

directly to their members. You can also refer to our brochure, *Homeowners Insurance: A Comparison Guide to Rates*, to get an idea of costs. This brochure is available on our website at www.insurance.maryland.gov or by calling us at 800-492-6116 to request a copy.

Ask for price quotes.

When you call an insurance producer or insurer, typically, you will be asked about the type of construction and design of your residence, the distance to the nearest fire department and hydrant, the use of security devices, and the types of coverages you want as well as the dollar limits for those coverages. Make sure the information you provide is accurate and that you provide the same information to each insurance producer or insurer that you call. Also, keep in mind that one insurance group often includes many insurers (not just the ones listed in our guide), and the rates and/or underwriting requirements may be different for each insurer within the group. Ask the insurance producer about other insurers in the group.

Ask for discounts.

To help keep your premium down, ask what discounts the insurer offers. For example, premium reductions may be granted if you buy your renters and auto insurance from the same insurer, or if you install a security system and smoke detectors. Some insurers offer discounts to senior citizens, members of groups or associations, and nonsmokers.

Ask about deductibles.

A deductible is the amount you agree to be responsible for in the event of damage to your personal property (e.g., wind, hail, accident, fire, or vandalism) before the insurer makes any payments. If you select a high deductible, you pay more out-of-pocket for any damage; however, your premium should be lower.

Do not buy an insurance policy based solely on its price.

Consider the coverages, the limits, and the service. You may want to ask friends and neighbors about their experiences with their insurer(s). Select an insurer and/or insurance producer you feel you can trust and are comfortable dealing with.

Protect yourself from insurance fraud.

It is illegal for unauthorized insurers and insurance producers to sell insurance in Maryland. Once you have selected an insurer, contact the Maryland Insurance Administration (MIA) to verify that the insurance producer and/or insurer is authorized to sell insurance in Maryland. You can get this information on the MIA's website, www.insurance.maryland.gov, or by calling us at 800-492-6116.

This consumer guide should be used for educational purposes only. It is not intended to provide legal advice or opinions regarding coverage under a specific insurance policy or contract; nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide. Please note that policy terms vary based on the particular insurer and you should contact your insurer or insurance producer (agent or broker) for more information.

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Maryland
INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700
Baltimore, MD 21202
410-468-2000 • 800-492-6116
800-735-2258 TTY
www.insurance.maryland.gov

www.facebook.com/MdInsuranceAdmin
www.twitter.com/MD_Insurance
www.instagram.com/marylandinsuranceadmin

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WHY RENTERS INSURANCE

IS A GOOD IDEA



Maryland
INSURANCE ADMINISTRATION

Why Renters Insurance Is A Good Idea:

If you rent, your personal belongings will not be protected against loss or damage unless you have a renters insurance policy. Your landlord has insurance for structural damage to the building, and might even be protected against damage caused by tenants. However, this coverage does not extend to your personal property, nor does it protect you from being liable for damage you might cause to the building inadvertently (e.g., a kitchen fire or a plumbing mishap) or to others who are injured at your property (e.g., a trip and fall over toys or furniture).

Renters insurance policies can cover everything from electronics to clothing to household appliances. Even a minimal number of items could add up to thousands of dollars' worth of merchandise, which can all be covered in a basic policy. It can also provide you with liability insurance, defense and indemnity payments if necessary, in the event someone sues you for injury to others or property damage to property of others.

What does a renters insurance policy typically cover?

This type of policy:

- covers loss or damage to household contents or personal possessions;
- provides for additional living expenses in the event of a covered loss that makes your home, apartment or condominium uninhabitable;
- provides you with liability coverage for injuries to others and/or their property while they are on your property; and
- includes medical payments to others.

Many policies do not limit protection to your belongings located in your home or apartment. For example, items you have insured often are covered if they are stolen by someone who breaks into your car or if they are damaged while not on your property.

Before you purchase the policy make sure you understand what it covers and what it excludes.

Some policies cover only one type of peril (for example fire or wind). That means that if your damage is caused by something other than that peril, you will not have coverage. For example, if you have a fire only policy and you have wind damage, your loss will not be covered. A policy that only covers limited perils generally will cost less than one that covers all perils. Also, in some instances a policy may only cover the damage to the landlord's structure.

Your property management company or landlord may require that you purchase a Property Damage Liability Waiver (PDLW), or include a fee for a PDLW as part of your rent. **It is important to know that a PDLW is not renters insurance and typically will not cover any of your belongings.** A PDLW generally only covers damage to the building, and may only apply to certain types of events, such as fire, smoke, explosions, or leaking water.

How much coverage do I need?

This depends on the value of your personal property. You should start by making an inventory of your personal property and determine the value of that property. You also need to consider how much liability coverage you want to cover injuries or damage to other people or their property. Your insurer or insurance producer (agent or broker) can assist you with making this decision.

This inventory, along with photos and proof of ownership, will make it easier to file an accurate, detailed insurance claim in case your personal property is damaged or destroyed by a covered cause of loss under your policy.

How much does renters insurance cost?

The actual cost depends upon the amount of coverage you want, the type of coverage (replacement value or actual cash value), and the deductible you select. The average renters insurance policy costs between \$15 and \$30 per month. Replacing all of your possessions or being liable for an accident on your premises will cost much more. Additionally, many insurers will reduce your premiums if you have fire or burglar alarms, fire extinguishers, sprinkler systems and/or deadbolts on exterior doors. Some insurers might also offer discounts if you have more than one policy with them. You can refer to our brochure, *Homeowners Insurance: A Comparison Guide to Rates* to get an idea of cost. This brochure is available on our website, www.insurance.maryland.gov or by calling us at 800-492-6116 to request a copy.

Comparison shop.

Make certain you provide the same information to each insurer or insurance producer, and that you compare policies that offer the same types of coverages with the same deductibles and coverage limits. This way you will be comparing "apples to apples" and will be able to tell how much money, if any, you are actually saving. You may want to contact several insurers or insurance producers; as well as ask your friends and relatives for recommendations. In addition, some banks, employers, and special interest groups offer insurance