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Off to university? Keep yourself covered

By Rob Carrick

From Tuesday's Globe and Mail

Tenant insurance is an increasingly important part of leaving the nest, says Rob Carrick

Laptop. Cellphone. iPod. Insurance.

Pack 'em all if you're a student heading off to college or university, because the first three items without the fourth are an expensive problem waiting to happen.

The big risk with taking electronic gadgets off to school: theft. Insurance is the way to protect yourself.

Fortunately, many students are covered by their parents' homeowner policy when away. Worst case, they (or, let's get real, their parents) will have to spend between \$200 and \$300 on tenant insurance.

Practically speaking, protection against theft and certain kinds of damage are good reasons to make sure a student is properly insured. But this kind of insurance also covers students against liability for damage to the home or residence where they're staying, and against injury claims from visitors.

"People understand about insuring their personal stuff, but it's the liability that can be financial crippling if it happens," said Anne Marie Thomas, an account manager with InsuranceHotline.com and a former underwriter and broker. "I don't think this is as broadly known as it should be."

Coverage for the possessions of students away at school will very likely be provided by the parent's policy, Ms. Thomas said. One firm she knows of allows 5 per cent of the amount of the parents' personal property insurance to be extended to a student away at school. Another firm caps the coverage for a student's possessions at \$5,000.

For students living in residence, it's possible that the parents' liability coverage can be extended as well. A fee of something like \$25 to \$50 may be involved.

Extending liability coverage to students sharing accommodations off campus is trickier, Ms. Thomas said. "Insurers may frown on extending liability if your child is renting a house with a group of other students. It's because the liability exposure to the insurance company is broader."

Liability insurance protects against claims related to personal injuries that might happen in a student's room, and against damage caused by fire, for example.

I had a mild brush with the issue of liability when I was a university student rooming with a bunch of guys, one of whom decided to make French fries one day and ended up setting the wall beside the stove on fire (as I recall, he let the oil come to a boil before adding the potatoes - never do that). Fortunately, the damage was limited to some black scorch marks on the wall. But if it had been worse, we tenants could have been held liable.

Did we have tenants' insurance? 'Course not. We were a bunch of broke students who never thought for a second about insurance. Obviously, we weren't unique. A survey conducted a few years ago by the Independent Insurance Agents & Brokers of America found that nearly two-thirds of U.S. renters did not have tenant insurance.

Ms. Thomas made the point in favour of tenant insurance for students by quoting from the residence agreement of the University of Guelph, in southwestern Ontario. It explains that the university is not responsible for the loss of theft of personal property, and that students are strongly urged to obtain insurance. "Coverage can often be obtained through a 'rider' on your family's tenant or homeowner insurance policy, which should include liability coverage for injury or damage," the document says.

"Liability coverage helps provide protection for you and/or your parents, from claims from other students or the university for damage or injury that may have been accidentally caused by you," it says.

Tenant insurance policy premiums start around \$200 a year, with higher costs assigned to big cities. Deductibles - the amount you have to pay if you make a claim - are typically set at \$500, though it's possible to raise that amount to \$1,000 and pay roughly 10 per cent less in premiums.

Ms. Thomas said that in cases where students share accommodations, each needs his or her own policy. The insurer should be told about the sharing arrangement in advance to avoid complications if a claim is put through.

As far as the needs of students go, there's little difference between tenant policies other than price. "By and large, if you purchase a broad policy, most of the coverages are the same," Ms. Thomas said. "There may be subtle differences in the amount of money they pay out for jewellery or cash left around."

Here's something for parents to remember if they're extending their home policy to their children while away at school: If a claim is made on behalf of the child, then it counts against the parent's policy. In other words, bye-bye claims-free discount.

Cost of tenant insurance

Here are some quotes for tenant insurance prepared for a 23-year-old student non-smoker. The policy would offer \$1-million liability protection and a \$500 deductible.

City	Premium Range
Toronto	\$250-\$360
London	\$195-\$360
North Bay	\$219-\$360
Ottawa	\$250-\$360

Guelph \$196-\$360
Kingston \$225-\$228

Source: *insurancehotline.com*