

Home Inventories - Helping Claims Settle Faster

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MOST AMERICANS are unprepared to deal with a personal property claim after a loss. It is estimated that 80% of the United States' population has been impacted by severe weather in the past few years. In 2016 alone, catastrophe losses in the United States exceeded \$17 billion. (www.iii.org) When disaster strikes, be it natural or man-made, it may be impossible to reconstruct a list of all the household's possessions. One essential tool to help speed up claims handling, as well as increase the chances of adequate reimbursement, is a home inventory. Helping clients understand the value and proper use of home inventories, and how to use them, is another sign of the true insurance professional.

Essential components of a home inventory include receipts, and pictures or videos. The more documentation that is available, the stronger the claim. A 2012 survey by the National Association of Insurance Commissioners (NAIC) revealed that 59% of homeowners did not have an inventory or list of their possessions. Of those that did have an inventory, 48% did not have receipts, 28% did not have photos of the items, and 27% did not maintain a backup copy outside the home. (www.naic.org)

Having documentation after a loss is just one reason to maintain an updated home inventory. A home inventory is valuable even if there never is a loss. An updated inventory may disclose items that are inadequately covered. Over time, people accumulate a lot of "stuff" and the values of certain possessions, such as antiques or jewelry, can greatly appreciate. A typical homeowners policy includes coverage for contents at 50-60% of the insured value of the home. This may not always be enough. The value of electronics – televisions, computer, video games,

and even home security systems, can be staggering.

Starting the home inventory is not difficult. Many resources are available. The NAIC offers a free home inventory smartphone app: MyHome Scr. APPbook. Those without a smartphone can download the NAIC's home inventory checklist. (<http://home.insureuonline.org/>) New York's Department of Financial Services (DFS) offers a template for a home inventory on their website. (www.dfs.ny.gov) Many insurers offer similar programs to help their insureds document their possessions.

A little advance preparation can make the process easier. Walking through the house with a video camera may sound like a great idea, but in order for the record to be worthwhile, some set up is required. If a video is being created, it is important to remember that many possessions may not be out in the open. Drawers and other storage areas should be documented. Seasonal items, decorations, lawnmowers, tools and other outdoor equipment represent significant investments.

A copy of the home inventory should be kept in a safe location, and preferably more than one. For example, stored in a bank safe deposit box, by sending a copy to the insurance agent or company, or at a minimum, stored in a fire safe box in the home. In the event of a widespread disaster, such as a hurricane, tornado or wildfire, access to the home may be lim-



ited or denied for a significant amount of time after a loss. The extent of the damage may mean it is impossible to find the inventory, or, as is too often the case, there may be no home to return to.

Keeping the inventory current is also important. Updates should be made regularly, but especially whenever significant purchases are made.

Inventories are important for businesses as well as individuals. Proper documentation can greatly improve and shorten the claims handling process for all types of insureds. Helping clients prepare for potential loss, as well as reduce the time it takes for them to recover, which can alleviate some of the stress of a difficult situation, is another value-added service of the professional insurance agent.

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