

Risky Business: 66% of Renters Don't Have Insurance

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Two-thirds of American renters are taking a major risk when it comes to their belongings.

A new survey from InsuranceQuotes.com finds only 34% of American who rent their homes or apartments have renters insurance, meaning many renters are taking a big gamble with their personal items if their place is broken into or damaged.

Cost was cited as a main reason stopping people from getting coverage: the survey found that many people assume a plan is expensive. Sixty percent of respondents believe the annual cost was \$250 or more and 21% said they thought it cost \$1,000 a year or more. However, according to the National association of Insurance Commissioners, a plan costs around \$185 a year.

Another misconception is what comes with renters insurance, says Laura Adams, senior insurance analyst for InsuranceQuotes.com. "People think it's for theft protection, but that is just a small

component of what you get with insurance,” she says. “There is a big disconnect here. The coverage is very inexpensive for what you get.”

According to the survey, the most common reasons for not having insurance were “my apartment or rental home has good security” (57%), “renters insurance is too expensive” (52%) and “my landlord has insurance” (48%).

Typical renters insurance covers belongings, liability and or additional living expenses(ALE), in the wake of an emergency or damage to a rental property, Adams says.

“Many people found this out during Hurricane Sandy,” she says. “It will cover your hotel room, and also things like meals if you don’t have a kitchen to cook in.”

Most landlords have a clause in their lease that says tenants must have renters insurance, but just don’t enforce it, says **Adam Leitman Bailey**, founder of New York City-based real estate investment boutique **Adam Leitman Bailey, P.C.**

He says renter’s insurance doesn’t help landlords, so they’re less likely to enforce the policy. “Because landlords don’t follow up, the tenants don’t have incentive to get the insurance. Tenants don’t realize how inexpensive it is.”

Leitman Bailey says ALE coverage is overlooked by renters left homeless after a fire or flood.

Adams adds most policies have either a dollar limit or a cap on the time limit to spend outside of the insured space.

“Any insurance company with a halfway decent policy will give you a stipend or put you up in a hotel,” he says. “But it’s shocking how many people don’t have it.”

The survey was conducted by Princeton Survey Research Associations International via phone with 1,004 adults living in the U.S.