

The Importance of a Property Inventory and Insurance

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From 2011 to 2016, California wildfires have scorched an average of 202,751 acres a year from January 1 through December 24, according to state fire protection agency Cal Fire. That number more than doubled in 2017. That is triple the area of Chicago, Illinois.

Northern and Southern California sustained catastrophic fire damage during the last quarter of 2017 with the North Bay Fires destroying over 6,000 structures and damaging thousands of others, including 44 deaths and hundreds of injuries. The Thomas Fire destroyed 1,063 structures and partially damaged 280 others.

Unfortunately, many lives were lost and many more suffered injuries. Also, a number of personal and professional structures sustained various degrees of fire or smoke-related damage including veterinary practices. Fortunately, property can be replaced.

Whether your practice is established or just starting out, it is likely you carry business personal property insurance coverage, commonly known as "contents" coverage. Your business personal property insurance (contents) generally consists of the following category types:

- Medical Equipment – Related tools, attachments, etc.
- Office Equipment – Computers, desks, chairs, phones, books, janitorial, etc.
- Supplies – Office and medical, surgical packs, disposables, etc.
- Inventory – Drugs and products (prescription and nonprescription), retail items, food, etc.
- Fixtures, Furnishings, or Improvements – Installed at your own expense

Should your business sustain an unfortunate incident and you need to file a property insurance claim with your insurance carrier, having an accurate, current, and detailed property insurance inventory list ready beforehand will not only assist the insurance company

in providing you a more accurate replacement value for your property, but will be one less thing to worry about.

The recommended valuation method when insuring your contents would be a replacement cost valuation. This valuation method will replace your contents without depreciation, provided you actually replace the property, otherwise it is settled on an actual cash value basis. Remember, your coverage limit is commonly capped at the total contents amount purchased and may also be subject to a deductible.

Here are a few tips when completing your itemized business personal property insurance inventory:

- Keep any sales receipts or note the cost and date acquired with your inventory
- List any serial numbers on your inventory forms
- Keep a video inventory or photographs in addition to written inventory
- Engrave your own serial numbers on items of value, if not identifiable
- Update your inventory list regularly throughout the year

If you are unsure of the replacement value of some of your items, you may wish to inquire with your vendors and document your inventory list accordingly.

Regardless of your record keeping method—PC, USB, scan disks, zip drives, or written—keep your inventory list, along with receipts and photos or video in a safe location such as a bank lock box, online storage, or at an alternate location away from your business.

Compiling an inventory list can be relatively simple. Do not put it off. Start with your larger ticket items and work from room to room. Once complete, compare the total inventory value against the business personal property coverage limit on your current insurance policy. Keep in mind that you may require an adjustment to be adequately insured. ■