

Taking Inventory of Your Home, Personal Property and Scheduling Property

All homeowners should conduct a home inventory, which is a list of your personal possessions along with information about their value. It can prove invaluable in the event that disaster strikes, and it costs nothing but time. Homeowners should organize their inventory in a manner that is appropriate. The task may not be daunting for new homeowners, but it may seem overwhelming to individuals who have lived in the same house for several years. However, keep in mind that an incomplete inventory is better than none at all. Decide what method works best for you. Consider starting with recent or most expensive purchases and working backwards. You can also conduct an inventory by room or item type.

A home inventory can serve as a guide to make sure you purchase the amount of insurance you need. A comprehensive list can lead to a more productive conversation with your insurance agent about the value of your belongings. A home inventory will be vital if you need to file an insurance claim, and it can ensure that your claim is settled quickly and efficiently. After a catastrophe, you will need to substantiate your losses to qualify for a tax break or disaster assistance, so a home inventory will be extremely useful in verifying your losses for your income tax return. Essentially, a home inventory lets you take full advantage of your insurance policy.

While the task may seem overwhelming, technology can make the process of creating a home inventory infinitely easier. The Insurance Information Institute (III) offers free, downloadable software called **Know Your Stuff**, which documents your personal possessions and is even available as an app for iPhones. The software allows users to scan receipts or appraisal forms and upload photographs. Your inventory is then readily accessible online, which may prove to be a huge benefit if you need to evacuate suddenly in an emergency. The NAIC also offers a downloadable app for **iPhone** and **Android** users.

Homeowners can also document their belongings using a **checklist** provided by the NAIC. Individuals who opt to use the checklist should make sure they photograph and/or videotape their items. Descriptions should include the age, purchase price, and the estimated current value of their possessions. Make copies and keep receipts of all major purchases. Record the model and serial numbers of electronics and appliances. For clothing, count the items you own by category, such as pants, coats, and shoes. Make notes about any clothing and accessories that are particularly valuable.

However, keep in mind that expensive items such as jewelry, art work, and other collectibles may not be covered under your existing insurance policy. In some cases, big ticket items like these may need to be insured separately. Check with your insurance agent to determine whether you have adequate insurance or if you need a **floater** for your homeowner's policy. A home insurance floater (or a personal articles floater) is a type of insurance policy that provides substantially higher monetary protection than normal insurance policies. A floater covers high-value items, including jewelry, musical instruments, cameras, rare coins, and stereo equipment. Floater insurance assures homeowners that the full value of their belongings will be replaced in the event of theft, loss, or damage.

Regardless of how you inventory your home, be sure to make copies and store them in locations outside your home. You may keep it in a safe deposit box, a friend's home, or online. Consider sharing a copy with your insurance provider. Keep your inventory up to date by adding new purchases to the existing list. Homeowners should keep a record of legal documents, such as birth certificates and passports, as well as financial documents, such as bank accounts and insurance policies. Record information about these documents in your home inventory. You need this list in the event of a claim, especially if you face a total loss, such as a fire.



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Brethren Mutual Aid Agency Inc.,

An Overview of... ...Homeowner's Insurance

The homeowner's insurance policy provides protection against the financial consequences of loss that result from sudden and accidental events and pays for covered damages. Some policies are very broad and cover "All Perils" unless specific exclusions apply. Others policies are "Named Perils" and only cover the types of loss listed in the policy contract.

The typical homeowner's policy is sold as a package and combines coverage for owner-occupied homes, personal property, additional living expense, liability and medical payments. **Coverages A-D** provides coverage for real and personal property; **Coverage L and M** provide personal liability protection.

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Coverage A-D

Dwelling - Covers your home, attached structures and permanently installed fixtures, such as: built-in appliances, plumbing, heating, air-conditioning, and electrical systems.

Other Structures - Covers detached structures such as: garages, storage sheds and shop buildings that are for personal use only. Also includes fixtures attached to the land, such as fences, driveways, sidewalks, patios, and retaining walls, which may be covered for limited perils and amounts.

