

ABRACADABRA!!! RENTERS INSURANCE IS BETTER THAN MAGIC TO PROTECT YOUR POSSESSIONS

INSURANCE . . . The mysterious, frightening word that has always meant let Mom and Dad take care of it. When you were 15, your parents almost magically replaced the stereo that was stolen from the family home with a newer model. A few years before, when a water pipe burst and flooded your bedroom, they provided you with new bed linens, rugs and curtains almost before you even realized what had happened.

Were your parents magicians? Not likely. They probably couldn't even make a nickel appear from behind your ear, much less a better stereo or new furnishing. Instead, they relied on homeowners or renters insurance that protected you against the loss of your possessions. When you move out of your parent's house to begin your life as an adult, it is a good idea to consider buying some renters insurance of your own.

Your parent's policy will cover you away from home only if you are attending college. And your landlord's insurance does not extend to your personal belongings. The responsibility to protect your things with renters insurance rests on your shoulders alone.

Renters insurance provides property protection against incidents of fire, vandalism, theft, water damage and explosions. If someone is injured in your home, renters insurance helps cover medical and legal costs you might incur. Because this type of insurance has been developed primarily for those who have not permanently settled down, it also insures your property as you move it into a new home. All of this protection is relatively inexpensive, too, costing you only \$10 to \$15 per month, about the price you pay to see two movies! So why do only about 25% of renters nationwide insure their personal possessions?

For many people, renters insurance simply is not a priority. Automobile insurance is often required by law, and health insurance is usually offered by schools and employers. Most young adults are spending significant portions of their income to repay college loans and buy things they need as they enter the real world. Insuring their private property is one luxury they often decide to do without. How can I think about more insurance when the word savings is not even in my vocabulary right now, asks a young paralegal.

Then there is the large percentage of people who behave as though they lead charmed lives and can afford to procrastinate when it comes to renters insurance. They may have received informational pamphlets in the mail, intended to look at them sometime in the future, and then ignored them as they lay on the kitchen counter for weeks or months. For a long time, I was too lazy to really sit down and start thinking seriously about renters insurance, says Gary, who graduated from a Texas college almost two years ago. I had requested the information to be sent to me: I just never read it once I got it. If someone had showed up at my door with forms for me to fill out, I would have. I just didn't take the time to go after it myself.

What about you? Have you seriously considered the consequences of not owning renters insurance? If your valuables (or even things you don't consider valuable or expensive, such as the 40 sweaters hanging in your closet or the complete set of dishes in the cabinet over the kitchen

sink) are stolen or damaged in some way, can you really afford to replace them without insurance? Your property is worth a lot more than you thought, isn't it? So how do you get renters insurance? Where do you start? The National Consumers League and the Insurance Information Institute suggest a process that is easy to follow:

1. **TAKE AN INVENTORY OF YOUR POSSESSIONS.** Look around you and not just at your television and VCR but also at your clothes, your silverware, and your cookie jar. You own a lot of stuff. It is a good idea to figure out approximately how much each item costs and when it was purchased, so that in case you ever have to make a claim, you will know what you own and how much you have lost. Estimate these figures as accurately as you can. Compile a formal list (you can even take pictures of your things to document exactly what you have) and keep it in a safe-deposit box or other location outside your home. Remember, this step isn't required before you purchase insurance, but you will appreciate it later if you ever have a problem.

2. **ASK QUESTIONS.** Inquire at different insurance companies about their policies. What are their theft limits? Most policies have a monetary limit on their coverage of certain items that are stolen. Do they use actual cash value or replacement cost coverage, Actual cash value coverage takes into account the age and condition of your things at the time they were lost, while replacement cost coverage, generally more expensive than cash coverage, replaces lost items at today's cost. What deductible options do they provide? The less you have to pay out of your pocket when something happens to your possessions, the more expensive the policy will be.

3. **LOOK FOR DISCOUNTS.** Many companies will provide you with their services at a discounted cost for different reasons. For instance, if your home is equipped with a home security system or a fire alarm, some companies view you as a less risky customer and adjust the rates as such.

4. **CAREFULLY READ YOUR RENTERS POLICY.**

Once you have selected a plan, it's important to understand every aspect of it. If you are unsure about anything, do not hesitate to call a company representative with your questions. It's better to ask than to suddenly find out you don't have coverage when you need it. Insurance probably doesn't appear as magical now as when you were a child. You know money doesn't come from behind your ears and neither do new clothes or computers, but this doesn't mean that you cannot safeguard your possessions from damage or theft. Protecting them may take more than a snap of your fingers, but it's a lot easier than pulling new things out of a hat.