

Know Your Insurance

HOME



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The CIMA Companies, Inc

Insuring Your Personal Property

When it comes to money matters, no one likes to be surprised by the feeling that they've been shortchanged. That's why it's important that you understand how your insurance policy responds to potential personal property losses.

When insuring your personal possessions on your homeowners or renters insurance policy, you have one of two coverage options: insuring for your property's actual cash value or the cost to replace it. Find out the difference and why we recommend replacement cost coverage.

Replacement Cost Coverage

When insuring your possessions on your homeowners or rental insurance policy, opting for replacement cost coverage provides you the best reimbursement option. Why? With replacement cost coverage, you collect the full cost to replace the item, less your deductible. Here's an example to illustrate the benefit of replacement cost coverage:

The furniture you bought a few years ago for \$650 is now worth only \$100, but today costs \$900 to replace. With replacement cost coverage, you would collect \$900 to replace the furniture, minus your deductible. With actual cash value, you would get reimbursed \$100, minus your deductible. Remember, the age and type of possession impacts the depreciated amount, which can be pennies on the dollar.

Insuring your personal possessions for their replacement cost simply means you can replace yesterday's purchases at today's prices.

Insuring Valuables

While your personal property is covered under your homeowners or renters insurance, policy limits do apply. To insure your valuable items—such as jewelry, fine art or antiques—consider scheduling these high-value items on an endorsement or policy floater.

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For all endorsed items, an appraisal or sales receipt is typically required. This will help ensure that, in the event of a covered loss, the amount of insurance is enough to cover the replacement, repair or cash payment of the item.

Home Inventory

If you haven't documented your possessions on a home inventory list, it may be hard to replace them.

While your homeowners or rental insurance policy will cover you in the event of a burglary or fire, up to the policy's limits, you'll still need a thorough inventory list, including photos or video. With insurance fraud on the rise, it's important to have a home inventory list and to keep the information up to date. Storing this information in a safe place is highly recommended.