

Understanding Home and Renters Insurance



Carrying adequate insurance is one of the best ways to protect your assets, but with multiple types of home and renters insurance available, it can be challenging to know what's right for you. When you pay for home or renters insurance now, you'll have the coverage you need if something happens in the future.

What is home insurance?

A home insurance policy protects your home's physical structure and your belongings in the event of damage or loss caused by disaster or theft. Most home insurance policies also provide personal liability coverage in case someone is injured at your home or by members of your household. For instance, if a visitor were to fall down your stairs, your home insurance policy may cover medical expenses.

When taking out a policy, be sure to review the exclusions. For example, home insurance policies don't cover earthquakes or floods. Those are typically covered by separate policies or riders. Know what is and isn't covered, and make sure your insurance is adequate for your current location; update accordingly when you PCS.



Did you know?

Most home insurance policies have an occupancy clause stating that your home can't be unoccupied for longer than a certain period of time. If you deploy and leave your home vacant, your policy could become void, so check requirements with your provider.

What is renters insurance?

If you rent or sublet, renters insurance protects your personal property from damage caused by disaster or theft. Renters insurance also protects against personal liability claims, but excludes injuries caused by the structure of the home.



Did you know?

If you are a homeowner renting out your property, you can require your tenants carry a renters insurance policy to reduce your own liability should damages occur.

If you rent your house out as a landlord, you should also have a special rental policy or landlord insurance. This is different than a rental policy taken out by a tenant.

When do you need home or renters insurance?

If you are a homeowner, home insurance is a must. Your home is too large and important an asset not to insure properly. In fact, many mortgage companies require home insurance.

Many landlords also require renters insurance, but it's a smart idea to have it regardless. Replacing all of your personal belongings — like furniture and electronics — would be expensive in the event of a disaster. Renters insurance can help ease that burden.



Did you know?

Service members living on base in the dorms or in the barracks should also consider taking out renters insurance policies to protect their belongings.

Some insurance policies will even cover your belongings while in transit. This is a particularly big benefit to military families who frequently PCS, so make sure you talk to your insurance agent about this possibility.



How do you get home or renters insurance?

- ✓ Determine what type of policy and how much coverage you need by assessing your assets. Inventory your home and property, making sure to keep your records in a safe place.
- ✓ Document your belongings with photos and videos to aid any future claims. [Click here to find tips](#) from the Federal Emergency Management Agency (FEMA), or visit Ready.gov. Click on "Make a Plan," then "Financial Preparedness." Scroll until you see "Insurance."
- ✓ Once you establish how much insurance you need for your home and/or belongings, it's time to compare costs and policies. Most companies will provide free rate quotes. **Carefully review the details in order to fully understand what the potential policy covers.**
- ✓ Look for a policy that provides the coverage you need at premium rates you can afford.

Common Home and Renters Insurance Terms

Actual cash value insurance policies cover the cost of your home and the value of your belongings after taking depreciation into account. For instance, rather than receiving the full price you paid for your television three years ago, you would receive what the television would be worth now if sold.

Replacement cost insurance policies cover the cost of replacing your home and belongings without considering depreciation, allowing you to rebuild and repurchase new.

Guaranteed replacement cost insurance is the most comprehensive and covers all repair, repurchase and rebuild costs, even if the total is higher than your policy limit. This is often referred to as "extended" replacement cost and covers a certain percentage higher than your limit.

Additional living expense refers to a portion of your policy that would reimburse you for living expenses, such as hotel costs or meals, if you were ever unable to reside in your home.

Personal liability is your individual responsibility for injury or harm caused to another person or property as a result of negligence.

Riders to your insurance policy allow for additional provisions, amendments or benefits to the terms of your original policy, such as covering expensive jewelry.

Insurance exclusions are specific situations, risks or conditions that are not covered by an insurance policy. They are explicitly listed in the policy documents. Exclusions limit the insurer's liability and increase its ability to manage risks.



Need help fitting home or renters insurance into your spending plan? Talk to a personal financial manager: <https://finred.usalearning.gov/pfcMap>, or counselor at your nearest Military and Family Support Center: <https://installations.militaryonesource.mil>.

As you reach new milestones and complete your [service's financial readiness training](#), look to the [Office of Financial Readiness](#) and your service for additional trusted resources.

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