

Renters Insurance: Protection for Tenants, Landlords and Their Properties



You may think requiring your tenants to obtain renters insurance is unnecessary. But the truth is, the overall benefit of doing so is worth the extra effort.

Many tenants are under the incorrect assumption that their landlords are already covering all of their insurance needs. Therefore, they neglect to purchase an insurance policy to cover their personal property. Help your tenants — and yourself — stay protected by learning more about renters insurance below.

What Does Renters Insurance Cover?

Renters insurance protects renters so that you, the landlord, don't have to. Much like homeowners insurance, renters insurance can cover a wide range of losses on your premises, such as:

- ▶ Losses due to theft
- ▶ Liability claims for injuries on your property
- ▶ Negligent destruction of your property
- ▶ Fires caused by a tenant
- ▶ Natural disasters
- ▶ ...and more!



Can I Require My Tenants to Carry Renters Insurance?

Yes, you most certainly can! Here's how:

- ▶ Make renters insurance a requirement in your lease, and provide the recommended liability limits that the tenant should purchase
- ▶ Connect your tenant to an insurance agent or website
- ▶ Obtain proof of insurance prior to the lease being signed

Why Require Renters Insurance?

You might assume that if your tenant does not obtain a renters insurance policy, they would be responsible for paying for any losses they incur. In reality, these losses can land on your insurance policy, and you will ultimately be the one footing the bill.

Requiring your tenants to purchase renters insurance can help you avoid situations like this and benefit you in the following ways:

- ▶ Protection against property damage: Tenants who have renters insurance are less likely to contact you in the event of property damage or losses due to theft, saving everyone time and money
- ▶ Protection against damages or injuries from pets: Permitting pet-owning tenants allows you to increase the number of potential tenants in your applicant pool; renters insurance can help address the liability hazards associated with allowing pets in your dwelling and the property damages that may occur
- ▶ Decrease in insurance premiums: An increase in claims typically results in a higher insurance premium; having tenants obtain renters insurance can save you from claims you would otherwise have to report on your own policy
- ▶ Potential tenant screenings: Requiring a tenant to provide a copy of their renters insurance policy can be a good indicator that they are responsible, care about their living environment and will be able to pay rent on time

By understanding and requiring renters insurance, you can add an extra layer of protection for yourself, your tenants and your rental properties.