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Homeowners Concerned About Property but Content Inventories Remain Rare

By Denise Johnson | August 15, 2014

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Despite big storms and wildfires highlighting the need, home inventories are rare, say industry experts.

A recent survey, conducted by Allstate, of Atlanta homeowners found that while more than 90 percent of homeowners were concerned about protecting their homes, only 41 percent had ever documented or valued their contents.

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According to Jay Straughan, Enservio's vice president of claims, almost none of the insureds he encounters have property inventory lists.

"It's very, very rare. In fact, I'm not aware of a claim where a policyholder was able to say, 'Here's my pre loss list, and I've checked off the items that were burned up in the fire or that were stolen.' I'm not aware of a single time where that's happened," Straughan said.

Besides being harder to tackle once a loss has taken place, not having a property inventory can cause a delay in claim resolution.

According to a survey by The Hanover Insurance Group, homeowners receive claim payments faster when they have a home inventory.



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The *Insurance Journal* magazine poll, sponsored by the Mass.-based insurer, found that nearly 80 percent of insurance professionals believe homeowners' insurance claims are processed 50-100 percent faster when customers have completed a home inventory in advance.

"This survey says loud and clear that there's a real value in taking the upfront time to create a home inventory," said Mark Welzenbach, chief claims officer at The Hanover.

Survey respondents said there were two keys to a good home inventory: item descriptions and proof of ownership.

Even when an insured creates a property inventory, the value-driving descriptors are lacking, Straughan said.

"For example, they may say table, or they may say chair or they may say desk. For a high net worth insured, a desk could be \$150 or it could be \$150,000, depending on what kind of desk it is," said Straughan. "Is it a museum quality antique, or is it a small school sized desk like a child might use in classroom or is it a roll top desk.

According to the Enservio VP, the value drivers in furniture are:

- The brand.
- The materials.
- The age.
- The condition.

"If we know those things, then, we can get a real accurate evaluation," Straughan said. "If we don't know those things, especially along with some dimensions...you can go pretty far off field in the possible matches to a generic description."

He said that high net worth insureds tend to have more attentive insurers because those risks tend to be large risks. As a result, there is more rigorous underwriting completed.

"Sometimes their underwriting people will have visited the home and created a report with the footprint of the property and different notations about loss mitigation, practices that they could institute," he said. "For example, in a wildfire area they may be encouraging them to trim back some bushes or some kinds of growth that could promote the spread of wildfire."

Enservio has used the reports generated by high net worth insurers to assist in reconstructing property lost in wildfires.

"We have seen a number of instances during wildfire type situations where those reports have become very integral to the claim investigation because we're able to access those reports, look at the photograph of the living room as we're reconstructing it. We can sit side by side with the policyholder and look at the images of the living room and we're able to say, 'OK. Had you added any new items? Was this the way it was furnished at the time of the loss?'" Straughan said.

In reconstructing damaged or destroyed property, Enservio employees utilize policyholder interviews, documentation, photos and create diagrams when blueprints aren't available.

"We'll go fairly methodically room by room with the policyholder through the home," Straughan explained. "'OK, we're going in the garage now. Do you park your car on the left side of the garage or the right side of the garage? OK, on the left side. Let's assume that we're walking into the garage on the left side. Your car is not there. What's on the left wall of the garage? Let's start at the entrance, and let's work our way back, and let's remember anything that might be hanging on the wall.' We'll methodically go through each room like that. It's not enough to say that I have a chest of drawers, but, 'OK. How many drawers were in there? When did you get it? What was in the drawers?'"

According to Straughan, shows like Antiques Roadshow can sometimes make insureds think they have something of value when they do not.

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"Sometimes, they are surprised to find out that the things that they lost in the fire or the things that were stolen from them really weren't as valuable as they thought they were," Straughan said. "Just because something is old doesn't mean it's valuable."

He said the toughest rooms to reconstruct are basements and attics because they are used for storage of rarely used items. Closets can be bad for that same reason. The change in seasons can complicate reconstruction too. Straughan said it is easy to forget about beach towels and umbrellas if it is snowing outside.

According to the Allstate survey, many homeowners forget about home décor, rugs, bedding and bath towels when valuing their items.

Listing a home's contents can be tedious task but technology has helped, said Straughan. He explained that Enservio can conduct inventories with a two person team – one person on site with a headset and another in the office documenting the inventory in real time.

"I can remember a particular instance where a person was in the field, in a child's bedroom. They found a box with a bunch of vials in it, but it wasn't real clear as to what that box was. There were no markings on the box. They described it to the person they were on the phone with. There was a number on the box. They were able to search the Internet for that number and it brought up a series of chemistry sets," Straughan said. "We were able to identify with great specificity exactly which chemistry set it was and thereby get an accurate description, whereas the person that was on site wasn't exactly sure what it was they were looking at without that technology."

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