



How Can I Protect My Stuff?

A College Student's guide to Renter's Insurance while living in Fraternity/Sorority Housing.

College students come to school with a lot of stuff: computers, televisions, video gaming systems, microwaves, refrigerators, DVDs, MP3 players, sporting equipment. What many students don't realize is their personal possessions are not covered by the House Corporation's property insurance policy. If damage or loss occurs due to fire, theft, vandalism, lightning, hail or a windstorm, you will need personal property insurance, typically referred to as homeowners or renters insurance, to recover your loss.

You need to check with your parents' insurance agent to see if you are still covered under their homeowner's policy. Most homeowner's policies extend coverage to adult children who are full time students living temporarily away from home. If you find out that you are not covered, or your parents don't have homeowners insurance, you need to consider purchasing renter's insurance.

It's tempting to assume you won't be the victim of a fire, theft or other property loss, but wishful thinking may lead to financial woes. According to the U.S. Department of Education, there are more than 40,000 thefts on campus each year. The National Fire Protection Association counts more than 3,000 fires in dorms, fraternities and sororities. Renter's insurance is an inexpensive way to protect your belongings. Coverage can be obtained for as little as \$15-30 per month. Factors that influence the cost of the insurance include:

- **Coverage limits:** How much would it cost you to replace your personal items? When you consider what it would take to replace your clothing, books, furniture, MP3 player, laptop computer, television, bicycle, cell phone and everything else you've accumulated, it can easily add up to thousands of dollars. You should work with your insurance agent to determine how much coverage you need.
- **Deductible:** Typically, a higher deductible (the out-of-pocket cost to you before the insurance coverage kicks in) results in a lower premium (the cost you pay for the insurance).
- **ACV versus Replacement Cost Value:** With *Actual Cash Value* coverage, you are reimbursed for how much your belonging was worth at the time something happened to it. So this means, if you bought a lap top or TV 3 years ago, it would be worth much less today; the insurance takes into account depreciation factors. With *Replacement Cost Value* coverage, you will receive what it will cost you to replace this item if you were to go and buy it in the store today. Typically, the cost to obtain *Replacement Cost Value* coverage is minimal.

In addition to property protection, a good renter's policy includes personal liability insurance. Personal liability insurance protects you against claims brought by third parties alleging they sustained bodily injury or property damage as a result of your negligence. Other things you will want to keep in mind include keeping an inventory of your property that includes receipts or appraisals and photographs or videos of your possessions. It will be helpful in documenting your claim after a loss.

According to an insurance executive, "the only person who doesn't need renter's insurance is someone who can afford to replace all of their possessions without any assistance." With the high cost of a college education, few students are able to say that, so be prepared with renter's insurance. For more information, view the following article from the folks at *Young Money*:

<http://www.moneycrashers.com/the-importance-of-renters-insurance-and-why-you-need-it/>

For information on risk management education, contact Bobbi Larsen, Education Consultant at blarsen@willis.com, or visit our website, www.WillisFraternity.com for more resources.