



# Why You Should Require Renters Insurance in the Lease



Yes, you can require a tenant to buy and maintain renters insurance as a requirement of the lease. Furthermore, doing so certainly benefits the landlord just as much as the tenant.

Many tenants simply assume that a landlord's insurance policy covers their personal property in the event of damage to the dwelling.

For you, the landlord or manager, renters insurance is an extra layer of protection in this litigious world.

For a tenant, it's relatively inexpensive, often less than \$11 per month, and shouldn't cause a burden except to the most financially strapped of tenants. Most people can simply add it as a discounted rider to their existing auto insurance policy (if they have one).

Since [laws vary by state](#), speak to an attorney about adding a mandatory renters insurance clause to your leases.

## 1. It Mitigates the Threat of a Lawsuit

The top benefit of requiring tenants to purchase renters insurance involves keeping you out of court. When damage occurs to a renters belongings, and if the tenant does not have rental insurance, there's a high probability the tenant will try to claim some type of landlord responsibility

## 2. It Reduces Your Responsibility

If the worst happens and there's a fire or other disaster, you might feel responsible for finding your tenants a temporary place to stay. In [certain states](#), you are considered responsible and must provide relocation benefits. To make things worse, while in the midst of dealing with your property damage, you're also trying to negotiate lodging or other necessities on your tenant's behalf.

Tenants with renters insurance don't have to rely on your good will or ability to pay for their temporary housing. **That's their insurance company's role.** You shouldn't have that hassle while you're trying to get a handle on your own losses.

## 3. It Weeds Out Bad Tenants

If you require renters insurance and your applicant complains that he can't afford it, that's a red flag before you review the application.

If someone can't afford to pay the low monthly rates for renters insurance, just how close to the edge are they living? What are the odds that they won't have the monthly rent money?

Renters who live paycheck to paycheck are fine people, but they make horrible tenants.

