Household Inventory

Guide G-532

Fahzy Abdul-Rahman[1]

Cooperative Extension Service • College of Agricultural, Consumer and Environmental Sciences

INTRODUCTION

In 1980, police in Fairfax, VA, raided the home of master thief Bernard Welch and found $4 million of stolen jewelry, art, antiques, silverware, and gold coins. Nearly 7,000 burglary victims in that area filed past the display of Welch's loot at police headquarters. Although hundreds of claims were made, more than 40% of the stolen items were sold at public auctions. Many claims were not honored because people could not prove ownership with sales receipts, appraisals, photos, videos, or other documents.

As laid out in Table 1, the prevalence of different property crimes in New Mexico is higher than the national average. In fact, New Mexico ranks thirteenth in states with overall property crime prevalence and fourth for burglary.

Table 1. Prevalence of Property Crimes, Rate Per 100,000 Inhabitants, 2012

	Property crime	Burglary	Larceny	Motor vehicle theft
U.S.	2,293.8	368.7	1,823.9	101.3
New Mexico	3,600.7	1,025.3	2,313.4	261.9
NM, State Rank*	13	4	19	13

* D.C. is excluded from the ranking
Source: Federal Bureau of Investigation (2013)

Household loss could also be the result of natural and non-natural disasters such as fires, tornadoes, hurricanes, floods, landslides, earthquakes, and volcanoes. After a home-related disaster, the ordeal of trying to piece together a list of what was stolen or destroyed can be stressful and frustrating. Most homes have dozens of small yet valuable articles that are not as conspicuous as a chair, a television, or a DVD player. Many people are also so overcome with emotion after a fire or theft that they cannot think clearly enough to remember everything that was destroyed or stolen.

Policyholders usually end up telephoning their insurance agent days or even weeks after a loss to add forgotten items to the insurance report. Having a detailed list of household goods will certainly help prove ownership

of the items that were lost. In this publication, we will discuss the household inventory, the reasons to have one, and how to have a solid one.

WHY A HOUSEHOLD INVENTORY IS NEEDED

A household inventory will be very useful for making insurance claims, making a will or trust, determining your net worth, and organizing your household inventory. Without one, people may have difficulties proving ownership and listing items that were lost. According to the National Association of Insurance Commissioners (2012):

- Fifty-nine percent of consumers do not have a list of their possessions.
- For the ones who have a list of inventories, there were many inventory list inadequacies:
  - 48% do not have receipts,
  - 27% do not have photos of their inventories, and
  - 28% do not have a backup copy of the inventory that is kept at a location outside the home.

It is recommended that you have a homeowner's insurance policy to protect your home and belongings

[1]Extension Family Resource Management Specialist, Department of Extension Family and Consumer Sciences, New Mexico State University.

against loss. There are three more important things to help recover stolen items or settle insurance claims:

1. A detailed list of losses,
2. Proof of ownership, and
3. Documentation of value.

A good inventory list will include all of this information.

HOW TO CREATE A HOUSEHOLD INVENTORY LIST

If you insure your property, talk to your insurance agent about the ideal inventory listing. Main steps in creating a household inventory are choosing a method(s), doing a thorough inventory, and keeping it safe and having backups.

1. Choose a method(s)

To choose the best method for your inventory, you need to know how the end product should look. Create a spreadsheet or table with main columns for the item name, original price, quantity of goods, product image, receipt image, and year purchased (Figure 1). When using electronic inventory lists, you should preferably scan or photograph receipts for your items.

You may also add other columns to make the item listing more organized or informative, such as columns for categories, current value, replacement cost, model number, serial number, place of purchase, location of receipt, condition, expected life, and depreciation. It is highly recommended that you start simple so that the task doesn't seem daunting.

There are several main methods for storing an inventory list. Note that you are encouraged to diversify your main method of listing and having backup inventory list storage.

