

# Property and Casualty Insurance: Personal Property, Endorsements and Liability

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## **How do I know if the contents of my home are properly insured?**

Personal Property consists of the contents of your home and other personal belongings that are owned by you and family members living with you. We typically think of these items like furniture and appliances, but it also pertains to jewelry, antiques, art, entertainment equipment, etc. The personal property section of your homeowner's insurance policy covers these items no matter where the item is located at the time of the loss. However, the coverage under the policy is limited to actual cash value which is different than replacement cost which is found in the main dwelling section of your policy. We cover replacement cost in our article titled "Property and Casualty Insurance: The Basics". Actual cash value is the cost of the property minus depreciation. Depreciation can be thought of as normal wear and tear. Therefore, there is potential for financial loss, especially on those sentimental/specialty property items such as jewelry, or antiques that have a higher value than the actual cash value covered in the policy. This is where an endorsement can be used to supplement the potential loss of these items.

Since coverage in the personal property section of a homeowner's policy is limited in the event of a loss, an endorsement should be used to supplement the property that has been valued higher than the actual cash value. A schedule is attached to the homeowner's policy, lists the specific items, and has the value for each item. The values are agreed upon between the insured and the insurance company, with some items needing to have a separate valuation to support the replacement value requested. The deductible is waived for separately scheduled items in the event of a loss.

<https://www.allstate.com/resources/home-insurance/what-is-an-insurance-rider>

## **Do I need more liability coverage than provided by my homeowner's policy?**

Liability insurance under the homeowner's policy covers the insured and all resident family members. If someone brings a claim against you stating that they have been hurt or that their property was damaged by something you did or did not do, you will be covered under liability insurance. The coverage is subject to a limit per occurrence and will vary between states and policies. The insurance company will provide and pay for all legal and any settlement costs if a dispute were to arise. It is a good practice to review this section to ensure that this coverage is sufficient or if a Personal Liability Umbrella Policy (PLUP) should be used to supplement the policy.

A Personal Liability Umbrella Policy (PLUP) is additional property and casualty insurance that may be recommended by your financial advisor depending on your financial situation. A PLUP will cover an amount above your homeowners and auto insurance limits. A PLUP will typically start coverage at \$1 million, purchased in increments of \$1 million and has a relatively low cost. The following link to Kiplinger.com is a great resource to help get an idea of how much coverage may be needed given a certain level of assets.

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