

Personal Property

▪ 33 Percent Say Likely Over-Insured / 30 Percent Under-Insured



Personal property represents the general contents of the home—the furniture, rugs, artwork, appliances, kitchenware, electronics, clothes, lawnmowers, and so forth. The problems with standard coverage amounts for personal property mirror those for other structures. Coverage for personal property automatically starts as a percentage of the coverage amount for the home structure—usually 50 to 70 percent. Yet, the amount of personal property relative to the home value can vary greatly.

Typical situations prone to over-insurance include the following:

- An affluent couple who have just purchased their dream home may have a multi-million-dollar property full of sparsely furnished rooms and empty closets.
- An affluent customer may own a luxury vacation home that does not contain as much as the primary residence.

Reducing coverage for personal property from 70 to 40 percent can cut total premium for the home by 9 percent.

But there is an almost equal chance that a consumer is under-insured. A typical example is a couple of wealthy empty-nesters who have downsized to a luxury condominium or townhouse in an exclusive community. They may have accumulated fine furniture and other possessions that far exceed in value the standard percentage of coverage in relation to the residential structure. In some cases, many of their possessions—such as antique furniture, precious rugs, marbles, and rare books—may qualify as fine art. Surprisingly, moving these types of items from general contents to valuables coverage as fine art can both cost less and strengthen protection, since a valuables policy typically has no deductible and covers a broader array of risks.

Moving fine art pieces from general contents to valuables coverage can both cost less and strengthen protection.

Adjusting the amount of coverage can have a significant impact on premium. For instance, reducing coverage for personal property from 70 to 40 percent can cut total premium for the home by 9 percent.

Thus, similar to the coverage for other structures, affluent consumers should discuss their individual situation with their agent to determine if they are over- or under-insured. In some cases, it may be worthwhile to hire a company that can inventory and estimate the value of the contents of the home. This service gives the affluent consumer the necessary information to optimize the amount of coverage for personal property. To take advantage of that information, the affluent consumer must then find a policy that has the flexibility to adjust the amount of personal property coverage outside the norm, if necessary, to match the replacement cost of their possessions.