- **Paper:** The paper method may include using an inventory notebook or a three-ring binder. You can obtain an inventory book or get one from your insurance company, but a small loose leaf notebook or spreadsheet will do just fine.

- **Spreadsheet computer programs:** This method provides higher flexibility with its ability to edit the inventory document. As you buy or replace items, you can alter the relevant rows. When you finish your inventory or add/remove items, you should print a paper copy to be stored with your important files, while the electronic version will be the automatic backup.

As costs of electronic products decrease, consider these methods as well:

- **Picture:** Compared to film camera photographs, digital images taken with digital cameras and high-quality cellphones provide cost-efficient ways to do a household inventory. You can select the best high-quality pictures and store them in various places, such as your computer, memory card, or external hard drive. You may also photograph receipts for copies and backup.

- **Video:** This is the fastest way to capture items in your house. As you film your inventory, describe each product out loud; by doing so, your inventory video will also contain a verbal description of each item. For higher quality, use a digital video recorder, but many high-end smartphones can do the job.

- **Cellphone or tablet apps:** Characteristics to keep in mind when choosing a phone or tablet app are the cost, free version limitations (e.g., can only include 10 items), visual- or category-based sorting, number of properties, and synching options to a cloud service.

Cheaper electronic goods also mean cheaper (or even free) computer storage. This means you can store the electronic or scanned versions of these documents in computers, computer accessories (USB drives), external hard drives, or online storage (the "cloud"). You may let others know of the existence of the inventory list and its storage location. Plan to keep a copy of your inventory in your safe deposit box or wherever you store your important documents. Besides a safe deposit box, consider having backup copies with your lawyer, relatives, or trusted friends or in your office, or email the documents to yourself. If your house is destroyed, you would still have these backups.

2. Do a thorough inventory

For this step, make an itemized inventory of all your possessions. This household inventory is vital in helping you document your losses. It also helps you determine the amount of personal property insurance coverage you need. Keep in mind that in a severe loss, you might have to replace everything you own, right down to shampoo and screwdrivers. If you rent, an inventory is even more important because the value of your personal possessions determines the amount of insurance you buy. List the contents of each room on your inventory. Include items in closets, cabinets, and drawers, and don't forget items in the basement or attic, under the stairs, outdoors, in the garage, in storage, or in other out-of-the house facilities.

It is important to include some detailed information such as serial numbers, manufacturer, design description or model name, and quantities, such as number of place settings of silverware. Describe jewelry as fully as possible, such as "14-karat-gold, 15-inch chain necklace." List purchase price and date when possible.

Item Name	Original Price	Quantity	Product Image	Receipt	Year Purchased
HTC EVO V 4G cellphone	$300	1	None needed–searchable by item specs	Saved in computer and cloud	2012
Dining table acacia wood, 48 x 36 x 30 inches with one 12-inch butterfly leaf	$100	1	Also saved in computer cloud.	None: purchased from a garage sale	2009

Figure 1. **An example table format for household inventory.** *(End table photo from HMC Furniture Ltd. Used with permission.)*

Visuals. Photograph or videotape the contents of your house room by room. This helps establish ownership and provides a visual description. Make close-ups of valuable items. Group small and similar items into a single photograph. Take pictures of drawer contents and shelves. Take pictures of the outside of your house, including landscaping, driveway, and any special items.

Since picture taking and storage have become very cheap compared to film photographs, you may take pictures of product receipts, model information, and serial numbers. Just be sure to know which details belong to which goods.

Recording video while describing items to the best of your knowledge is helpful for creating a household inventory list by room. This can be done very quickly in a somewhat organized manner because you would go through your items room by room. If you decide to have the video method as your primary inventory list, you still need to keep your receipts and have their backup copies.

Item Value. Sales receipts offer evidence of ownership and are important in establishing value for unappraised items. Keep a file box of receipts for major items. You may want to keep receipts for some unappraised items in your safe deposit box. Get appraisals for valuable items. If you have purchased items online, you can print out receipts sent to your e-mail, or log on to the merchant's site to access and print your receipts (e.g., Amazon.com, Overstock.com, eBay.com, prigrabber.com).

