

<https://www.policygenius.com/renters-insurance/learn/what-does-renters-insurance-cover/>

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### What does renters insurance cover?

Renters insurance covers your personal property if it is damaged or stolen, medical and legal bills if you are found liable for damaging someone's property or injuring them, and temporary living expenses if your rental home is currently uninhabitable.

[Renters insurance](#) is financial protection for [a tenant](#) and their personal belongings. There are three categories of coverage that make up a renters insurance policy: [personal property coverage](#), personal liability coverage, and loss-of-use coverage. Renters insurance is a relatively cheap insurance product, costing an average of [\\$15 a month](#). And although [it's cheap](#), renters insurance can offer thousands of dollars in protection.

### Ready to shop for renters insurance?

Renting is on the rise, but according to the Insurance Information Institute only [37% of renters have renters insurance](#). It's a [common myth](#) that landlords will insure renters belongings (they won't), or that renters insurance isn't worth it. Your landlord might [require you](#) to buy renters insurance, but even if they don't it's still a good idea to get a policy. Your landlord will have [their own insurance](#) to protect the physical building you are living in, but that insurance will not extend to you or your personal property.

If you're a renter living paycheck to paycheck, or you're saving up to buy a house, you're likely living on a budget with little leeway in your finances to replace everything you own in the event of unexpected damages. Renters insurance is a highly cost effective, affordable investment to keep you and your possessions protected.

### Key takeaways

- Renters insurance is made up of three different types of coverage: personal property coverage, which covers your personal property if it is stolen or damaged by a covered peril (like fire, vandalism, or short-circuit damage); liability coverage, which protects you if you damage someone else's property or cause someone injury; and loss-of-use coverage, which covers the cost of living elsewhere if your home becomes temporarily uninhabitable
- You can add endorsements to your policy to extend more coverage to valuable items, like a fine art collection or a wedding ring. You can also add coverage for perils that are not automatically covered, like an earthquake or flood
- There are two types of renters insurance policies, a replacement cost value policy (RCV) or an actual cash value policy (ACV). RCV policies pay you out as if your belongings are brand new and ACV policies pay you out the depreciated value of your belongings.

### What does renters insurance cover?

Renters insurance is made up of three different categories of coverage. Each category offers a different type of protection. Your renters policy will protect you from a variety of different covered perils.

### **Personal property coverage**

A renters insurance policy will cover costs to replace your personal belongings, like your furniture, electronics, computer equipment, your clothes, [jewelry](#) and [appliances](#), with [home contents coverage](#). Basic renters insurance will reimburse you for the loss of property (up to your policy's coverage limit) if destroyed, damaged, lost or stolen in any one of the following 16 different events:

- [Fire](#) and lightning
- Windstorm and hail
- Explosions
- Riots
- Damage by aircraft
- Damage by vehicle (not your own)
- [Smoke damage](#)
- Vandalism
- [Theft](#)
- Volcanic eruption
- Falling objects
- Weight of snow, ice, sleet
- Damage from steam-heating/water-heating appliances/systems
- Leakage or overflow of water or steam
- Freezing of plumbing, heating, air conditioning
- [Short-circuit damage](#) caused by electrical appliances

Renters insurance can also cover property when it's not even in your home, like [if your laptop is stolen](#) while you're on vacation; since it's considered insured property, it's still protected whether it's inside your dwelling or not.

### **Personal liability coverage and medical expenses**

A renters insurance policy will also cover costs you may be legally responsible for paying if someone is injured in your apartment. If someone slips, falls and is hurt on the premises, or if your overzealous dog or cat bites a visitor and sends them to the ER, your policy's personal liability and medical coverage will cover the cost of potential medical bills. If that person decides to sue you for their injuries, your liability coverage will pay for some legal expenses that you accrue from the lawsuit.

A renters policy can protect [property damage](#) to others that you're deemed liable for. If a broken pipe in your apartment [flooded your neighbor's residence below](#), your insurance policy should cover damages to their property.

### **Loss-of-use coverage**

If your residence has been made uninhabitable, renters insurance can also cover the cost of a temporary place to live. It may compensate you for everything from hotel bills to the cost of

food if it exceeds what you'd normally pay for meals. For example, if there is a fire at your apartment and it needs to be repaired, your loss-of-use coverage will cover the cost of a hotel. If your hotel room doesn't have a kitchen and you need to go to restaurants more frequently, your renters insurance can reimburse you for the cost of your meals. Your loss-of-use coverage will even cover the cost of gas if you're driving more because you are now living further away from work.

Otherwise known as [additional living expenses](#), this part of your renters insurance policy can cover you until you're able to move back in (or find a new apartment).

#### **Renters insurance also protects against other losses you may not have thought of, including:**

- **Credit card/bank forgery coverage:** Your insurance policy [safeguards against theft](#), but can also reimburse you for losses incurred if a thief burglarizes your home, steals your credit card or checkbook, and goes on a fraudulent spending spree.
- **Other people's property:** It's not just your property renters insurance covers. Say you borrowed a friend's home gym equipment, or they loaned you their tablet, some LP records or books; if a fire or faucet flood damages them, your policy will cover to replace your property and theirs.
- **Items stored elsewhere:** Renters insurance doesn't just cover property inside the walls of your home. Many rental insurance policies will cover for damages to your belongings if they're stored off-site, too. It may also protect personal possessions [stolen from your car](#), or damaged in a [storage facility](#).
- **Food:** If you're wondering what would happen to the contents of your fridge if it broke down, not to worry: you may be able to claim your groceries on your insurance policy, even if the fridge works but failed due to a power outage. (It should ideally fall under the "short-circuit damage" category.)

