

Dear Tenant,

As stated in section twenty of the lease and section eleven of the rider, you are required to have renters insurance. Recommended insurance agents who provide these types of policies are as follows:

Kogen Insurance Agency: 847-831-0074

Alternative Insurance Agency: 773-929-9666

Most policies cost \$150-\$250 depending on the amount of coverage and your credit score. Please note that if there are unmarried roommates, each roommate must have their own policy. Attached below is an article highlighting the importance of renters insurance. Thank you for your cooperation.

Sincerely,

Chicago Apartment Place, Inc. Management

### *Insurance is a must for renters*

*By Corrie M. Anders*

A young woman in the Phoenix area returned home from work to discover a tragedy at her apartment building. A fire had completely gutted her one-bedroom apartment – as well as two other units – and destroyed every possession she owned.

In Atlanta, a tenant left a stack of boxes in a hallway outside the apartment door. A nearby residence came out of his apartment, stumbled over the boxes and fell down a flight of stairs. The victim suffered serious back injuries.

The Phoenix woman was shocked when she discovered the landlord's insurance didn't cover her personal property. And the Atlanta tenant who placed the boxes in the hallway was slapped with a major liability lawsuit.

Neither tenant had renter's insurance which would have covered their situations. But consider the cases of renters who carried the insurance when misfortune struck.

A tenant in Southern California who operated a sewing business out of his rental used electrical extension cords stapled to the floor and walls. When the electrical cords shorted out, the resulting fire caused \$57,000 worth of damage to the apartment and the building.

Another Southern California renter owned a dog, which bit a neighbor's child. The parents sued the dog owner for \$4,000.

Even though the entrepreneur and the canine lover both were negligent, they carried renters insurance and their insurance firm paid the claims against them.

Renter's insurance is relatively inexpensive. It runs as little as \$75 annually, about the price of a bottle of Dom Perignon Champagne, and up to \$250, about what you'd pay for an ounce of Donna Karan perfume.

And many large apartment operators will let tenants pay the insurance in monthly installments with their rent.

But many apartment residents around the country carry the insurance – even though more affluent renters can have \$40,000 to \$50,000 worth of personal belonging in their homes.

Suzana Gall, an executive with Project Sentinel, a nonprofit rental housing mediation service in suburban San Francisco, called it a mistake not to have the insurance.

“Anybody who has life insurance or car insurance should probably have renter’s insurance,” she said. “There are people who like to live risky. But people for whom peace of mind is important should have renter’s insurance.”

Why don’t more renters carry protection against possible financial losses? Apartment owners and managers and insurance industry executives said most renters believe – erroneously so – that they don’t need renter’s insurance because the property owner is required to take care of any losses they may suffer.

“It is sad to hear of renters who’ve gone through a fire or burglary find out, after the fact, that they are not covered,” said Wayne Kaplan, executive director of the Arizona Multihousing Association in Phoenix. There’s no question but that landlords are responsible for losses arising out of owner’s negligence. Renters, however, are responsible for the financial burden of losses created by their own negligence.

“All too often, renters don’t understand that they’re responsible if they start a grease fire in a kitchen,” said Jim Potter, regional sales director at American Banker’s Insurance Group in Santa Ana. “They’re responsible not only for their unit, but for the unit next door and any others that are damaged.” Many renters don’t know that renter’s insurance exists. Others simply just never get around to buying the insurance or opt to take their chances that mishaps will swerve around them.

Potter said some apartment residents have an “it won’t happen to me” attitude. But it does. Insurance firms said apartment fires and theft are the leading reasons tenants suffer losses. Water problems caused by an overflowing tub or sink is another major problem. San Francisco property owner Merrie Lightner once had two substantial overflow snafus in a single month.

Typically, she said, a tenant falls asleep or becomes distracted while drawing a tub. “The telephone rings and 45 minutes later, they have ruined their neighbor’s apartment” below them, said Lightner.

If the distracted tenant does not have renter’s insurance in such a case, the landlord’s insurance carrier will pay for damage to the building and then may seek to recover the costs directly from the renter.

Tenants in the lower apartment whose personal belongings are ruined also may get into the act. If the tenants don’t have their own renter’s insurance, they may have to sue the negligent tenant to recover their losses.

Renter’s insurance also protects tenants against personal injury lawsuit. It’s especially invaluable at a time when there is an influx of young people stepping out of college and into high-salaried jobs.

“Someone may come to your apartment and trip on a throw rug,” said Lightner, “If they break a tooth, they are going to want to be compensated. You (the tenant) now make \$85,000 a year and you have a net worth. You become a deep pocket.”

Armando Mirandak, an insurance agent with Mahoney Group in Phoenix, agreed, “they throw a party inside their unit and someone trips and falls and gets hurt, the renter is going to be liable for it,” he said.

Tenant who lose their personal effect in earthquakes, wildfires, hurricanes or floods also are not protected absent renter’s insurance.

The bottom line: Tenants, whether well off or just getting by, should carry renter's insurance. That way, you won't be starting from scratch at a time when you can least afford it.

*Corrie M. Anders is the Real Estate Editor for the San Francisco Examiner. He is also a San Francisco-based freelance writer and small real estate investor. This article appeared in the November 7<sup>th</sup>, 1997 issue of the San Francisco Examiner.*