Personal Property - Covers the contents of your home and other personal items owned by you or family members who live with you. This protec-

tion is based at 50% of the dwelling limit at actual cash value settlement. Replacement cost coverage is provided by endorsement.

Additional Living Expenses - Covers living expenses over and above your normal living expenses if you cannot live in your home while repairs are being made.

Homeowner policies may provide limited coverage for debris removal; damaged trees, shrubs, other plants, and lawns; fire-department service charges; property removal; theft or illegal use of credit or transfer cards; collapse of buildings; or glass breakage if caused by a covered peril. Coverage for these items is controlled by individual policy limitations.

Coverage L-M

Personal Liability - Protects you when you or one of your family members living with you unintentionally injures someone else or damages their property.

Medical Payments to Others - Pays the bills for others injured while on your property.

Mortgagee / Loss Payee - If you have a mortgage on your home, your lender will require you to carry insurance protection for the property. If your home is paid for, your policy protects you in the event of loss to what is possibly your largest single investment.

Common Exclusions

Homeowner policies contain many exclusions and limitations. In most cases, optional or increased coverage (called an endorsement) is available to address such situations. However, the following situations are most often excluded or have limited coverage provided under the homeowner's policy.

Earth Movement – Earthquake, landslides, mine subsidence, sinkhole collapse.

Water Damage from Surface Water - Flood, ground water and sewer back up and sump pump failure; water damage that occurs over time and is not sudden and accidental.

Other Situations Excluded:

Mold

Neglect / Intentional Loss

Common Power Failure

Leaky Basements

Bulging of Foundation/ Cracked Walls

War and Nuclear Hazard

Watercraft / Aircraft

Business conducted from your residence

Endorsements

For additional premium, expanded protection for the following situations can be added to (endorsed) most policies.

Water Back Up and Sump Pump Discharge or Overflow- Provides coverage up to a specific dollar amount if sewer or storm water backs up through your sewer or drains, or if water overflows or is discharged from your sump pump.

Flood Insurance –If you live in a flood zone or are in danger of incurring water damage from other sources (such as hurricanes), a lender will require flood insurance. Even if you are not required to have flood insurance, your home and contents could still be at risk if exposed to excess water where it is usually dry. Our agency can help you obtain a flood policy purchased through the National Flood Insurance Program (NFIP).

Earthquake - Available at an additional cost as an endorsement to the policy.

Personal Property Replacement Cost – Provides coverage at replacement cost settlement for personal property, awnings, carpeting, appliances and property itemized on a Scheduled Personal Property endorsement.

Scheduled Personal Property (Inland Marine) - Provides agreed value coverage with no deductible for itemized valuables, such as: furs, jewelry, silverware, coins, fine arts, stamps, gun collections, cameras,

Insuring to Value

It is important to have enough insurance to cover the value of your home and belongings. There are varied methods of reaching the proper coverage amount. We have an established program that will estimate your home's approximate replacement cost. Your insurance policy is designed to cover the home only, not the cost of the land.

computers and musical instruments. A copy of your purchase receipt and/or an appraisal may be necessary to substantiate the value of the items covered.

Ordinance and Law -Provides coverage for the cost to upgrade construction for homes that do not meet modern building codes.

Inflation Guard- To maintain adequate coverage, this endorsement automatically adjusts the dwelling coverage to keep up with the construction cost index of the community it is in.

Home Day Care- Extends your personal liability to your in-home daycare. Since this is not a commercial liability policy, you will need to determine if the limits are high enough to fully protect your assets. This endorsement may not cover situations such as administering medication or first aid, or childcare professional liability. A commercial policy may be recommended.

Personal Umbrella- Extends beyond the homeowners and personal auto policy with higher liability limits. Protection for your assets, retirement and savings against legal liability claims.

Watercraft Liability- If you own boats or personal watercraft, you should purchase special watercraft coverage.

Personal Injury- Protection for claims against libel, defamation of character, slander, etc.

Replacement Cost Coverage (RCV) - Pays to replace your home and belongings with materials of "like kind and quality" at current prices without any deduction for depreciation.

Actual Cash Value (ACV) - Reimburses for what your property was worth before it was destroyed, not what it would cost to replace it all.