



Insurance matters: What you need to know about Renters Insurance

Most homeowners have a loan on their residences and are required to purchase homeowners insurance by their mortgage companies. Renters, however, have a choice and many might choose to go without renter's insurance, even though they have many of the same risks as homeowners when it comes to protecting possessions or being liable for accidents at home.

While your landlord may be sympathetic to a burglary you have experienced or a fire caused by your iron, destruction or loss of your possessions is not usually covered by your landlord's insurance. Because in most cases, renters insurance covers only the value of your belongings, not the physical building, the premium is relatively inexpensive. The Maryland Insurance Administration estimates that the average renter's insurance policy costs between \$15-\$30 per month.

By purchasing renters insurance, you are covered against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm and water damage (not including floods). Like homeowners insurance, renters insurance also covers your responsibility to other people injured at your home or elsewhere by you, a family member or your pet and pays legal defense costs if you are taken to court.

The following checklist can help you choose the right coverage when you are shopping around for renters insurance.

A. Coverage for Personal Possessions

1. How much insurance should I buy?

Make sure you have enough insurance to replace all of your personal possessions in the event of a burglary, fire or other covered disaster. The easiest way to determine the value of all your personal possessions—including furniture, clothing, electronics, appliances, kitchen utensils and even linens—is to create a home inventory. This is a detailed list of all of your personal possessions along with their estimated value. An up-to-date home inventory will also make filing an insurance claim faster and easier. The Insurance Information Institute offers free Web-based home inventory software, available at <https://www.knowyourstuff.org/iii/login.html>

2. Should I get replacement cost or actual cash value coverage?

An actual cash value policy pays to replace your possessions minus a deduction for depreciation whereas a replacement cost policy will pay the cost of replacing your possessions without accounting

for depreciation. The price of replacement cost coverage is about 10 percent more but can be well worth the extra expense as the value of most items tends to depreciate quickly.

3. What disasters are—and are not—covered?

Renters insurance covers you against losses from fire or smoke, lightning, vandalism, theft, explosion, windstorm and certain types of water damage (such as when the tenant upstairs leaves the water running in the bathtub and floods out your apartment or a burst pipe). Most renters insurance policies, however, do not cover floods. Flood coverage is available from the federal government's National Flood Insurance Program (888-379-9531, www.floodsmart.gov) and from a few private insurers. You can get this coverage from the same agent or company representative who sold you the renters insurance policy. Earthquakes are not covered either. You can either get a separate policy or have it added as an "endorsement" to your renters policy, depending on where you live.

4. What is my deductible, and how does it work?

A deductible is an amount of money you pay out-of-pocket before the insurance coverage kicks in. Deductibles are available as a specified dollar amount, typically \$500, \$1000 or \$2000, though higher deductibles are available. The larger the deductible, the lower the premium charged for the same amount of coverage, so if you can afford a deductible of at least \$1,000, you may get as much as 25 percent off your premium.

5. What is a "floater" and do I need one?

If you have expensive jewelry, furs, sports or musical equipment, or collectibles, consider adding a floater to your policy. Most standard renters policies offer only a limited dollar amount for such items; a floater is a separate policy that provides additional insurance for your valuables and covers them if they are accidentally lost. You will need to present receipts and/or appraisals for the items covered by the floater. It is important that expensive items be appraised properly as you will pay a premium based on the appraised value and in the event of a claim, be compensated for this dollar amount. You can ask your insurer to recommend a reputable appraiser. For some items, like

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- *Who should have it?*
- *What are the benefits?*
- *Am I required to have it?*
- *Is it expensive?*

Insurance matters... (Continued)

laptop computers, a stand-alone policy may also be an option. Check your renters policy first to see whether your laptop is covered and what the deductible is.

B. Liability Protection

1. Do I have enough liability insurance in the event someone sues me? Renters insurance provides liability protection that covers you against lawsuits for bodily injury or property damage done by you, your family members and your pets. This coverage pays for both the cost of defending you in court and court awards—up to the limit of your policy. Most standard renters insurance policies will generally provide at least \$100,000 of liability coverage, but additional amounts are available. Consider whether the amount of liability coverage provided by your policy is sufficient to protect your assets. Did you know you also have no-fault medical coverage as part of the liability protection provided by your renters policy? This coverage is only for injuries sustained by others and is not a substitute for your own health insurance. Medical payments coverage allows someone who gets injured on your property to simply submit his or her medical bills directly to your insurance company so the bills can be paid without resorting to a lawsuit. Most policies include about \$1,000 to \$5,000 worth of this coverage.

