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HOME INSURANCE: HOW MUCH IS YOUR STUFF WORTH?

By Margarette Burnette

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When deciding how much home insurance to buy, it helps to think like an insurance agent.

There are industry norms for estimating the value of your contents, such as furniture, TVs appliances and other belongings, says Peggy Eichhorn, vice president, personal insurance with Cook, Hall and Hyde, an insurance company in East Hampton, N.Y.

"If you know how agents figure the costs, it makes it easier for you to see how much coverage you need," Eichhorn says.

Insurance agents generally estimate the value of the "stuff" in your home by simply using a percentage of the value of the home, Eichhorn says.

Typically, the contents value is estimated to be 50 percent to 75 percent of the dwelling, she says.

While such estimates can give you a good ballpark figure of how much insurance you'll need, you may need to take other steps to make sure you're fully covered.

Home insurance and scheduling

For example, if you have costly belongings in your home, such as a special piece of jewelry or fancy artwork, have them appraised. Then, purchase separate insurance coverage for such high-end items – a process known as "scheduling."

If you don't schedule such valuable items, your standard policy may not offer enough coverage to replace these items in the event of a loss. Eichhorn cites the example of someone who has a lot of expensive jewelry, but only \$1,000 worth of insurance coverage.

Another easy but often overlooked method for valuing items in your home is to look at old receipts. If you haven't kept receipts in the past, start doing so now so you can make better estimates in the future. An added bonus: Receipts also help you prove ownership of the property.

However, don't always expect to be reimbursed for the total amount you paid for the item. It depends on your policy. If you have an "actual cash value" policy, you will be reimbursed for the item's replacement cost, minus depreciation. Guaranteed replacement cost coverage pays for the full cost of replacing your item.

Inventory your belongings

Once you've determined the value of your belongings, make sure you receive full value in return for contents that may be stolen or damaged in the future. Go through your home and videotape or take pictures of all its contents.

When filing a claim, estimating an item's worth is only a part of the equation. You will have to prove that you owned the property in the first place, says Steve Erigero, a partner with the law firm Ropers, Majeski, Kohn and Bentley in Los Angeles who specializes in insurance.

Another key to getting future claims fully covered is to buy "replacement cost" policies, Eichhorn says. This means you're insured for the full cost of buying a replacement item at today's prices.

By contrast, people with "actual cash value" policies are compensated at depreciated values.

If you aren't sure whether your present policy is "replacement cost" or "actual cash value," check with your agent, Eichhorn says.

