



Understanding Renters' Insurance

If you have renters' insurance or **tenant insurance**, your policy may cover some of your damaged or destroyed contents in the event of

- fire,
- smoke,
- lightning, and
- other unexpected events (as described in your policy).

It may also cover **additional living expenses** if you are unable to live in your rented home. And it may cover **cleanup costs** for any cleanup associated with your contents.

Flood coverage may be available from your insurance provider. But it is not typically included in standard policies. It is an additional option ([see page 4](#)).

Tips: Read your policy closely. See [Understanding Your Insurance Policy](#) to help you understand the terms used in your insurance policy. (Even though this document is for homeowners, most of the information applies to renters too.)

If you have any questions about your policy, ask your **insurance broker**. An insurance broker is trained to help clients with their insurance needs. Insurance brokers are **licensed** to do this work. Your insurance broker works for **you**, not the insurance provider.



Tenant insurance

Tenant is another word for renter. **Tenant insurance** is insurance that is specifically for renters. (Tenant insurance is sometimes called **renters' insurance**.)

Because you do not own the building or unit that you live in, tenant insurance is insurance for your **contents**. Your contents are your personal belongings.

For rental properties, landlords insure only the building and their own contents within the rental. Tenants must get their own insurance for their contents.

For example, sometimes landlords own and insure the home and the appliances inside it. Tenants own and insure their contents such as their clothing and furniture.



Additional living expenses

When there is an event such as a wildfire, you may be unable to live at home:

- Your home may be damaged and unsafe to live in.
- You may have been evacuated.
- You may be unable to access your home due to road closures.

If you are unable to live at home, you will have additional costs such as

- the cost of staying in a hotel or motel and
- the additional costs for food and clothing.

These costs are called **additional living expenses** or **ALE**. Your policy may cover these costs.

Your insurance probably will not cover every expense you have. Usually, insurance is intended to cover **reasonable living expenses**. Or it is intended to cover **additional** daily costs. These costs must be more than what you would typically spend every day.

Example: You normally spend \$800 a month on groceries. But you are staying at a motel without a kitchenette. You spend an **additional** \$300 on restaurant meals. Additional living expenses coverage may cover the \$300.

Usually, your policy specifies **how long** it covers these expenses for. It also specifies a dollar limit for **how much** it covers.

Typically, you pay for these costs up front. Then you can claim the costs when you open an **insurance claim**. An insurance claim is when you formally ask your insurance provider to cover damages from an event such as a fire.

Tip: For more information, see [Submitting an Insurance Claim](#). (Even though this document is for homeowners, most of the information applies to tenants too.)

Your insurance provider will then have an **adjuster** review the costs. An adjuster is someone who **validates** your claim. This means that they will determine if you can be paid back for some or all of the costs.

Important: **Keep all your receipts during this time.** Your receipts will help the adjuster process your claim. Give all your documentation to the adjuster upon request.





Cleanup costs

Cleaning up damage can take a long time.

Your landlord is responsible for insuring the building or unit itself. Their insurance typically pays for cleanup and repairs to the home. For example, their insurance would pay for repairs to the walls and floors damaged by smoke or water.

Your policy may cover cleanup costs associated with your contents.

Costs of replacing contents

After an event such as a fire, most of your contents will likely be damaged or destroyed. Your policy's coverage determines the types of losses that are covered.

> **Covering your immediate needs**

Sometimes you need to replace items quickly. Your insurance provider may give you an **advance** for your immediate emergency needs. An advance is a payment that you receive before the rest of your insurance claim is resolved. This payment would be for things such as clothing and diapers.

> **Covering the costs of returning home**

When you return to your home or move into a new one, your insurance may cover the costs of replacing your contents. For example, your insurance may cover the costs of replacing things like your furniture, television, and clothing. To be covered,

- you must **own** the items, and
- they must be **insured**.

Tip: Complete the Home Inventory Checklist. This checklist will give you an idea of how much it would cost to replace all your contents.



Coverage limits

Your policy's coverage also has a limit for **how much** is covered. This limit is the **maximum amount** that your insurance provider may apply toward **all your costs**.

When you purchased your policy, you would have selected the coverage limit you felt was most appropriate. Typically, your additional living expenses coverage is a percentage of your overall coverage limit.

Example: Your coverage limit is \$50,000. This is the total amount that your insurance policy would pay out for **all costs** associated with the event. It does not matter how much your overall losses total.

Coverage limits		Expenses	Payout
Additional living expenses (10% of coverage limit)	\$5,000	\$8,000	\$5,000
Contents	\$50,000	\$45,000	\$45,000
Total	\$50,000	\$53,000	\$50,000





Flood coverage

Flood coverage is sometimes called **overland water coverage**. Flood coverage typically covers three types of costs related to water damage:

- The costs of not being able to live at home (**additional living expenses** or **ALE**)
- The costs of **cleaning up your home**
- The costs of **replacing damaged or lost contents**

If you qualify for flood coverage, you must pay a **premium** to include it on your policy. A premium is an additional cost.

If you purchased flood coverage, you can find it on your policy's Declarations Page. The policy **endorsements** also describe your coverage. An endorsement is a change to your policy. When you add coverage such as flood coverage, it is an endorsement.

Note: For flood coverage to apply in the event of a flood, you must have purchased it **before** the flood occurred.



Flood coverage limits

Your policy's flood coverage also has a limit for how much is covered. This limit is the **maximum amount** that your insurance provider may apply toward **all your costs**.

Example: Your flood coverage limit is \$25,000. This is the total amount that your insurance policy would pay out for **all costs** associated with a flood. This limit includes additional living expenses, cleanup, and replacing contents.

It does not matter how much your overall losses total. **It does not matter how much your policy would typically cover for other types of losses.**

Flood coverage limit	\$25,000
Cost to replace contents	\$55,000
Additional living expenses	\$2,000
Insurance payout	\$25,000

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