2. Do I need an umbrella liability policy?

An umbrella policy kicks in when you reach the limit on the underlying liability coverage provided by your renters or auto policy. For about \$150 to \$300 per year, you can buy a \$1 million personal umbrella liability policy. The next million will cost about \$75 and \$50 for every million after that. Because the personal umbrella policy goes into effect after the underlying coverage is exhausted, there are certain limits that usually must be met in order to purchase this coverage. Most insurers will want you to have about \$250,000 of liability insurance on your auto policy and \$300,000 of liability insurance on your renters policy before selling you an umbrella liability policy for \$1 million of additional coverage.

C. Additional Living Expenses

1. If I can't live in my home after a disaster, will I be covered? If your home is destroyed by a disaster covered by your policy and you need to live elsewhere, renters insurance provides additional living expenses (ALE). ALE pays for hotel bills, temporary rentals, restaurant meals and other expenses you incur while your home is being repaired or rebuilt. Some companies provide coverage

for a set amount of time, while others have a financial cap.

D. Additional Coverage

1. I run a business out of my home; do I need supplemental coverage? A typical homeowners or renters policy provides only \$2,500 coverage for business equipment which is generally not enough to replace all of the equipment required by even a small home business. You may also need coverage for liability and lost income. Insurance companies differ considerably in the types of business coverage they offer. Some may meet the specific needs of your business, while others may not. So it is wise to shop around for coverage options as well as price. *Am I covered if I am traveling or away from home?* Most renters policies include what is called off-premises coverage. This means that belongings that are outside of your home are covered against the same disasters listed in your policy. For example, property stolen from your car would be covered. However some companies may limit the amount of off-premises theft to 10 percent of the amount of personal possessions insurance.

E. Discounts

Insurance companies often offer discounts on renters insurance if you have another policy with them for your car or business. You can also get discounts if you:

- Have a security system
- Use smoke detectors
- Use deadbolt locks
- Have good credit
- Stay with the same insurer
- Are over 55 years old

Source: Insurance Information Institute
<http://www.iii.org/>

By Galia Steinbach, Commission Chair



The County Code does not require that a tenant purchase renters' insurance. However, it is strongly recommended for the reasons articulated in this article.

MOLD—Basic Information

MOLD is a problem in many households and what to do about it is a huge problem for landlords and tenants alike. Below are excerpts from the Environmental Protection Agency's pamphlet **-A Brief Guide to Mold, Moisture, and Your Home.**

Molds are part of the natural environment. Outdoors, molds play a part in nature by breaking down dead organic matter such as fallen leaves and dead trees, but indoors, mold growth should be avoided. Molds reproduce by means of tiny spores; the spores are invisible to the naked eye and float through outdoor and indoor air. Mold may begin growing indoors when mold spores land on surfaces that are wet. There are many types of mold, and none of them will grow without water or moisture.

Can mold cause health problems? Molds are usually not a problem indoors, unless mold spores land on a wet or damp spot and begin growing. Molds have the potential to cause health problems. Molds produce allergens (substances that can cause allergic reactions), irritants, and in some cases, potentially toxic substances (mycotoxins).

Inhaling or touching mold or mold spores may cause allergic reactions in sensitive individuals. Allergic responses include hay fever-type symptoms, such as sneezing, runny nose, red eyes, and skin rash (dermatitis). Allergic reactions to mold are common. They can be immediate or delayed. Molds can also cause asthma attacks in people with asthma who are allergic to mold. In addition, mold exposure can irritate the eyes, skin, nose, throat, and lungs of both mold-allergic and non-allergic people. Symptoms other than the allergic and irritant types are not commonly reported as a result of inhaling mold. For more detailed information consult a health professional. You may also wish to consult your state or local health department.

How do I get rid of mold? It is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust. The mold spores will not grow if moisture is not present. Indoor mold growth can and should be prevented or controlled by controlling moisture indoors.

- The key to mold control is moisture control.
- If mold is a problem in your home, you should clean up the mold promptly *and* fix the water problem.
- It is important to dry water-damaged areas and items within 24-48 hours to prevent mold growth.

