of your personal possessions if a burglary, fire, or other covered disaster occurs. The easiest way to determine the value of your personal possessions is to create a home inventory – a detailed list of your belongings, along with their date of purchase and estimated value. You can take photos or videos or use an app to help you remember everything. Add the estimated cost to replace the items; ideally, that's how much insurance you should buy.



Should I choose replacement cost or actual cash value coverage?

Actual cash value policies will deduct for depreciation (the aging of an item). Actual cash value is what you would get if you sold the item today. Replacement cost coverage will pay the amount needed to replace the item. Replacement cost policies cost a little more, but pay out more to buy replacement items.

What is my deductible, and how does it work?

A deductible is the amount of money you pay before insurance coverage kicks in. For example, if you have a \$500 deductible and a fire destroys \$5,000 worth of furniture, the first \$500 is your responsibility and your insurance company will cover \$4,500.



Renters insurance deductibles are generally specified as a dollar amount, which can be found on the declarations page. The larger the deductible, the lower your insurance premium will be. An important way to save money on your premium is to get the highest deductible you can afford.

What is a “floater” and do I need one?

A floater is an endorsement to a renters policy. It is used to schedule valuable items that are worth more than the limits of insurance the policy provides. For example, if the policy limit for jewelry is \$2,500 and your \$10,000 ring is stolen, you get only \$2,500 if the ring is not specifically listed on the floater.

It is important to know the policy limits. If you have expensive jewelry, furs, collectibles, sports equipment, or musical instruments, consider adding a floater to your policy to protect those items.

Am I covered if I am traveling or away from home?

Most renters policies include off-premises coverage, which means belongings outside of your home are covered against the same disasters in your policy. For example, property stolen from your car or a hotel room while you are traveling would be covered.

Are my items in my storage unit covered by renters insurance?

Storage units do not usually come with insurance, so you need to purchase coverage yourself. Check your renters policy to see if it covers items in storage. Generally, you can add stored items using a rider if it is not already covered by your renters policy.

Which disasters are covered and which ones are not?

Renters insurance covers you against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm, and certain types of water damage (such as from a burst pipe or if the tenant upstairs leaves the water running in the bathtub and floods your apartment).

Like standard homeowners policies, most renters insurance policies do not cover floods or earthquakes. Flood coverage is available from the National Flood Insurance Program and a few private insurers. You can get earthquake insurance as a separate policy or have it added as an endorsement to your renters policy, depending on where you live.



Liability protection

Renters insurance provides liability protection. It covers you against lawsuits for bodily injury or property damage unintentionally done by you or your family members. This coverage pays for the cost of defending you in court, up to the limit of your policy.

Liability coverage does not usually include damage done to the property you are renting other than “fire legal liability,” meaning fire and explosion. So, if your aquarium breaks and water damages the apartment, your policy will not cover it.

Your renters policy should also include no-fault medical coverage as part of the liability protection. Medical payments coverage allows someone who gets injured on your property to submit medical bills directly to your insurance company.

Do I have enough liability insurance?

Make sure the liability coverage provided by your policy will protect your financial and other material assets if a lawsuit occurs.

Do I need an umbrella liability policy?

If you need a larger amount of liability protection, consider purchasing a personal liability umbrella policy. An umbrella policy kicks in when you reach the limit on the underlying liability coverage provided by your renters or auto policy. It will also cover you for things such as libel and slander.

Additional living expenses

Additional living expenses (ALE) coverage kicks in if where you live is destroyed by an insured disaster and you need to live elsewhere for a time.

What does ALE cover and for how much?

The ALE portion of your renters insurance policy pays for hotel bills, temporary rentals, restaurant meals, and other expenses you incur while your rental is being repaired or rebuilt. Essentially, it covers the expenses you would not have to incur if you were still able to live at home.

Most policies will reimburse the full difference between your additional living expenses and your normal living expenses. There are generally limits as to the total amount the insurer will pay or time limits specifying how long you are eligible for the ALE payments. Make sure you are comfortable with the limits of the policy you choose.

Multiple policy and other discounts

What types of discounts are offered on renters insurance?

Insurance companies often provide discounts on renters insurance if you have another policy with them – for example, car or business insurance.

You may also get a discount if you:

- Have a security system, deadbolt locks, or smoke detectors

- Have a sprinklered dwelling
- Stay with the same insurer (loyalty discount)
- Are claim free

Shop around

Rates and discounts will vary widely by insurance company. Shop around and carefully review your options. Use the renters insurance shopping tool to help compare companies, policies, and possible costs.

Avoid this common misstep

Remember to tell your insurance company if you move. If your residence address has changed, and you did not tell your insurance company or agent, the policy may have reduced benefits or may not be valid.

For more information, contact:
Oregon Division of Financial Regulation

Visit dfr.oregon.gov

Call 888-877-4894 (toll-free)

Email

Insurance

dfr.insurancehelp@dcbs.oregon.gov

Financial services

dfr.financialserviceshelp@dcbs.oregon.gov

Renters insurance shopping tool

Use this tool to compare multiple insurance companies when shopping for renters insurance. First, decide how much coverage you need for each category. Put that amount in each section in the left-hand column. Ask each company to quote the same level of coverage so you can compare actual premium costs. It is not only about cost. Make sure the companies are licensed to do business in Oregon and check their financial strength and customer service.

| Coverage |
|--|
| Aim to get three quotes. Place the company name and contact information on the top of each column to the right. List the annual premium cost provided by each company for each policy section. |
| Licensed in Oregon? dfr.oregon.gov . If not licensed, do not do business with them. |
| Personal possessions /contents coverage Is the policy for actual cash value or replacement value? Amount of coverage: Deductible: |
| Liability coverage Amount: |
| Additional living expenses Amount provided: |
| Optional umbrella for more liability insurance (amount of coverage) = |
| Optional floater for valuable items such as jewelry, collectibles |
| Other optional coverage: Items in storage unit |
| Other optional coverage: Earthquake, flood |
| Discounts they offer: Security, multiple policies, sprinklered, claim free |
| Add the annual premium cost for each coverage, minus discounts, and put the total on this line |
| Were they referred by friends, co-workers, or trusted adviser? |
| Did you get good customer service? Were they easy to reach, were their answers clear? |
| Are they financially sound according to rating companies? (ambest.com , fitchratings.com , moody.com , standardandpoors.com , weissratings.com) |

This tool is intended to help compare companies, policies, and possible costs. Final cost of your premium will vary.

If you have concerns or complaints about your insurance company, the Division of Financial Regulation advocates are here to help. Call 888-877-4894 (toll-free) or visit dfr.oregon.gov.

| | Company 1 | Company 2 | Company 3 |
|--|-----------------------|-----------------------|-----------------------|
| | | | |
| | Yes or No | Yes or No | Yes or No |
| | Annual premium: \$ | Annual premium: \$ | Annual premium: \$ |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| | \$ - | \$ - | \$ - |
| | \$ | \$ | \$ |
| | | | |
| | | | |

Department of Consumer and
Business Services
Division of Financial Regulation

Visit dfr.oregon.gov
Call 888-877-4894 (toll-free)
for consumer help

