

No-Cry Policies

written by EMILY LANDES

Even a basic renters insurance policy can save renters—and owners—from heartbreaking losses.

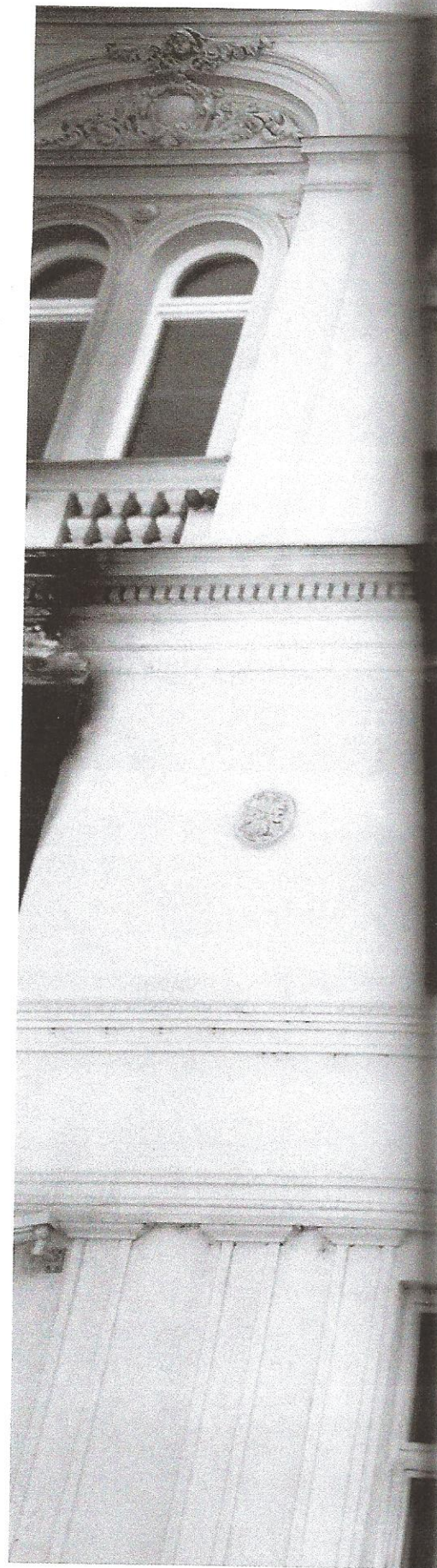
When the Castro was hit by suspicious fires earlier this year, the incidents were upsetting for the city, nerve wracking for the neighborhood and devastating for the renters at the burned-out apartment building on 16th and Market streets. No one was injured, but more than a dozen residents were displaced by the early morning fire, with tenants grabbing what they could of their belongings before evacuating the building. One woman told a reporter that her life was in the building, before breaking down in tears.

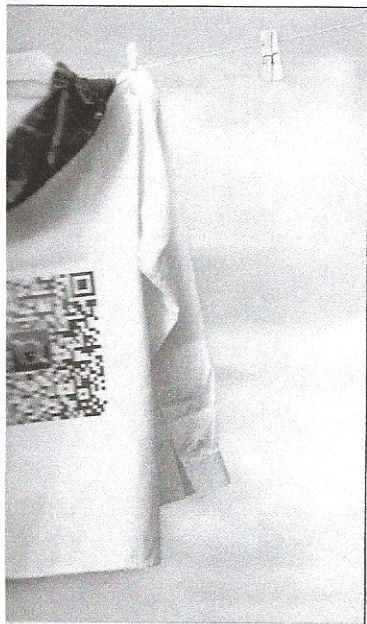
The ability of these residents to rebuild their lives largely depends on one simple, inexpensive and yet often-overlooked decision: whether or not they purchased renters' insurance. These policies are purchased by tenants in order to protect their belongings in the case of fire, theft or any other covered peril, or from damages unintentionally caused by the tenant. A typical renters' insurance policy usually provides \$30,000 for possessions, \$9,000 for loss of use/additional living expenses, \$500,000 for liability coverage and \$5,000 for medical bills. This coverage only costs about \$20 a month in San Francisco. (The premium can be even lower if renters insurance and auto insurance are purchased from the same company.)

"Often, someone will spend \$20 a month on having a pizza delivered and not think twice about it, or will easily spend \$20 a month for coffee drinks and smoothies," reported Dan Buick, a commercial real estate and personal lines insurance broker with Farallone Pacific Insurance. "If they state to me that \$20 per month is more than they can afford for renters insurance, I ask them if there are any extras they would consider eliminating each month that would allow them the ability to purchase renters insurance—extras such as pizzas, coffees or smoothies. Usually when people stop and think about which purchase is more important, they choose renters insurance."

Supervisor Scott Wiener, who represents the Castro and saw firsthand the destruction caused by the fires, agreed that the decision is a simple one. "Renters, although they do not own their units, often own quite a bit of property," he explained. "That property can be worth a lot and often more than one thinks. It's important to be aware of how expensive it would be to replace one's belongings and to purchase renters insurance if a fire or other disaster would cause significant financial loss."