Molds can gradually destroy the things they grow on. You can prevent damage to your home and furnishings, save money, and avoid potential health problems by controlling moisture and eliminating mold growth.

If you already have a mold problem – ACT QUICKLY. Mold damages what it grows on. The longer it grows, the more damage it can cause.

For more information, you can read this pamphlet online at:

<http://www.epa.gov/mold/pdfs/moldguide.pdf>

Tenants, notify your landlord as soon as you notice mold growth. It may be a minor problem that can be resolved quickly. If not, the quicker you attend to it, the better off everyone will be. Landlords, please investigate the source of the mold and correct it to prevent its reoccurrence.



Upcoming Events—July—December 2015

July—September 2015

July 7—COLTA Meeting
 August 4—Hearing, Leyva/Vickerie v Teclerian
 August 25 —Hearing, Lewis v. Ansari
 September 1—COLTA Meeting
 September 7—Labor Day

***All COLTA meetings are held at 100 Maryland Ave, Room 225, Rockville, MD 20850**

October—December 2015

October 6—COLTA Meeting, 6:30 p.m.
 October 21 – Landlord Seminar, Upcounty
 October 28—Tenant Seminar, Upcounty
 November 11—Veteran's Day
 November 26—Thanksgiving Day
 December 25—Christmas Day



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We're on the web!

www.montgomerycountymd.gov/olta

DID YOU KNOW?

- ☺ If you stay in your unit after a new month starts, you owe the full month. There is no legal requirement for the landlord to pro-rate rent based on the date you vacate unless the landlord requests that you leave mid-month or the unit is re-rented.
- ☺ Your tenancy does not necessarily end with the return of the keys. Call 311 to speak with an Investigator for more details.
- ☺ The Department of Housing and Community Affairs is scheduled to move at the end of this year to 1401 Rockville Pike, Rockville, MD.

Proposed Changes to Chapter 29, Landlord-Tenant Relations

Councilmember Mark Elrich has introduced a bill to the Council (Bill 19-15) proposing some major changes to Chapter 29, *Landlord-Tenant Relations*, of the Montgomery County Code. The major proposed changes:

- ◆ Require annual inspections for all rental properties with 2 or more units;
- ◆ Require use of a Montgomery County lease in plain language;
- ◆ Require landlords to give all new tenants a copy of the Landlord-Tenant Handbook;
- ◆ Allow the Commission to order a landlord to allow a tenant to correct deficiencies and deduct the expense from the tenant's rent;
- ◆ Provide certain rights to tenants facing rent increases; and
- ◆ Generally amend the provisions of Chapter 29.

www.montgomerycountymd.gov/COUNCIL/Resources/Files/bill/2015/Packets/20150421_4B.pdf

Landlord and Tenant Seminars

The Office of Landlord-Tenant Affairs held its second series of seminars for landlords and tenants. Both seminars were held at the Executive Office Building in Rockville. The Landlord seminar was held on May 7, 2015 and the Tenant seminar was held on May 20, 2015. The series of seminars is designed to inform landlords and tenants throughout the County of their basic rights and responsibilities. It is hoped that having these seminars and spreading this information will help foster better relationships between landlords and tenants in their future interactions.

Speakers for both seminars were Loretta Garcia from the Montgomery County Office of Human Rights, who advised landlords and tenants of the basic rights and responsibilities of landlords and tenants in regards to the application process and ADA requirements; Leslie Marks, Senior Fellow from the Department of Housing and Community Affairs, who advised landlords and tenants of programs available in the County for low or no cost for seniors; Matt Losak from the Renters Alliance of Montgomery County who spoke about that

group's mission to advocate for tenants rights; and Rosie McCray-Moody, Manager of the Office of Landlord-Tenant Affairs who gave a presentation to each group regarding their basic rights and responsibilities according to the law. She also explained recent changes to the law and what affect they would have on each group.

Both sessions were well attended and well received. A lively question and answer session followed each presentation. The first series of seminars was held in Silver Spring in April 2014, and the second in Rockville. Two seminars are planned for October 21, 2015 (Landlords) and October 28, 2015 (Tenants) in Germantown. The Office hopes to reach as many landlords and tenants throughout the County as possible.



Rosie McCray-Moody during the Landlord seminar in Rockville on May 7, 2015.

