

Taking Inventory— Protecting Your Household Possessions

If you were asked to make a list of your possessions — clothing, household furnishings and appliances, gardening and automotive equipment, jewelry, etc. — could you do it? It's not easy to do this from memory. But if your house or apartment was destroyed by fire or damaged by a tornado, you would need to complete such a list to be compensated by your homeowner's or renter's insurance. In the event of a burglary, the police also would need to know what was taken. To recover stolen items or settle insurance claims, it's important to have a detailed list of losses, proof of ownership, and documentation of value. This information also can help if claiming casualty or theft losses on your income tax returns.

As household managers, we need to take a clue from business managers — who close up shop at least once a year to take stock of what they have — and make a household inventory.

What information is needed in a household inventory?

A household inventory is an itemized list of household furnishings, equipment, and other personal possessions.

The inventory should clearly identify the item and include the brand name and a brief description of each item (color, size, style, features, unique characteristics, dealer's name, etc.). Where applicable, also include the model, serial, or other identification number (check the owner's manual for the number's location if you can't find it on the item).



The date items were purchased or acquired is needed to help identify the item as well as establish value. Try to be as accurate as possible on dates. For used, inherited, gift, or other items not new when acquired, note date acquired and approximate age.

The purchase price or the value of items when acquired should be noted. You also may want to estimate what it would cost to replace the item at current prices. Check with your insurance company to see if they want you to keep replacement cost information to help when figuring claims.

Why do you need a household inventory?

You may think you will never be faced with losses from fire or theft — but it can happen to you! For example, data from the Kansas State Fire Marshal's Office indicate that in 1999, there were 2,550 fires in single- and two-family dwellings, with property losses in excess of \$29 million. During the same time, 431 apartment fires resulted in property losses of \$3.9 million.

A household inventory can provide a record for insurance purposes and owner identification in case of loss or theft. It can help determine the amount of insurance

needed to adequately cover possessions. If a loss is not covered by insurance, these records help prove the loss for income tax purposes.

Household inventories can come in handy when estimating the market value of possessions for compiling net worth statements and estate plans. It also may remind you of heirlooms or other possessions that you plan to give to family members or others as gifts in the near future or after your death. Replacement cost information, along with an estimate of the average life of an item, can also help in planning and forecasting future furnishings, equipment, and other purchases.

How can you develop a household inventory?

Several methods can be utilized when developing a household inventory, each of which has advantages and disadvantages. However, a combination of several methods may be more effective in establishing loss, ownership, and value.

Whichever method(s) you choose, be systematic. Develop the inventory room by room (or if you prefer, category by category). Start at one point and go around the room, listing and/or photographing each item or area. Don't forget to open closet doors and drawers, and check the attic, basement, garage, and automobile trunks.

A household inventory will take some time and effort to complete. You may want to start by videotaping each area (or taking broad, overlapping photographs) and storing the videotape or photographs in a safe place.

This will provide at least *some* indication of your household possessions should your home be damaged or destroyed while you are in the process of completing the more detailed inventory.

Written inventory: Using a loose leaf notebook, with each room or category (such as kitchen appliances or lawn equipment) kept on a different page, is ideal (see sample form on next page). This allows you to easily add or remove pages, and thus keep the inventory up-to-date. You also can intersperse inventory pages with photos (such as by attaching them to stiff paper or by including them in commercially available photo pages or pockets) in this type of inventory. Ask your insurance agent if there is an inventory form the company prefers. Or you may want to purchase a commercially available household inventory publication. These publications also may include space for photographs.

Audio recording: An audio tape may permit you to describe your possessions in more detail than in writing.

Computer inventory: Another option is an electronic inventory. Updates and additions to your household inventory can be made quickly and easily by utilizing a computer software program. Several inventory programs have been developed by commercial firms and universities. Or, you can develop your own by adapting to fit your needs a data base management, spreadsheet, or word processing program. You may even be able to hire a commercial firm to come in and do a computerized inventory of your household possessions, if you prefer.

