

# Adulting 101: Why you must have renter's insurance - AvvoStories

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## Adulting 101: Why you must have renter's insurance

REAL ESTATE, MONEY

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When somebody buys a home, they take out a homeowner's insurance policy as a matter of course. And yet at least half of all renters remain uninsured. That's not a good thing.

Some believe that their landlord's insurance provides coverage, or that individual renter's insurance is too expensive. But the obstacles are more imagined than real, and remaining uninsured comes with the real risk of losing all your stuff.

[What a landlord insures](#)

If the sink starts to leak in your apartment, you call the landlord. That's one of the biggest advantages of renting instead of owning—you don't have to worry about home repairs. But landlords are primarily concerned with protecting their investment. They take out insurance on *their* property, not yours.

A [landlord insurance](#) policy will cover damage to the building due to fires, storms, and vandalism. It even protects against you, the renter, in the event you damage the building or sue the landlord for an injury you suffered at home (on their property), or for damage to your own property (for example, if a leak from upstairs ruins your couch). The insurance will also cover the landlord's lost income if that upstairs flood makes your apartment uninhabitable. But you can bet that money will not be used to pay your rent somewhere else while the landlord replaces your ceiling.

## What renters need insurance for

That's one of the ways in which [renter's insurance](#) comes in handy. Some policies will cover your expenses if you need to stay in a hotel while repairs are done to your dwelling, or help cover moving costs if your rental unit becomes uninhabitable.

Its primary purpose, however, is to cover your property, which, if you are a renter, means your possessions. If your rental home is burglarized, or damaged by fire, storm, or vandalism, renter's insurance will cover your loss. You can even get protection against lawsuits if someone is injured while they are at your home (though that kind of coverage overlaps with landlord insurance, so establishing liability in these instances can quickly become a [legal matter](#)).

## Obstacles to renter's insurance

A few renters might be unaware that renter's insurance exists, but in most cases, renters choose to remain uninsured either because they think insurance will be too expensive or because they think they don't have much to lose.

Concern for cost is natural. Renters in markets around the country are feeling the squeeze. Seventy percent of them think their rent is [too high](#). In markets like [San Francisco](#), that number jumps to 90 percent. When you're struggling to make rent, it's hard to entertain the idea of paying for anything that isn't necessary. But if money is tight, you really can't afford to cover your losses if your apartment gets robbed.

Also, as luck would have it, renters' insurance is actually pretty cheap, comparatively speaking. Estimates vary, but most people can find a basic policy for [under \\$200](#) a year. If you have a few [high value items](#), like your grandmother's diamonds or an irreplaceable vinyl collection, you might pay for a special policy (called a rider or a floater) that gives extra protection for the loss of those specific items.

But even if you don't have any priceless heirlooms, you might be surprised at how much you have. Most experts recommend taking inventory of your apartment before you buy insurance. This will help you buy the right amount of insurance now, and also help you document your losses if you ever need to file a claim. On average, renters find they need between [\\$20,000 and \\$30,000](#) of coverage.

## What about my roommates? Are they covered too?

Renting and roommates are common companions, especially for millennials and especially in high-rent areas. Overall, nearly 8 percent of all Americans have roommates, while nearly a third of millennials in San Francisco do. So if you share an apartment, should you also share insurance?

In general, the answer is "[no.](#)" The fluidity of a roommate situation increases the risks of combining finances. It's more than just another shared bill. If either of you makes a claim on a shared insurance policy, both of you are likely to face higher premiums in the future—even if you no longer share a policy. So unless your roommate is also your long-term partner or a close friend who has shared housing through multiple moves with you, it's better to keep your finances as

separated as possible.

On the other hand, [shared insurance](#) can sometimes be cheaper than maintaining separate policies. If the savings are significant, it may be worth the risk. That [risk](#) can be minimized by getting things in writing – something that's a good idea anyway.

After all, if newlyweds can agree to the terms of a [prenuptial agreement](#), roommates should have no problem with a rental agreement.

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