

# Take out renter's insurance to protect your possessions

**A** row house in the District of Columbia had to be quickly evacuated and then bulldozed after sliding off its foundation.

The residents of the house, a woman and her adult son, suddenly found themselves not only homeless but without their possessions.

If that weren't bad enough, in a television interview the family said it wasn't sure if it had renter's insurance.

Typically if you're not sure, you don't have it.

If the landlord had insurance, only the building would be covered. If the renters didn't have insurance coverage for the contents of that row house, they won't be compensated.

This is yet another example of how important it is to have renter's insurance. It's not likely your apartment or rented house will collapse one day, but there are other more common occurrences. Renter's insurance protects your personal possessions if your property gets damaged, destroyed or stolen.

When I wrote about the high percentage of renters who don't have insurance (nearly 7 in 10, according to one survey), one reader was prompted to get coverage.

He also had a question.

"I currently am renting a studio apartment alone," he wrote. "I have been living there for over a year now, and my girlfriend will be moving in shortly. However, only my name is on the lease. Could the renter's insurance cover her possessions, given that her name will not be on the lease?"

Nope, your live-in honey doesn't get automatic insur-



Michelle Singletary

## THE COLOR OF MONEY

ance coverage on her stuff based on your individual renter's policy.

"Both people need to take out their own renter's insurance," advised Rachel Arnold, director of public affairs for the National Apartment Association.

Although you may not need to prove residency when you get renter's insurance, you may have to prove it if you have to make a claim, according to Emily Crane, manager of media relations for the Independent Insurance Agents & Brokers of America.

"We recommend you sign a lease or a subleasing agreement," Crane said.

However, Shaundra Turner, a spokesperson with Allstate, said her company's agencies do not require proof of residency.

My suggestion is to check if you have to verify your residency by way of a signed lease should you have to make a claim.

Another reader had a question about making a claim on a renter's policy.

"What I am wondering is if renter's insurance operates like homeowner's insurance when it comes to the downsides?" asked Richard Furze of Denver. "Does renter's insurance have these same negatives when making claims? Is it really only good for one claim? If you have what the insurance industry considers a bad claims history with your renter's insurance, will this information impact your cost or ability to obtain homeowner's insurance later on?"

The downside Furze is referring to is a fact with just about any insurance you get — the more claims you file, the higher your premium might rise, or worse, you might be canceled. Renter's insurance is no different.

Insurance companies look at your claims history — the severity and frequency. Most insurance companies use a claim-tracking database called Comprehensive Loss Underwriting Exchange, or CLUE. The database includes claims made by a policyholder for personal losses and losses that have occurred to the property.

Each insurance company has its own guidelines as to how many claims are too many, but in general, you don't want to have two to four claims in a three-year period.

Claims aren't a permanent mark on your insurance record. CLUE provides a five-year history of losses.

Whether you should submit a claim depends on at least two key factors — how much the claim is for and how many claims you have filed in the recent past.

*Listen to Michelle Singletary discuss personal finance every Tuesday on NPR's "Day to Day." To hear her reports go to [www.npr.org](http://www.npr.org). Write to her at The Washington Post, 1150 15th St., N.W., Washington, D.C. 20071 or [singletarym@washpost.com](mailto:singletarym@washpost.com).*