



## Renters' Liability

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### Background

Premises liability involves the responsibility of property owners to maintain safe conditions for people coming on or about the property. Those responsible for the premises can be held liable for injuries, which occur on the property, even if another person or entity is the lawful owner of that property. If a person slips, trips, or falls as a result of a dangerous or hazardous condition, the renter and property owner may both be responsible in some manner. Several categories of persons to whom property owners and those renting the premises may be liable exist, and the duties of protection owed to each group are different.

### Renters' Obligation

#### *Invitees*

Where, by express or implied invitation, a person induces or leads others to come upon a particular premises for any lawful purpose, a duty to exercise ordinary care arises to keep the premises safe. The invitation may be express, implied from known and customary use of portions of the premises, or inferred from conduct actually known. Workers or contractors are typically considered invitees.

#### *Licensees*

A licensee is a person who has no contractual relation with the premises but is permitted, expressly or impliedly, to go on the premises. A social guest at a residence is normally considered a licensee. Liability to a licensee only arises for willful or wanton injury. It is usually willful or wanton not to exercise ordinary care to prevent injuring a licensee who is actually known to be, or is reasonably expected to be, within the range of a dangerous act or condition.

#### *Trespassers*

Surprising to many is that a duty is also owed to those without permission to be on the premises. A trespasser is a person who enters the premises of another without express or implied permission, for the trespasser's own benefit or amusement. The duty to a trespasser is not to prepare pitfalls or traps for the trespasser nor to injure the trespasser purposely.

## Insurance

Insurance is a legally binding contract, typically referred to as an insurance policy. The contractual relationship is between the insurance company and the person or entity buying the policy, the policyholder. The policyholder makes payments to the insurance company, which can be monthly, quarterly, or yearly. The insurance company agrees to pay for certain types of losses under certain conditions, which are set forth in the policy.

One requirement for insurance is that the policy-holder needs to possess an insurable interest in the subject of the insurance. A policyholder renting property is said to have such an interest in the property. Insurance policies compensate an insured party for the cost of monetary damages in the event of economic loss or in the event of damages leveled against a policyholder who is liable for damages to another. Liability insurance pays damages up to the dollar amount of liability coverage purchased and protects the personal assets of the policyholder in the event of a judgement against the policyholder for damages. Some renters' policies cover legal liability in the event that anyone suffers an injury while on the insured property. Certain actions of the policyholder, which occur away from the insured property may also be covered.

When a renter purchases liability insurance, part of the insurance company's obligation is to provide a defense in the event of a lawsuit. Even though the insurance company selects the lawyer and must approve the payment of all legal fees and other expenses of the lawsuit, the lawyer represents the policyholder. Under most types of liability insurance, the insurance company has the contractual right to settle or defend the case as it sees fit. The policy owner has an opportunity to provide input, but the company typically has no obligation to obtain the policyholder's consent or approval.

The entity that the renter is leasing from typically has some type of liability insurance also. This may, in some circumstances, cover the renter. Liability suits may involve several different claims, some of which may be covered by the liability insurance policy and some of which may not be covered. The insurance company is obligated to provide a defense for any claim, which could be covered, but the company may not be obligated to pay the damages for certain types of claims. Since liability policies typically do not provide coverage for intentional acts, there may be a factual question as to whether the policyholder acted intentionally. Negligent or accidental acts are generally covered; however, papers filed in court might [ALLEGE](#) both negligent and intentional actions. In such a situation, the insurance company may send a Reservation of Rights letter. This is a notice that the company is paying for the defense for the claim but is not agreeing that it is required to pay for any and all losses under the terms of the policy.

Limitations and exclusions can alter the provisions of coverage in a policy. A limitation is an exception to the general scope of coverage, applicable only under certain circumstances or for a specified period of time. An exclusion is a broader exception which often rules out coverage for such things as intentional acts, when the policy covers damages due to negligent acts.

Insurance companies and policyholders have contractual obligations which must be satisfied to ensure resolution of claims. Insurance policies list specific things a policyholder must do in order to perfect a claim once a loss has taken place. These duties are known as contract conditions. Policies typically require an insured to give prompt notice of any loss or the time and place of an accident or injury. Liability claims require the policyholder to give the insurance company copies of all notices or legal papers received.

The insurance company may ultimately refuse to pay part or all of a claim. The insurance company may take the position that the loss is not covered by the policy, perhaps because it was the result of some intentional act. Or the insurance company may allege that the policyholder took some type of action that rendered the policy void. Because insurance policies are contracts and open to interpretation by the courts, policyholders

may be able to use the legal system to reverse such decisions. If an insured opts to consult an attorney to pursue such remedies, it should be an attorney other than the one hired by the insurance company to represent the policyholder.

### ***Renter's Insurance***

Although renting a property is not usually subject to the same liability as owning a property, renters can still benefit from property insurance and renters can purchase separate liability insurance. Renter's insurance typically covers the cost of replacing personal items that are stolen, damaged, or destroyed. Additionally, renters, like owners, have potential liability to anyone injured on the occupied property. Renters' insurance policies are similar to homeowners' insurance policies but have no coverage for buildings or structures. Although renter's insurance is not usually required, by the terms of some leases, tenants may be required to have insurance to cover their liability exposure if someone is injured on the premises, or if damages occur from items owned by the renter, such as waterbeds. And, the [LANDLORD](#) can, in fact, require the renter to have liability insurance. When signing a new [LEASE](#) or after proper legal notice for a month-to-month rental agreement the landlord can even lawfully change the terms of the agreement to require renter's insurance. This may be particularly important if the renter has animals or the property contains a pool. The landlord's insurance will probably not cover tenant property losses unless the tenant can specifically demonstrate that the landlord was negligent in some manner.

### ***Moving Insurance***

There are a variety of costs associated with a move and most moving companies will provide a free written estimate. Estimates are typically based on shipment weight and length of travel. Professional moving companies are required by federal law to provide some level of insurance; however, additional insurance can be purchased. Basic liability insurance results in a standard coverage of about \$.60 per pound per item. Thus, a 100 pound item would create a liability for the mover on that item of \$60. With declared value protection or [ACTUAL CASH VALUE](#) insurance, the value of the goods is pre-determined by the owner of the goods, and the mover is liable for this declared value, or the purchase price less [DEPRECIATION](#). If all the items are lost or stolen, the mover's liability would be the total pre-determined worth of the goods as stated in the moving agreement. Moving companies can take up to 120 days after receipt of any complaint to make a decision about paying on the claim.

## **Additional Resources**

*A Glossary of Insurance, Development and Planning Terms.* Davidson, Michael, American Planning Association, 1997.

*The Legal Edge for Homeowners, Buyers, and Renters.* Bryant, Michel J., Renaissance Books, 1999

## **Organizations**

### ***The Tenants Union***

3902 S. Ferdinand St.

Seattle, WA 98118 USA

Phone: (206) 723-0500

Fax: (206) 725-3527

URL: <http://www.tenantsunion.org>

*U. S. Department of Transportation Office of Motor Carriers*

400 7th Street, S.W.

Washington, DC 20590 USA

Phone: (202) 366-4000

URL: <http://www.dot.gov/>

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