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With a large number of renters in his district, Wiener had been thinking about launching an awareness campaign on the importance of renters insurance even before the fires. He said the disasters "crystallized" the need for such an outreach program, in part to clear up renters' misperceptions. "Some people think their landlords' insurance covers their belongings or that their landlords are legally responsible for fire or other damage," he said. "That's usually not true, assuming the landlord wasn't negligent in creating the fire or other disaster."

Typically, damage is not caused by the landlord, but instead by a fellow tenant. "You, as a tenant, could be *very* responsible, in that you don't leave appliances on, or candles or cigarettes burning unattended, but your neighbor or a tenant in the unit six units away isn't responsible and their unit catches fire," explained Buick. "This fire doesn't just destroy their unit, it burns the entire building down, thus forcing you to lose all that you own."

The renters insurance public education campaign is just getting off the ground, but Wiener has received support from California Insurance Commissioner Dave Jones and the San Francisco Apartment Association. "We got involved because it's important for owners to know that renters insurance is a safeguard for renters *and* for owners," explained SFAA Executive Director Janan New. "If there's damage, renters insurance will prohibit any dispute between the owner of the real property and the tenant."

For several months, SFAA has been working with insurance companies like Farallone Pacific Insurance Services, Farmers Insurance and the United Policy Holders on creating a campaign aimed to educate and promote renters insurance to both landlords and their tenants. These agents have spent time defining in detail the benefits of renters insurance to owners and tenants alike. For example, if a tenant causes a fire and that tenant doesn't have renters insurance, the landlord is

WHAT DOES RENTERS INSURANCE COVER?

When it comes to personal insurance, each individual has slightly different priorities. Are any of the following a priority for your renters?

1. A renters insurance premium that is affordable. A policy can cost only \$20 per month and will cover a renter's possessions and liability concerns.
2. A renters insurance policy that isn't basic or full of exclusions. The last thing you want to hear if you need to file a claim is, "Oh sorry, that isn't covered," or "Wow, you would have needed to pay extra for that to be covered." Tenants don't have to settle for this; they can get the coverage they need and deserve.

HERE ARE WHAT MANY RENTERS INSURANCE POLICIES COVER:

1. **Personal Property:** Renters insurance will cover renters' personal property, such as their wardrobe, household furnishings, bicycles, jewelry, electronics, etc. It will also cover their property outside of their residence. For example, if a laptop is stolen from a vehicle, it is covered.
2. **Liability Coverage:** If renters are sued for negligence—for instance, if they cause a fire in your apartment building—they can be held liable for damages. If their dog bites someone, they can be held liable. This coverage will defend them and pay damages, if awarded.
3. **Loss of Use:** If tenants are displaced from their residence after a fire, this coverage will pay their deposits and rents for one year.
4. **Identity Theft:** If tenants have an identity theft issue, it can easily cost hundreds of hours and thousands of dollars to clear up the destruction thieves can do to their bank accounts and credit. This coverage will provide a remedy.

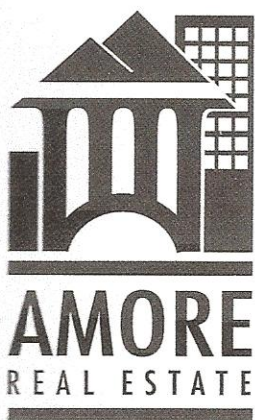
responsible for the ensuing repairs and expenses, explained independent insurance agent Anne Shaw, who also advised that the landlord should ask to be the additional insured on the renters policy to guarantee that the policy stays in force.

There are other benefits to owners as well. An insured tenant is more likely to be able to bounce back after a disaster or accident.

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No one wants to lose good tenants because they can't afford to stay in their units after a loss. "It's in everyone's interest for renters to be insured," said Wiener. "It helps them get back on their feet quickly, it allows them to stay housed by being financially stable after a disaster and it provides peace of mind."

That peace of mind extends past the confines of the unit and into the streets, where theft is covered by most renters policies. "Maybe you stop at Starbucks for 'just a minute or two' and come out to find your car has been broken into and your Versace sunglasses, leather coat, briefcase full of stuff—including your laptop or iPad—were stolen," said Buick. "A renters policy will provide coverage."

And what if you don't have a car, and are instead one of the city's many bike riders? Renters insurance covers not only stolen bikes but also stolen bike parts. "There have been recent bicycle thefts in the Bay Area resulting in the loss of expensive bikes," said Shaw. "Recently, the company was presented with receipts, serial numbers of the stolen parts and pictures of the bike, and the biker was reimbursed for his loss."

While standard policies cover most of the losses tenants will face, there are certain circumstances that are not covered and would require additional endorsements. Most items over \$5,000—such as jewelry, art or musical equipment—should be appraised and have a personal floater as an endorsement to the renters policy. Also, earthquake, flood and termite insurance are never standard and must be added as well.

Because the damages in the Castro were caused by a fire, all of the tenants affected by it would have been covered by renters insurance—that is, if they all had policies. Sadly, reported Wiener, that was not the case. "Several of the renters in the Castro fires did not have renters insurance and thus lost everything," he said. "It was heart-breaking."

Emily Landes is the editor of SF Apartment Magazine.

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