



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 11: Insurance Inventory

Lesson Author

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Activity Description

Financial disasters and catastrophes can happen when you least expect them. Insurance helps protect your assets and reduce the risk of a financial loss. One way to prepare for an unexpected loss is to make a home inventory. A home inventory lists the contents of a home and often also includes both pictures and video. In case of a disaster, a home inventory will help you remember what possessions may be missing or damaged. Knowing this information is important for students because it can help them settle an insurance claim more quickly and accurately, provide verification of losses for an income tax return, and make sure that they purchase the right amount of homeowner's or renter's insurance.

Objectives

In this lesson, students will:

- List personal possessions in a household inventory log
- Calculate the value of their possessions
- Use the inventory results as a starting point for determining insurance needs

Essential Question

How much insurance coverage do I need to replace my possessions?

Assignment Materials

Students can use the handouts provided or any other insurance industry standard tool.

Assignment Length

One week

Author's Notes

- This project tends to take longer to complete than some of the other activities in this project.
- Students will need to determine replacement values for the items on their lists. Students who live with parents or with their roommates may catalog their bedroom and shared property that they own.
- Students who live at home may talk with their parents about what items they can take with them when they move out. They can also discuss how much items will cost if they need to buy them when they live on their own.



Project 11 Assessment: Insurance Inventory

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
<p>The student compiled a comprehensive home or room inventory that included details like item descriptions, quantities, acquisition dates, serial numbers, and/or estimated replacement cost values for most items. (plus 20)</p> <p>The student compiled a home or room inventory but lacked detail like item quantities, acquisition dates, serial numbers, and/or estimated replacement cost values for many items (plus 10)</p> <p>The student compiled a brief personal property inventory but did not include replacement cost estimates. (plus 5)</p> <p>The student did not attempt the inventory. (0 points)</p>	
Total	



Project 11 Overview: Insurance Inventory

Handout 11A

Would you be able to remember all the possessions you own if they were destroyed or lost by theft, a fire, or other disaster? One way to be prepared before a catastrophe or financial loss happens is to put together a home inventory. A home inventory is a list of the contents of your home and often also includes pictures and video. Knowing this information and keeping it up to date is important because it can help you settle an insurance claim more quickly and accurately, provide verification of losses for an income tax return, and make sure that you purchase the right amount of homeowner's or renter's insurance.

According to a survey from the Insurance Information Institute (www.iii.org), less than half of Americans have a home inventory of their possessions, putting them at risk for inadequate home insurance coverage should a disaster strike. National statistics show that 1 in every 20 insured homes has a claim each year. You can read more about the statistics on homeowners and renters insurance at <https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance>.

In this assignment you will:

- List personal possessions in a household inventory log
- Calculate the value of your possessions
- Use the inventory results as a starting point for determining insurance needs

Hints for creating your inventory

In creating an inventory of your personal possessions, the goal is to list everything you would need to replace in the event of a loss. This can be a daunting task, but the chart and hints on Handout 11B will make it easier to get started. There's no single right way to do an inventory. It might be easiest to start with the things you bought most recently or the things that mean the most to you.

You can list your items by category or by room. For many items like books, bed sheets, or pots and pans, you can make a general estimate of how many you have. Keep your inventory, along with receipts, in a safe deposit box or at a friend's or relative's home. Keeping an electronic copy somewhere safe and where it is backed up is a good idea. That way, you'll have something to give your insurance representative if your home is damaged. When you make a significant purchase, add the information to your inventory while the details are fresh in your mind.

For each item or group of similar items:

- Provide a description and include brand, make, model, and/or serial numbers where applicable.
- List a date when you obtained the item. It doesn't have to be an exact day but at least provide the year.
- Do you have a receipt or warranty or any documentation for the item? Store it or a copy with the inventory.
- Estimate the replacement cost. Remember, the idea is to be able to replace an item in the event of a loss so the issue is not how much you spent when you got it, but how much it would cost to replace today.



Electronics are a big deal. Sure, there's your cell phone and accessories and your laptop, but don't forget the printer, game systems, speakers, cameras, and so on. Do you have wearable technology like smart watches, earbuds, and headphones? This list keeps growing.

For clothing, count the items you own by category—pants, coats, shoes, for example—making notes about those that are especially valuable.

Don't forget the everyday stuff. You might not think that your pots and pans or plates and utensils are a big deal, but if you must replace them all, it can add up.

Are you in school? Textbooks are expensive. Be sure to include those on your current list just in case.

Do you have valuable items like fine jewelry, artwork, and/or collectibles that increase over time? Those items may have increased in value since you received them. Plus, depending upon their value, those items may need to be insured separately.

Don't forget the stored stuff. Inventory your attic, garage, shed, patio furniture, and whatever else you may have tucked away.

It is said that a picture is worth a thousand words, so take a picture. Create a folder specifically for your inventory items to go along with your written inventory. Keep a copy (electronic or print) somewhere outside of your home where it will be protected or backed up.

Make a video: Walk through your house or apartment describing the contents. Let's say a storm is coming or you are going out of town for an extended period. Make a video of your property so that you have a current view of exactly what things looked like before you left.

Even if you choose not to make a video, use the process of walking through each room or space and describing the contents to guide you on your inventory. For each area, look up, down, and all around. Is there a rug on the floor? What art or decoration is on the wall? Do you have lamps, special light fixtures, or ceiling fans? Look at each piece of furniture. What's stored in or on the furniture? Is there a closet in the room? What's in it?

Creating an inventory is not a fast process and you might decide that it is too tedious to bother with, but don't give up. Ask anyone who has had to supply a list to an insurance company for any kind of loss and they will no doubt tell you that it would have been very helpful to have gone through this exercise.

Project 11 Overview: Insurance Inventory

Handout 11B

Shown below are two sample entries from a home inventory. As you can see, items like clothing are easiest to group together as a single entry.

Sample Inventory Entry

Room/Location: <i>Family room</i>				
Item description	Make/Model	Serial number	Date acquired	Replacement value estimate
LG 65" Class CX Series OLED 4K UHD Smart webOS TV	OLED65CXPUA	SN:123456789	06/2021	\$1,899.00

Room/Location: <i>Master bedroom closet</i>				
Item description	Make/Model	Serial number	Date acquired	Replacement value estimate
25 men's long-sleeve button-down business shirts: Polo, Nautica, J Crew, Brooks Brothers			various	\$1,500 (average price \$55 each)

Every inventory will be different, but documenting what you have and using the list you develop to determine what amount of insurance you might need is the goal.

Use the form provided on the following page to document your inventory. Duplicate the form as many times as necessary for each room or space that you inventory. If you prefer, you may create your own form to better suit your needs. At the bottom of each page or at the end of your inventory, calculate a total estimated replacement cost for your items.



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Project 11 Insurance Inventory

Handout 11B (Continued)

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