

# Renter's Insurance

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Although renting a property does not subject a tenant to the same liability as that of a property owner, tenants can still benefit from obtaining separate renter's insurance policies.

## **What Renter's Insurance Covers**

Renters' insurance policies are similar to homeowners' insurance policies but have no coverage for buildings or structures. Renter's insurance typically covers the cost of replacing personal items that are stolen, damaged, or destroyed. Some renters' policies cover legal liability in the event that anyone suffers an injury while on the insured property. Certain actions of the policyholder which occur away from the insured property may also be covered.

Note: The landlord's insurance will probably not cover tenant property losses unless the tenant can specifically demonstrate that the landlord was negligent in some manner.

## **Is Renter's Insurance Required?**

Although renter's insurance is not usually required, by the terms of some leases, tenants may be required to have insurance to cover their liability exposure if someone is injured on the premises, or if damages occur from items owned by the renter, such as waterbeds. And, the landlord can, in fact, require the renter to have liability insurance. When signing a new lease, or after proper legal notice for a month-to-month rental agreement, the landlord can even lawfully change the terms of the agreement to require renter's insurance. This may be particularly important if the renter has animals, or if the property contains a pool.

## **Insurance Company Obligations and Rights**

When a renter purchases liability insurance, part of the insurance company's obligation is to provide a defense in the event of a lawsuit. Even though the insurance company selects the lawyer and must approve the payment of all legal fees and other expenses of the lawsuit, the lawyer represents the policyholder. Under most types of liability insurance, the insurance company has the contractual right to settle or defend the case as it sees fit. The policy owner has an opportunity to provide input, but the company typically has no obligation to obtain the policyholder's consent or approval.

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