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Play it safe with renters insurance
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When Jason and Gloria Morse downsized from their Town of Wappinger house to an apartment in the same area in June, they moved many of their belongings and bought a lot of new things, too.

Rather than take a chance on losing those belongings to fire, theft or other misfortune, they decided to take out a renters insurance policy.

They had appreciated their homeowners policy, which offered protection for the property, house, contents and personal liability. They didn't want to lose that security because they sold their home.

Thomas F. Wallace Jr., executive vice president of Personal Coverage Inc., said the Morses' thinking is well-founded. His company is an independent insurance agency with its main office in Saratoga County and other offices in Poughkeepsie and Kingston.

"Renters insurance is, in essence, a type of homeowners insurance without coverage for the physical building. There are a lot of similarities between the two products," Wallace said. "Renters have essentially the same needs as a homeowner - obviously excepting the building - and the cost is quite inexpensive and the process is very easy to put in place."

The building is covered by the landlord, who would need a separate policy insuring the building and owner's liability. The landlord's coverage includes the premises, but not the renter's belongings, said Karen Jordan, operations manager for Kallman Insurance Agency in the City of Poughkeepsie.

"If there was a fire or something and all their personal belongings were burned ... the landlord's policy will not cover that. Nor if there is a theft. If there is damage to the building, that's on the landlord, but not personal property," Jordan said.

That's where tenant policies come into play.

"Renters underestimate what they own, but when they take stock of all their CDs, DVDs and clothes, they are surprised how much it would add up to if they had to replace it all," Wallace said.

As in homeowners policies, riders can be added to cover specific items such as individual pieces of jewelry, furs or silver.

In a tenant policy, there is "loss of use" coverage, which would pay for the renters to live in a hotel, for example, if there was a fire that rendered the apartment uninhabitable. This is usually a percent of the contents replacement policy.

Fire and theft are the two main causes of loss for renters, Wallace said.

Renters policies are often optional, but not always, the agents said.

"We are seeing a lot of apartment complexes requiring some proof of renters insurance, at least initially. When renters have insurance, after a loss such as fire, it's a much easier process for everyone," Wallace said.

"Tenants think the (landlord or complex management) will pay for things, and after displacement, the landlord says, 'It's not our responsibility.' Also, the tenants are legally liable inside their unit, so (management) likes to know the renter has insurance that would respond first. It's a form of risk management," he said.

Even if an individual is a careful and responsible tenant, that may not be enough to ward off catastrophe, Wallace said.

"Renters don't take into consideration that they are living in multifamily units; (the danger) may not be what they are doing, but the neighbors. Kitchen fires are common," he said.

Many protections

The Morses' renters insurance policy from New York Central Mutual, through Brinckerhoff and Neuville agency in Fishkill, includes \$500,000 personal liability protection, \$30,000 coverage of personal property and \$9,000 "loss of use." An additional umbrella policy offers up to \$1 million of liability and other coverage.

"If you have people coming and going in your home (and someone is hurt), you can be sued. Of course, they will sue the landlord, too, but you're going to fit into the picture someplace. Anything in your name will be gone after in a lawsuit. A renter should look at what he has in liabilities and assets," Jason Morse said.

Morse advises other renters considering whether they need insurance coverage to "look at what they have as resources. We have money from the sale of our home and other monies, so you have to protect that," he said.

Suzanne French, personal lines supervisor for the Fishkill office of Brinckerhoff and Neuville Insurance Group Inc., made another case for personal liability coverage for renters.

Courts determine who is responsible for negligence or problems in a rental property; in a major lawsuit, the renter and landlord are both likely to be named as defendants. Without a policy, a renter takes a chance, French said.

"You could be found negligent. If you could not pay a judgment (out of pocket), they can garnish your wages or anything like that," she said. "And if nothing else, [the insurer] will provide money for defense, so even if you're found not guilty, you are still covered for defense."

To answer questions about this form of insurance, Personal Coverage Inc. created a Web site for renters.

"We've actually come up with a Web site (www.insurerenters.com) that is specific to renters insurance, which hopefully breaks down specifics in plain language so renters could see what they are buying and why it's important," Wallace said.

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Acquiring renters insurance

- The background check for the policyholder is similar between renters and homeowners policies: An insurance score is devised based on claims history, financial history and debt. Income generally is not a factor.
- Premiums vary based on where you live and coverage limits, but \$125-\$150 is a reasonable budget for a normal renters policy, with replacement limits of \$20,000 or \$30,000, or up to \$200-\$300 for policies with higher replacement limits and umbrella coverage.
- Liability coverage limits are essentially the same as homeowner coverage: \$100,000, \$300,000 and \$500,000. Deductibles are typically \$250-\$500.

Resources

- Brinckerhoff and Neuville Insurance Group Inc., 1134 Main St., Fishkill, 845-452-1776, www.brinckerhoffinsurance.com
- Kallman Insurance Agency, 232 Hooker Ave., Poughkeepsie, 845-454-2493, www.kallmaninsurance.com
- Personal Coverage Inc., P.O. Box 5060, Saratoga Springs, 1-800-636-3684, www.insurerenters.com

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