3. Keep it safe and have backups

The end product of your inventory list package should contain the inventory list, receipts, and other important documents related to the item (e.g., antique and collectible documentations; Figure 2). In addition, you need to back up all the files.

The backup process essentially involves having a copy of items in the inventory list package. Some examples:

If the originals are	The backup may be
Paper receipts	Scanned documents stored in your computer, USB drive, and/or a cloud storage
Printed pictures	Pictures saved in a cloud storage and/or picture sharing sites
Videos stored in your computer	Videos uploaded to different video sharing sites and saved in an external drive
The inventory list	A scanned inventory list file e-mailed to yourself, your family, trusted friends, etc.

Popular picture sharing sites are Flickr, SmugMug, Picasa, Photobucket, and Instagram. Top video sharing sites include YouTube, Vimeo, Ustream, and Veoh. Examples of cloud storages are Google Drive, Windows Live, Apple iCloud, and Amazon Cloud Drive. When opening an account with these sites, pay attention to the contract agreements, file formats, costs, storage space, compatibility to your camera (or smartphone!), and privacy options. You can make your files, images, and videos private, but there is no guarantee that others would not be able to obtain them.

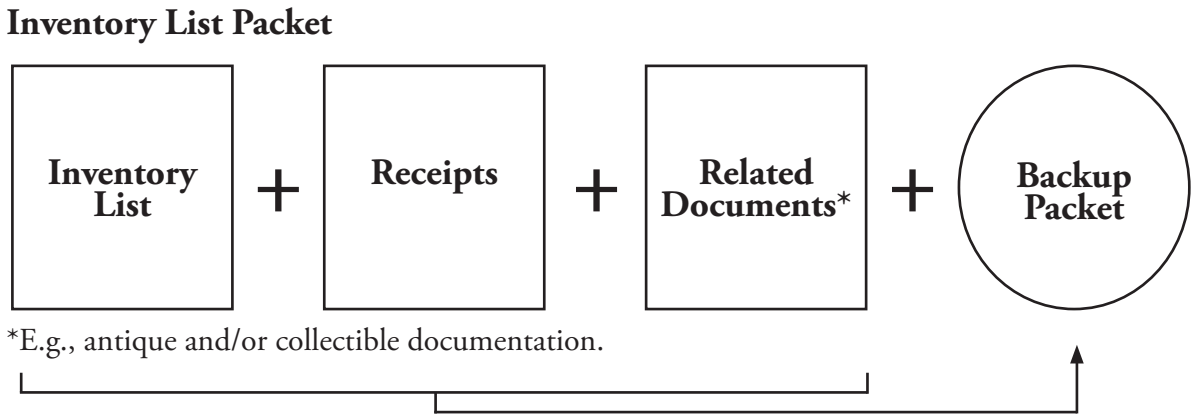

***Figure 2*. The completed inventory packet will include your inventory list, receipts, and related documents, along with a backup of the entire packet.**

CONCLUSION

Making an inventory of all valuables is certainly a hassle. You should start with the most important and expensive ones. Experts recommend having special insurance for special valuable items. After creating the inventory list, it should be updated once a year. Logical times of the year would be after Christmas when people receive gifts or just before your annual garage sale times.

Whether you have a current household inventory or not, now is a good time to check your insurance policies and review how much coverage you have for household items. The answers you get may surprise you and motivate you to update coverage because you may have been under- or over-insuring your property.

Fahzy Abdul-Rahman *is the Extension Family Resource Management Specialist at New Mexico State University. He earned his Ph.D. and M.P.H. from The Ohio State University. His Extension programs focus on various personal finance topics, from basic banking to retirement planning.*

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Original author*: Jackie Martin, Extension Family Finance Specialist. Subsequently revised by Constance Kratzer, Family Resource Management Specialist.*

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