

Home Inventory Checklist



Why do homeowners and renters need an inventory list with contents of their home?

Having an inventory list for the contents of your home is very important, should you ever have to file a claim.

You can go over the list (before a loss) with your insurance company representative to see if there are any questions, or any unusual items requiring special attention in the policy.

Be sure you have copies of your inventory list, along with any documentation such as receipts, video or photographs, stored at a location away from your home, so you can reach it even if your house is destroyed. This could be in a safe-deposit box, with a trusted and organized relative, or sent to yourself in an email that you can access away from home.



When settling personal property covered under the Replacement Cost Coverage (RCC) option, the insurer will request you itemize the damaged personal property and include the age of each item and where it was purchased.



Then, the insurer will determine the Actual Cash Value (ACV) of the personal property and issue a payment to you. After you have replaced an item with a similar item of like kind and usefulness, the insurer will issue payment to you for the difference, between the ACV and the amount you paid.



What to do if you and your insurance company disagree:

After a loss the insurance company will send an adjuster to inspect and estimate damages. You may choose to have an appropriate contractor (roofer, electrician, builder, etc.) on site at the same time as the adjuster.

You also have the option (at your cost) to hire a licensed public adjuster to handle the claim on your behalf and work with the insurance company and contractors.

If you and the insurance company's adjuster agree on the amount of damage and the cause of damage but disagree on the cost to repair the damage; you may have the right to invoke the appraisal clause found in your policy contract. Some insurers will allow the appraisal process if you disagree on the cause and/or amount of damage; however, most limit the appraisal process to the value or cost to repair the damage. Contact your insurance agent or the insurer for more information.

Filing a Complaint or Asking for Assistance

You may file a complaint, request for assistance or inquire about your situation with the Division of Insurance by filling out an electronic form on our website, or by calling, writing or faxing us.

For more information, contact the **Colorado Division of Insurance** at the numbers shown below.

COLORADO DIVISION OF INSURANCE

1560 Broadway, Suite 850
Denver, Colorado 80202

303.894-7499 Phone
303.894.7455 Fax

303.894.7490 Consumer Information
800.930.3745 Toll Free
(outside Denver metro area)

Email:
insurance@dora.state.co.us

Website:
www.dora.state.co.us/insurance

Colorado Division of Insurance May 2011

Replacement Cost vs. Actual Cash Value

Understanding the Insurance Value of Your Home



Dora
Department of Regulatory Agencies

Colorado Division of Insurance

*Consumer protection is our
mission*

Homeowners Insurance – Understanding the Value of Your Home and Its Contents

Before disaster strikes your home is always the best time to review your renters or homeowners policy to be sure the coverage you have matches your expectations. This brochure discusses some of the most common questions many consumers have about insurance for their home and possessions.



What is Actual Cash Value?

Actual Cash Value (ACV) is the cost to repair or replace an insured item of property at the time of the loss, less depreciation. The value of depreciation is based on the age and condition of the item. Personal property, such as contents, is typically settled at ACV unless the insured purchases Replacement Cost Coverage.

What is Replacement Cost Coverage?

Replacement Cost Coverage (RCC) is the cost to replace lost or damaged property with new property of like kind and quality at current prices. For an additional premium, it is available for buildings and contents. Some insurers automatically include RCC in the homeowner policy; however, usually it is an optional coverage that must be purchased.

If you insure the dwelling with replacement cost, the amount of coverage should be equal to 100 percent of the cost to repair or replace the building. If the dwelling is not insured at the cost to replace it, penalties may apply. Some property policies include 125 percent of the RCC amount in the event the coverage limit is exhausted.

If you purchase a policy insuring your home for \$200,000 when it will really cost \$750,000 to replace it, you will not get more than the value listed in the policy, even if the policy says it covers "Replacement Cost". If that happens, it means you were under-insured. It is the homeowner's responsibility to be sure the policy they purchase includes the coverage they need.

Homeowners can hire a contractor or independent appraiser to provide an estimate of what it would cost to rebuild at their current location, if they think the insurance company has appraised the home too low. Although stating a lower value may keep your premium costs down, if your home is hit with disaster, the insurance company will not pay more than the amounts you've agreed upon in your policy.



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Annual Insurance Coverage Check-up

It's a good idea to do an annual check-up with your insurance company or agent to be sure your homeowners policy covers any increases in cost of labor and materials, additions to the home, and any special purchases, such as art and jewelry that may need to be insured separately.

The age of your home, the materials used to build it, where it's located, the square footage and its distance from a fire hydrant all generally play a role in premium rates.

If your home is in a location (such as mountains or a remote area) that is harder to reach, whether for construction, repairs or emergencies, your premium may be more than the premium for a similar house that is in an urban area. You must take the cost of rebuilding in your particular area into consideration when you and the insurance company agree on the value of your structure.



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