

What to Look for When Choosing a Renter's Insurance Policy

There are a few things to consider when purchasing a renter's insurance policy. Make sure to ask plenty of questions and do research before committing to a policy to guarantee that it truly meets your needs as a renter.

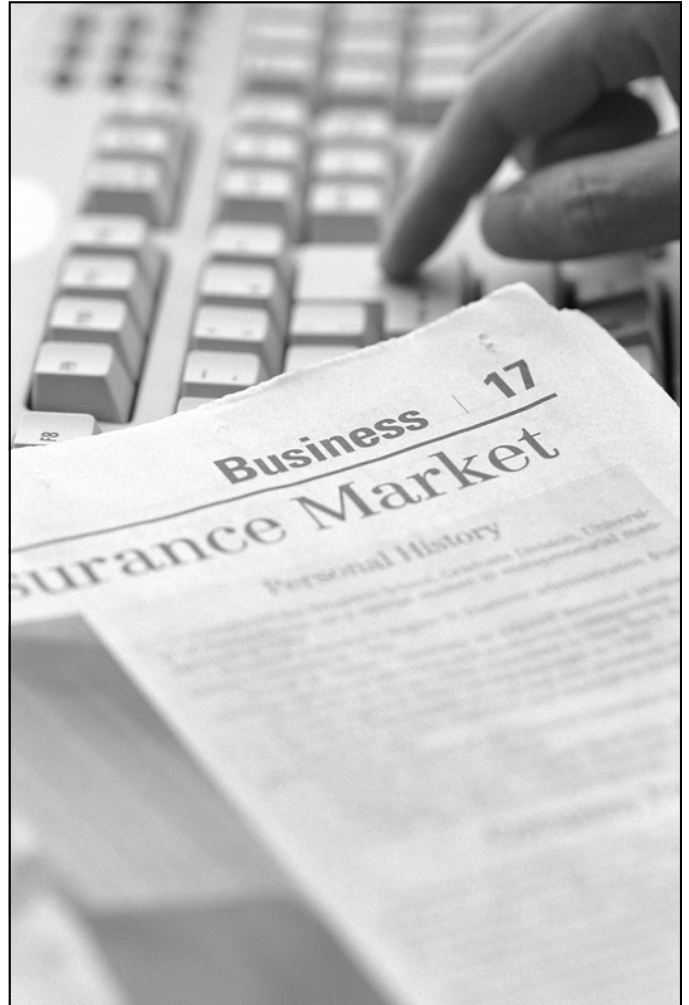
One thing to look at is whether the insurance company will offer "actual cash value" (ACV) or "replacement cost coverage" for your belongings. As the name implies, ACV coverage will pay only for what your property was worth at the time it was damaged or stolen. So, if you bought a television five years ago for \$500, it would be worth significantly less today. While you'd still need to spend about \$500 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. Usually, you'll have to pay out of your own pocket to replace your damaged items and submit the receipts to the claims adjuster for reimbursement. Even so, you'll still get a bigger chunk of change back than if you bought ACV coverage. In some regions, most insurers write ACV coverage. In others, they'll quote you replacement cost coverage by default. Replacement cost coverage will cost you more in premiums, but it will also pay out more if you ever need to file a claim.

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 full loss. Expensive items prone to theft, such as jewelry and guns, only have limited coverage so it is wise to place these items on a separate policy. Replacement cost is well worth the small amount more it may cost for your policy.

The deductible will be a leading factor to consider in the cost of insurance and how much you are willing to pay out-of-pocket before your insurance kicks in. The deductible is the portion of a covered loss that is your responsibility. Although deductibles vary by state, they are typically available in amounts such as \$250, \$500, or \$1,000. For example, if you had a \$500 deductible, you would need to pay \$500 of the covered loss. Generally speaking, higher deductibles lower your premium, but increase the amount you must pay on your own if a covered loss occurs. Ask yourself how much you are willing to pay in order to save on a premium.

Finally, coverage varies by state, company, and type, as with any insurance policy. If you rent in an area



As with any other insurance policy, it is important to research all of your options and choose a plan that meets your needs.

prone to theft, you will probably pay more for your insurance. If you or the previous tenant or neighbors have had a large amount of claims this may also raise the cost of your policy. Discounts may be available through the insurance provider, so be sure to ask about available discounts.

Research is important when looking for any insurance policy. Contact your insurance provider or the Mallard Lake Leasing Office today to learn more about your renter's insurance options.


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