#### **What does renters insurance not cover?**

There are circumstances when renters insurance will *not* cover your personal property, such as if your property is damaged by a peril that is not covered, or the value of your possessions exceeds your policy's limits. Renters insurance doesn't cover your belongings under the following conditions:

- **Natural disasters:** Damages caused by [flooding](#), [earthquakes](#), and even sinkholes aren't covered under renters insurance policies. (Though, surprisingly, volcanic eruptions and windstorms are covered.) If you live in a flood zone, near a fault line, or in a region prone to major storms, consider buying additional, separate coverage.
- **Property damage caused by pests:** They're pesky and seemingly immune to many forms of extermination, but damages to your property caused by rodents, [bugs](#), pests and other sorts of vermin aren't covered under renters insurance.
- **Items of high value:** Expensive valuables may not be fully covered under your renters insurance policy, like antiques, fine art, jewelry, vintage family heirlooms, [a rare autograph collection](#), premium appliances, etc. An insurance company may limit the amount of coverage they provide since the value of said items may exceed what they can afford to pay out — coverage sublimits are usually \$2,500 for electronic items and \$1,500 for jewelry. To include pricier items in your policy, you may need to purchase

additional coverage, called endorsements, for individual items, or standalone policies, like [jewelry insurance](#).

- **Damages from terrorism or nuclear war:** Before 9/11, standard renters insurance policies tended to include protection against terrorism at no cost. But today, you'd need to pay an extra cost to receive coverage, and even then, it would only cover damages in your apartment, not to the rest of the building, unless your landlord or property owner paid for separate terrorism coverage.
- **Other exceptions:** While renters insurance may cover losses to items stolen from your car, it won't cover your vehicle; that's what your [auto insurance](#) is for. And while it may protect items you've borrowed from someone else if they become damaged in your apartment, your policy won't automatically cover the property of a roommate. They'd need to buy their own renters insurance to cover their property. Alternatively, roommates can purchase a joint renters insurance policy. If you choose to do this, however, remember that the payout in the event of a claim will be split between you both. Renters insurance also won't cover a lost security deposit.

### Adding additional coverage

If some of your belongings exceed your policy's limits or sublimits, you can add additional coverage to your policy to make sure your valuables are protected. Additionally, you can add coverage for perils that are **not** covered in your policy, like certain natural disasters. This additional coverage is called an endorsement, and you can usually add endorsements to your policy whenever you want — it doesn't have to be at the time of purchase. Below are common endorsements people add to their policies:

- **Scheduled property endorsement:** Increased coverage limits for specific valuable items, like a wedding ring
- **Earthquake endorsement:** Coverage for personal property and loss-of-use caused by an earthquake
- **At-home business endorsement:** If you make more than \$2,000 a year from an at-home business, your basic renters insurance policy will not cover your business equipment. You can add an at-home business endorsement to extend coverage to things like your [work laptop](#).

[Learn more about the different types of endorsements you can add to your renters insurance policy.](#)

### What to do before buying renters insurance

Take an [inventory](#) of everything you own and add it all up. The average renter owns \$20,000 worth of personal property, but many apartment dwellers underestimate the value of their stuff. Itemizing your belongings will give you an idea of how much insurance you need. And like any other insurance coverage, be it life, auto, health or otherwise, know the type of coverage you're seeking. Shop around, compare different plans and insurance companies, and weigh your deductible versus your premium to see where you can get the best coverage at the lowest price.

You should also ask insurance companies about discounts they offer — many will offer discounts for safety features like smoke alarms or deadbolt locks. But on the other hand, if you

own [certain pets](#) or breeds of dogs that increase your risk of property damage, your rates could be higher. Depending on the breed, you could even be denied insurance coverage. Consider these factors when you're shopping around.

### **Replacement cost vs. actual cash value**

There are two types of renters insurance policies you can choose from, and which you choose will determine how you will be paid out in the event of a claim.

- A **replacement cost policy** covers the price of replacing your items. If your laptop is stolen, your payout covers the cost of a similarly priced computer. [Between the two, this policy costs more, but pays out more.](#)
- An **actual cash value policy** replaces items at their depreciated value. So, if your laptop was a decade old, your policy would pay you out according to its current value. If that's not enough for a new laptop, you'd need to pay the difference at your own expense.

### **Named perils vs. all risk**

In addition to choosing between an actual cash value or replacement cost policy, there are also two types of policies when it comes to covered perils.

- [Named perils policies](#), only cover damage or theft stemming from specific scenarios named in the policy.
- [All risk policies](#), cover every kind of peril except any exceptions named in the policy, like earthquake damage.

You should talk to your insurance company to decide which policy works best for your situation. After you take your home inventory, you should have a good idea about how much your possessions cost and what you can afford to pay to replace out of pocket. Named peril policies are considerably less expensive than all risk policies, so consider this before making a decision, especially if you live in an area of the country that doesn't experience extreme weather.