

INSURANCE DECISIONS

Building a Renters Insurance Plan

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Decision
YOUR CHALLENGE Estimate belongings, connect common losses to coverage categories, calculate claim sharing, compare fictional policies, and write a cautious recommendation.			

Insurance Is a Risk-Management Tool

Renters insurance can cover specified losses to a tenant's personal property and may include personal liability and additional living expense coverage. It generally does not insure the landlord's building. The cause of loss, valuation method, limits, special limits, exclusions, and deductible all matter.

Term	Meaning in this packet
Personal property	Belongings owned by the insured.
Personal liability	Protection to check when the insured may be legally responsible for injury or damage.
Additional living expense	Coverage to check for certain extra costs when a covered loss makes the home unlivable.
Replacement cost	Valuation based on replacing covered property, subject to policy terms.
Actual cash value	Valuation that may reflect age, wear, and depreciation.
Special limit	A lower limit that may apply to a category such as jewelry.
IMPORTANT All companies, plans, prices, people, and claims in this packet are fictional. Real policies contain definitions, limits, exclusions, conditions, and location-specific rules that must be checked before making a decision.	

Part 1 - Build a Personal-Property Inventory

Use replacement-price estimates, not sentimental value. Keep the scenario fictional.

Item	Quantity	Price each	Estimated total
Laptop	1	\$850	
Phone	1	\$600	
Clothing groups	8	\$140	
Bicycle	1	\$480	
Furniture groups	4	\$225	
Books/equipment	5	\$90	

Calculate the total inventory. Which estimates need receipts, photos, serial numbers, or a current price check?

Part 2 - Separate Building, Belongings, and Liability

A tenant usually does not insure the landlord’s building, but may need protection for belongings, certain living costs, and liability.

Event	Building / belongings / liability / living cost	Coverage to check	Question
Fire damages tenant clothing.			
Fire damages the building wall.			
Guest slips because of tenant negligence.			
Covered loss makes unit temporarily unlivable.			
Flood water damages laptop.			

Why must the student check exclusions and special limits instead of assuming every cause of loss is covered?

Part 3 - Calculate a Fictional Property Claim

Assume the listed loss is covered and ignore depreciation except where stated.

Claim item	Covered amount	Deductible / rule	Possible payment
Stolen laptop	\$850	\$500 policy deductible	
Multiple stolen items	\$2,400	\$500 policy deductible	
Jewelry loss	\$1,900	\$1,500 special limit	
Small loss	\$350	\$500 policy deductible	

Calculate each possible payment. For jewelry, use the lower of covered loss or special limit, then subtract the deductible.

Part 4 - Compare Two Fictional Renters Quotes

The policies have different premiums, deductibles, limits, and valuation terms.

Feature	Policy A	Policy B	Why it matters
Annual premium	\$216	\$168	
Personal property limit	\$25,000	\$15,000	
Deductible	\$500	\$1,000	
Valuation term	Replacement cost	Actual cash value	
Personal liability limit	\$100,000	\$300,000	
Additional living expense	Listed; verify limit	Listed; verify limit	

Calculate monthly premiums. Which policy better matches an \$18,500 inventory? Explain why valuation terms affect a claim.

Part 5 - Write a Renters Insurance Decision Brief

Jordan has an \$18,500 inventory, a \$700 emergency fund, and no separate jewelry endorsement. Use the evidence, but identify missing policy details.

Decision check	My evidence
Inventory total	
Premium comparison	
Property-limit fit	
Deductible fit	
Valuation method	
Liability limit	
Exclusions/special limits to verify	
Recommendation with limitation	

Write 150-200 words. Include at least three figures and four questions Jordan should ask before purchase.

Privacy reminder: use the fictional inventory. Do not list real serial numbers, addresses, receipts, or household security details.