

Household Inventory

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Revised by Constance Kratzer,
Family Resource Management Specialist

Cooperative Extension Service
College of Agriculture and
Home Economics



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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, the people without sales receipts, appraisals, photos, or other documents could not prove ownership. More than 40% of the stolen items were eventually sold at public auction.

The Federal Bureau of Investigation reports the average home burglary loss is \$860. Also, according to the U.S. Fire Administration, a fire in one out of every 150 American homes each year destroys or damages personal possessions that cannot be properly identified for insurance claims.

For homeowners, 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 video recorder. Many people are also so overcome with emotion after a fire or theft they cannot clear their thoughts well enough to remember everything that was destroyed or stolen.

Policyholders usually end up telephoning their insurance agent days, even weeks, after a loss to add forgotten items to the insurance report, an Insurance Information Institute spokesman said.

A homeowners insurance policy is the first step in protecting 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.

THE INVENTORY

First, 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, 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.

You can buy an inventory book or get one from your insurance company, but a small looseleaf notebook will do just fine. It is easier to update than a bound book. As you buy or replace items, add a new page. Plan to keep a copy of your inventory in your safe deposit box.

List the contents of each room on your inventory. Include items in closets, cabinets, and drawers, and don't forget items in the garage and outdoor storage units.

It is important to include some detailed information such as serial numbers; manufacturer; design description or 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.

PROOF OF OWNERSHIP

Photograph the contents of your house room by room. This helps establish ownership and provides a visual description. Make close-ups of valuable items. Some people prefer to do this themselves with self-developing film that doesn't need to be processed by strangers who might take more than a passing interest in your valuables.

Group small items to photograph. Take pictures of drawer contents and shelves. Take pictures of the outside of your house including landscaping, driveway, and any special items.

One easy way to accumulate household inventory photos is to use the last few shots that you have left on each roll of film. Some people waste the last shots on a roll of film anyway. This way it is not a big one-time project, and you will have current photos that show new items. Separate the inventory negatives from other negatives for easy location. Store either the photos or negatives in your safe deposit box.

Some people prefer to videotape their household contents, zooming in on details and using an audio

description. Also there are a variety of home inventory programs available for computer owners. Compare cost, storage, and ease of updating of any methods you are considering. Carefully check the reliability of anyone you hire if you don't do your own inventory.

DOCUMENTATION OF 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.

The typical insurance policy does not reimburse you for the full price of an item. The item is depreciated for wear and tear. Many people have been surprised and frustrated to discover their belongings assessed at only one-third or one-fourth of the purchase price.

An alternative to depreciated-value insurance is replacement-value insurance. It costs about 15% more than a depreciated-value policy but boosts coverage of your household goods to 70% of the coverage on your house from about 50%.

With replacement-value insurance (also called contents replacement provision), you're paid for the cost of replacing lost or destroyed items with new items of similar quality. If an item is damaged, the insurance pays for the cost of repair, without a deduction for depreciation. However, if you choose not to replace an item, you're usually paid only its actual cash value.

There are usually limits on the amount you can be paid to replace an item (no more than 400% of its actual cash value, for example) and the insurance company may choose to have a damaged article repaired rather than replaced if that costs less. With the 400% rule, you would get \$240 to replace a chair with an actual cash value of \$60. If an equivalent new chair costs \$300, you'd have to pay the difference out of your pocket.

Consider extra insurance for expensive items. One couple returned home after work to find burglars had taken jewelry worth \$1,500. Their insurance covered only \$250 of the loss. "Our policy had a \$500 limit on jewelry and a \$250 deductible. I never thought about it not being enough," the wife said.

If your possessions are worth more than the limits stated in your policy, you'll have to buy a scheduled items endorsement if you want to be fully covered for the value. The insurance company will require a sales receipt or an appraisal for items to be insured on an endorsement.

Typical policy limits for special items are:

- Coin collections, gold, silver and currency, \$200.
- Securities, deeds, manuscripts, and other valuable papers, \$1,000.
- Personal computers, home office equipment, \$5,000.
- Jewelry, watches, furs, and precious and semiprecious stones, \$1,000.
- Silverware, goldware, and pewterware, \$2,500.
- Guns and firearms, \$2,000.

In each category, the limit on your policy is the most you'll get on the loss, no matter how numerous or expensive the lost items are, unless you have the scheduled items endorsement.

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.

*Originally written by Jackie Martin Extension
Family Finance Specialist*