

Insuring College Students Away From Home

By Basil Housewright, Jr.

When college students move from home to their home-away-from-home - a rented dorm or apartment - you may begin asking whether your homeowner's policy covers the student's property and non-auto liability exposures. The key question that must be answered before confirming coverage under the parents' homeowners' policy is this: Does the student meet the definition of "insured" on the homeowner's policy?

In order to be an "insured" on most commonly used homeowner's policies in Texas; one must be a relative of the named insured and reside in the named insured's household. This leaves a great deal of room for interpretation. It is generally accepted that students living away from home while attending college are residents of their parents' household. Based on previous Texas court decisions, however, the real test is whether the absence of a person from the household of the named insured is intended to be permanent or only temporary - i.e., whether there is physical absence coupled with an intent not to return. There may be borderline cases for example; it may be difficult to consider a 23-year-old graduate student living in an apartment year-round to be a resident of the insured's household.

Most commonly used homeowner's policies in Texas covers personal property owned, worn or used by an insured anywhere in the world, subject to a maximum amount equal to 10 percent of the Personal Property (Contents) limit. When you evaluate whether this limit is adequate, consider the replacement value of the student's clothes, furniture, electronics and computers. In addition to the dollar limitation, personal property is not covered for loss by theft from the student's residence, except while the student is temporarily living there. This is a definite problem, especially when the apartment is owned, or rented for a 12-month term, and the student comes home for the summer. If either the dollar limitation or the theft exclusion is a problem, you should consider purchasing a separate tenant homeowners (Renters) insurance policy for the student.

Most commonly used homeowner's policies in Texas covers the insured's legal liability for bodily injury and property damage arising out of an insured location as defined in the policy. To be considered an insured location, a residence must meet only one of the numerous parts of the definition. In most cases involving a dorm room or a rental for a semester or school year, the student's residence will meet the definition by being a premises "where an insured is temporarily residing." For long-term rentals, there is another possibility. The definition of insured location includes a premises you use as a residence which is shown on the declarations page or which you acquire during the policy period for your use as a residence. Obviously, if you can convince your insurance agent/company that an apartment rented by you for your child student's use meets this definition, the best approach is to describe the rented location on the parent's homeowner's insurance policy declarations page for which a very small premium is usually charged. Another liability problem arises if the student's residence is owned or rented by the named insured and other students pay rent to the insured to live there. An exclusion in the homeowner's policy eliminates coverage for Bodily Injury or Property Damage arising out of the rental of the premises to more than two roomers. If there are more than two roomers, the best option is to purchase a separate commercial general liability insurance policy on the property location.

After all of the above information is considered, it's easy to see plenty of potential coverage gaps in the common homeowners insurance policy when a student leaves home for college. A separate tenant homeowners (renters) insurance policy for the student's residence, whether it be an apartment or a dorm room may be the best alternative to MAKE SURE you and your child are properly protected. You might also consider having the tenant homeowners (Renters) insurance policy be issued with the child as 1st named insured and one of the Parents as the 2nd named insured to further close gaps in coverage which might exist for you and your child.

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