

Renters Insurance: Myths and Facts

According to a [recent survey](#), just over half of U.S. renters carry renters insurance. That means that nearly half of renters are missing out on valuable protection against losses that can arise from theft, natural disasters, accidental injuries, and other situations. Plus, their landlords may be exposed to greater risks as well.

Here are seven of the most common misconceptions that property owners have about renters insurance, and the truths behind them.

1

Myth: Renters Insurance Only Benefits the Tenant

Fact: While the primary purpose of renters insurance is to cover tenants' personal belongings, there are significant benefits for landlords, too.

With a renters insurance policy in place, there is less chance of a dispute over stolen or damaged property. Most policies also include personal liability coverage, which may reduce the landlord's risk exposure if a guest is injured or a tenant damages a neighbor's property.

Additionally, many policies include additional living expense coverage (aka loss of use coverage), which helps tenants pay for temporary accommodations if they are displaced because of a covered event. With this support, tenants are more likely to avoid financial hardship, maintain positive relations with their landlord, and resume timely rent payments once the unit is ready for occupancy.

2

Myth: A Businessowners Policy (BOP) Covers Everything

Fact: By combining the benefits of property, liability, and income insurance, BOPs provide robust and reliable coverage for rental property owners. However, most BOPs don't cover tenants' personal property, liability, or loss of use – and as we covered in #1, each of these areas can leave landlords vulnerable to interpersonal conflicts, lawsuits, and revenue disruptions.

3

Myth: Coverage Is Only Needed if Tenants Have Valuable Items

Fact: Tenants might not have individual possessions that would seem to warrant special protection, but in aggregate, the cost of replacing basic household items can be prohibitive. Consider that most U.S. adults don't have enough savings to pay a \$1,000 emergency expense, while the contents of a modest apartment could easily cost 20 times that amount to repurchase.

4

Myth: Coverage Isn't Needed in Safe Neighborhoods

Fact: Losses can happen anytime, anywhere. Remember, renters insurance isn't just about theft or vandalism. Covered personal property losses may also include damage due to fire, windstorms, plumbing mishaps, and a variety of other widespread perils. Likewise, personal injury to third parties is an ever-present risk, no matter where people live or the precautions they take.

5

Myth: Premiums Are Prohibitively Expensive

Fact: A recent study indicated that the average renters insurance policy costs \$211 per year – compared to nearly \$1,600 for homeowners insurance. That's less than \$18 per month – about the cost of one large cheese pizza. If more renters knew that they could access tens of thousands of dollars in personal property and liability protection for the price of a pizza, more people would choose to get covered.

The study also noted that the most common deductible amount is a budget-friendly \$500, and that most policyholders are eligible for bundling or automatic payment discounts.

6

Myth: Getting a Policy Requires a Credit Check

Fact: While some insurers require credit checks, many don't. When tenants get renters insurance through Millers Mutual, they can be assured that their credit won't get dinged by an inquiry.

7

Myth: Landlords Can't Require That Tenants Get Covered

Fact: In nearly all jurisdictions, landlords can mandate that tenants maintain renters insurance as part of their lease agreement. In fact, according to the survey cited above, about three-quarters of all policyholders are fulfilling such an obligation.

In deciding whether to require coverage, landlords have two main concerns: cost and compliance. As we covered in #5, most policies are highly affordable, and in circumstances where premiums might strain tenants' budgets, landlords can consider issuing a rent credit in the equivalent amount. Landlords also often worry about the administrative burden of tracking their tenants' policies to ensure continuous coverage. That's why Millers Mutual provides an online portal that makes entering and updating info simple.



Be Covered. Be Confident.

Now that you know more about the advantages of renters insurance for tenants and property owners alike, [find out more](#) about how Millers Mutual makes the process easy for everyone.