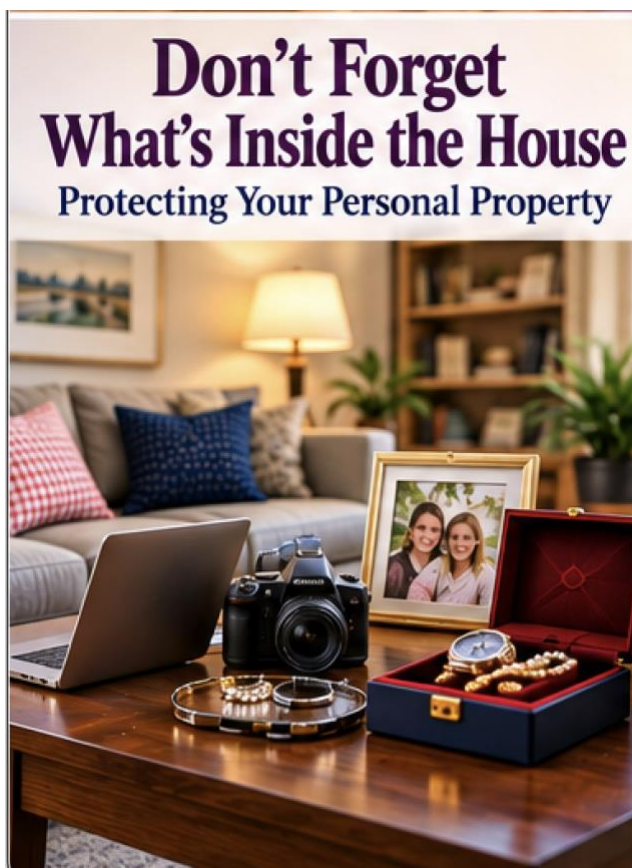




Don't Forget What's Inside the House

Imagine turning your house upside down and shaking it.

Everything that would fall out represents a rough picture of your personal property: furniture, clothing, dishes, televisions, computers, tools, books, jewelry and all the other things accumulated over a lifetime.

Individually, many of those items don't seem terribly valuable. Collectively, replacing them after a major fire or other disaster could cost a small fortune.

Homeowners Insurance Usually Covers Belongings

Personal-property coverage is normally included in homeowners insurance, but that doesn't mean every possession is fully protected against every possible loss.

Policies have coverage limits and exclusions. Certain categories of valuable property—such as jewelry, fine art, firearms, collectibles or valuable papers—may have special limits. Particularly valuable property may require an endorsement, rider or separate policy.

Replacement Cost Makes a Big Difference

Suppose a television that cost \$1,500 several years ago is destroyed in a covered loss.

With actual-cash-value coverage, depreciation may substantially reduce the amount payable for that old television. With replacement-cost coverage, the settlement is generally based on replacing the covered item with a comparable new one, subject to the terms and limits of the policy.

Apply that difference to an entire house full of furniture, appliances, electronics and clothing, and replacement-cost coverage becomes much easier to appreciate.

Create a Home Inventory Before You Need It

After a major fire, could you sit down and list every significant possession in every room? Probably not.

A home inventory provides evidence of what you owned before the loss. Walk through the house with your phone and photograph or record each room. Open closets, cabinets and drawers. Photograph valuable individual items and, where practical, record model and serial numbers.

Keep receipts or appraisals for expensive purchases. Don't store the only copy of your inventory on a computer sitting inside the house it documents. Keep a copy in secure cloud storage, a safe-deposit box or another safe location.

Pay Special Attention to Valuables

Jewelry is an obvious example.

A homeowners policy might provide plenty of total personal-property coverage while imposing a much smaller limit for theft or loss of jewelry. Art, antiques, collections and other specialized property can create similar issues.

The NAIC recommends checking whether unusually expensive possessions need additional coverage and periodically adjusting coverage as new property is acquired.

Don't Forget the Ordinary Stuff

People naturally think first about the diamond ring or expensive computer.

But after a total loss, you may also have to replace bedsheets, towels, cookware, shoes, winter coats, lamps, books, tools, dishes and dozens of other mundane things.

Walk through one closet and mentally add up what replacing everything would cost. Then multiply that exercise by every room in the house.

The result may surprise you.

A home inventory does more than document a potential insurance claim. It shows you how much property you have accumulated—and how much it could cost to start over.