

- ▶ Ask about endorsements if you need or want more coverage than the policy provides.
- ▶ When comparing prices, be sure you understand the coverage each policy provides. A less expensive policy could provide less coverage.
- ▶ When getting a price quote or applying for insurance, answer questions truthfully. Wrong information could cause you to get an incorrect price quote or could lead to a denial or cancellation of coverage.
- ▶ Be sure to consider factors other than cost, such as a company's financial strength and its customer service record. Buy only from licensed companies and agents. You can find out whether agents or companies are licensed and get information about licensed companies' finances and their complaint histories by calling the Texas Department of Insurance (TDI) **Consumer Help Line** or by visiting our website

**1-800-252-3439**  
**463-6515** in Austin  
**www.tdi.state.tx.us**

### Having Trouble Finding Renters Insurance?

The Texas FAIR Plan Association offers a tenant policy for qualified consumers who are unable to obtain renters insurance from a licensed company. To be eligible for this coverage, you must have been denied insurance by at least two licensed insurance companies writing residential property insurance in Texas and may not have received a valid offer of comparable insurance from a company licensed in Texas. FAIR Plan policies are available only through Texas-licensed agents. For more information, contact your agent or the

**Texas FAIR Plan Association**

**1-800-979-6440**  
**www.texasfairplan.org**

### For More Information or Assistance

For answers to general insurance questions or for information on filing an insurance-related complaint, call the **Consumer Help Line** between 8 a.m. and 5 p.m., Central time, Monday-Friday, or visit our website

**1-800-252-3439**  
**463-6515** in Austin  
**www.tdi.state.tx.us**

For printed copies of consumer publications, call the 24-hour **Publications Order Line**

**1-800-599-SHOP** (7467)  
**305-7211** in Austin

Help us prevent insurance fraud. To report suspected fraud, call our toll-free **Fraud Hot Line**

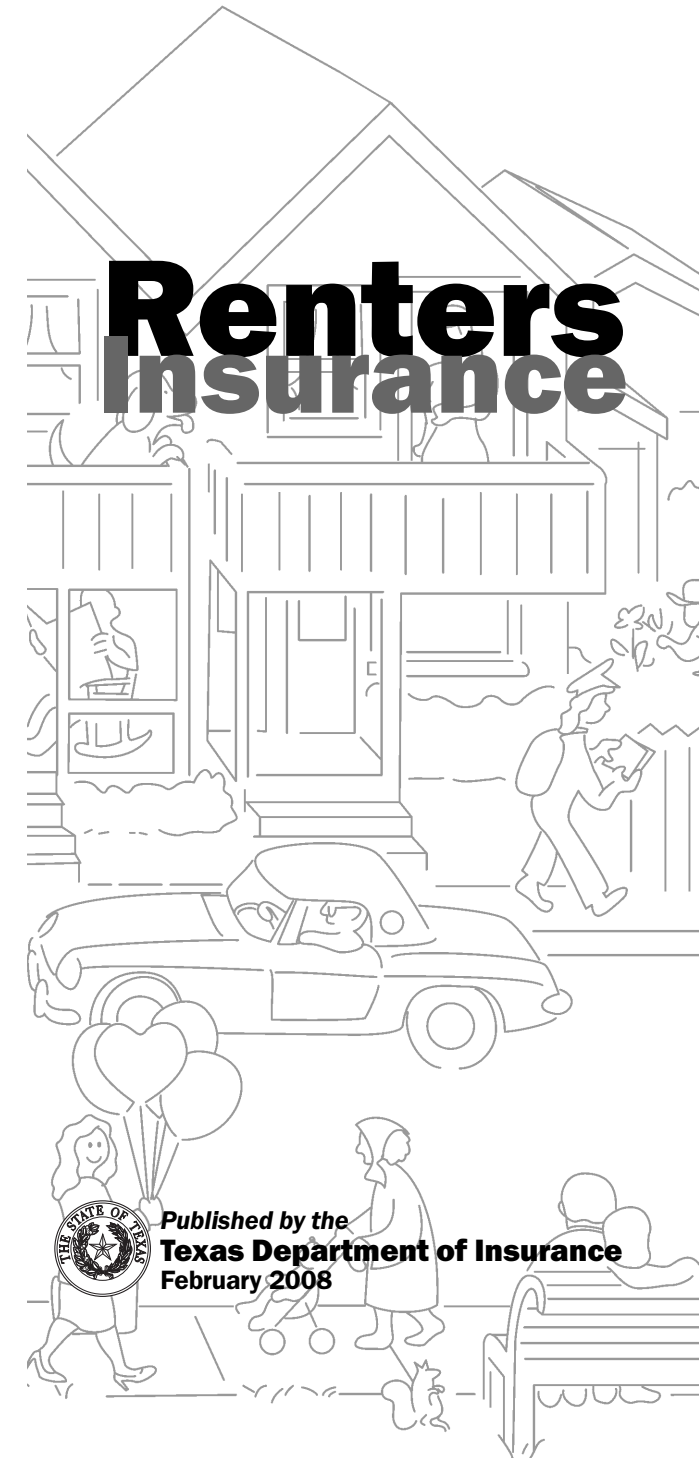
**1-888-327-8818**

To report suspected arson or suspicious activity involving fires, call the State Fire Marshal's 24-hour **Arson Hot Line**

**1-877-4FIRE45** (434-7345)

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# Renters Insurance

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**NEWS REPORTS** of home and apartment fires often include tragic stories of renters who lost all of their belongings and weren't insured. A property owner's insurance policy usually covers the house or building but not the tenant's personal property. If you rent an apartment, duplex, house, or townhouse, consider buying renters insurance to replace or repair your property if it's stolen, damaged, or destroyed.