Photographs or slides: To supplement a written, audio, or computer inventory, you may want to take photographs or slides of each room or location where household possessions are. Pictures can help establish the condition and value of your possessions, as well as make identification or replacement easier.

They also may help in speeding up an insurance claim.

Color pictures can better reveal the quality of your possessions. Be aware of potential sources of glare such as window, glass, or other shiny surfaces.

Make sure you note the date on any photographs or slides taken (unless this is done automatically when the film was processed). If you use this method alone, be sure to also note relevant information (items, quantities, dates and prices/values when acquired, descriptions, etc.). If you use this method to supplement a written, audio, or computer inventory, note on the inventory that a photograph or slide was taken of the room or the item, as well as the location of the photograph or slide where the item appears.

Video recording: If you have a video system, you may want to consider completing a videotape of your possessions. Video recordings can show all dimensions of a valuable item. This type of service also may be commercially available in your community.

Extra precautions for special items

Pictures and detailed listings are especially important for unusual or expensive items. Close-up pictures of special collections, valuable paintings, silver, jewelry, and antiques are recommended. You can group small pieces, such as jewelry and silver, on a plain rug or other solid background. If the brand, pattern, manufacturer, or other information on the item is important to establish ownership or value, make sure this information is readable in the picture (such as by turning over a piece of china or silver). Move in as close as possible to take the picture. If the item is extremely valuable, consider having a member of the family in the picture for additional proof of ownership.

For those possessions most subject to theft (such as bicycles, audio and video equipment, power tools, and musical instruments), you also may

want to engrave an identifying number on them. This is especially important where serial numbers on these items can be easily removed. The Kansas Bureau of Investigation, in cooperation with various other law enforcement agencies and companies, sponsors Operation Identification. Operation I.D. is part of the Kansas Crime Prevention program and is designed to prevent burglaries and assist in the recovery of lost or stolen property. Contact your local law enforcement agency for additional information about Operation I.D. (type of identifying number to use, items that should and should not be engraved, etc.) and the loan of an electric engraving device.

Additional suggestions

Make several copies of your household inventory. A master copy of the written or printed inventory (or even the computer diskette with the program software and data files, if storage permits), pictures or slides (or negatives), audio tape, and/or videotape should be kept in a safe deposit box. A home safe that is both fireproof and burglar proof is another option, but remember that it is not "tornado-proof." A second copy of the inventory can be kept in a convenient place at home. Ask if your insurance agent also wants to keep a copy on file.

Sales receipts and other proofs of purchase or acquisition (if received as a gift or an inheritance) often can provide valuable information about the date an item is acquired, its value when acquired, and when a written warranty expires. You will need to develop a system for storing and retrieving this information. For example, you might store them in your home file or attach them to the relevant warranty information. Sales receipts and other proofs of ownership for unusual or expensive items (or others that are irreplaceable), as well as appraisal information for antiques, jewelry, or other valuables, may need to be kept in a safe deposit box (or attached to the original household inventory that is stored in a safe deposit box).

Check your homeowner's or renter's insurance policy. In the event of a loss, will you receive actual cash value (generally, replacement cost minus depreciation) or do you have replacement cost coverage? What is the limit on coverage of antiques, computers, silver tableware, firearms, jewelry, art collections, etc.? Do you need to provide special coverage for these items through a separate policy or through a rider or endorsement on your current policy? For what perils are you not insured? Are there any other exclusions or limitations on your policy?

Don't forget to update your inventory at least every six months or so, especially when you purchase, sell, or discard major items. You may wish to update replacement cost information less frequently because

of the time involved in collecting it. Remember that some household inventory methods — such as a video or audio recording — are more difficult to update.

Get started now. As mentioned earlier, a household inventory requires some time and effort to get started. However, once the initial inventory is done, it is not too difficult to maintain. And in the event of a fire, burglary, or other loss, you will find that providing as much information as possible to your insurance company, law enforcement officers, or the Internal Revenue Service (if your return is audited and you have claimed a casualty or theft loss) is well worth the effort.

For more information

For further information, see the following K-State Research and Extension publications:

Organizing Household Records, L-801

Our Valuable Records, MF-685

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