### **Renters Insurance Policies and Coverages**

Renters insurance, sometimes called tenant insurance, is a type of residential property coverage for people who rent homes or apartments. Insurance companies can sell several types of renters policies in Texas, each with a different level of coverage. Two of the policy forms, the Broad Form (HO-BT) and the Comprehensive Form (HO-CT), are standardized. This means the policy language and coverages will be the same, regardless of the company writing the policy.

- ▶ **HO-BT** policies insure your property against losses specified in the policy, such as fire and theft. Losses not specified in the policy are not covered. Most renters buy HO-BT policies.
- ▶ **HO-CT** policies are "all risk" policies and insure your property against every type of loss, unless specifically excluded by the policy. HO-CT policies are more expensive than HO-BT policies because they cover more risks.

Companies also may sell alternative policies or modified versions of the HO-BT and HO-CT if approved in advance by the Commissioner of Insurance. These policies are not standardized, so coverages may vary. Read your policy carefully to know exactly what it covers.

All policies have a total dollar limit. This is the

maximum amount the policy will pay, regardless of the amount of your claim. Make sure you buy a policy with a high enough dollar limit to replace your property if it's stolen or destroyed. Most policies in Texas have a deductible equal to 1 percent of the total amount of coverage. A deductible is the amount you must pay out of your own pocket before the insurance company will pay on your claim. For example, if you have a \$25,000 policy with replacement cost coverage and a 1 percent deductible, you would pay the first \$250 of the repair or replacement costs. The company would then pay the remainder, up to your policy's dollar limit. Some companies may require a higher deductible for theft.

### **Renters Insurance Coverages**

Personal property coverage pays to repair or replace your personal property, up to your policy's dollar limit. In addition to a total dollar limit, policies may limit payments for certain kinds of property. Common limits are \$100 for cash, \$2,500 for personal property used for business, \$500 for valuable papers, and \$500 for jewelry, watches, and furs. Renters insurance also covers your luggage and other personal items when you travel. This coverage is usually limited to 10 percent of the amount of your policy or \$1,000, whichever is greater.

Loss of use pays for additional living expenses, such as food and housing, if you must move from your home or apartment because of a covered loss. Loss of use coverage is generally limited to 20 percent of a policy's personal property coverage. For example, if you have \$25,000 in personal property coverage, your loss of use coverage would be \$5,000.

Personal liability protects you against a claim or lawsuit if someone is injured in your home. A renters policy typically automatically pro-

vides \$25,000 in liability coverage and pays your legal costs. Extra liability coverage is available for additional premium.

If a policy provides less coverage than you'd like, ask whether you can buy "endorsements." Endorsements increase or expand the coverage provided in the base policy, usually for additional premium. The availability of endorsements varies by company.

### **Actual Cash Value vs. Replacement Cost Coverage**

Renters policies normally pay the "actual cash value" of your property. This means the insurance company will subtract an amount for depreciation and wear and tear from the value of your property before paying your claim. For example, if someone steals your five-year-old television, the insurance company will only pay you an amount equivalent to the market value of a five-year-old television, minus your deductible. Therefore, you won't receive enough to buy a new TV like the one that was stolen.

For a higher premium, you can buy "replacement cost coverage" that pays the full cost of replacing your property, minus your deductible and up to your policy's dollar limit. You can usually add replacement cost coverage to your property for additional premium.

If you have replacement cost coverage and an HO-BT or HO-CT policy, your insurance company will pay up to \$1,500 to repair or replace your damaged property. If the property damage exceeds \$1,500, the company will pay the actual cash value first. You must then repair or replace the property with an item of like kind and quality before the company will pay the remaining amount of your claim. Other types of policies may pay replacement cost differently. Read your policy or ask your agent to find out how your policy pays a claim.

**Note:** A complete inventory of your personal property can be helpful if you ever file a claim. Include the item, its value, and a serial number if there is one. Keep receipts for expensive items. Photographs or a videotape of your property can be especially helpful to document your loss to the insurance company. Keep a copy of the inventory and any photos or videos of your property in a secure place, such as a safe deposit box.

### **Coverage for College Students and Dependents**

College students and other dependents temporarily living away from home may be covered under their parents' or guardians' homeowners policies. If you have dependents living away from home, ask your agent or company if your policy covers them.

A parent's homeowners policy generally covers a dependent's personal property for up to 10 percent of the policy's personal property limit. For example, if the parents have an insurance policy with a personal property limit of \$50,000, their dependents automatically have \$5,000 in coverage while living away from home. Dependents are covered up to 100 percent of the liability provided by the parents' or guardians' policy for claims involving personal liability and medical payments to others.

### **Shopping for Insurance**

Rates can vary widely among companies, even for the same or similar coverages. It pays to shop around. Following are a few tips to help you shop:

- ▶ Inventory your property so you know how much coverage you need. Make sure you buy enough coverage to replace your property if it's stolen or destroyed.
- ▶ Get quotes from several different companies.