

# Prepare for Disaster with Property Insurance Inventory

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**W**ith extended droughts and rising temperatures, the duration and intensity of California's fire season is increasing. California faced its worst wildfire season on record in 2020. It was not only the number of fires, totaling nearly 10,000 incidents, but the scale of damage. Over 4 million acres burned, which was double the previous annual record. Six of the top 20 largest fires ever recorded in the state occurred in 2020 and resulted in injuries, loss of life, and massive personal and professional property loss.

## "Contents" Coverage Basics

Whether your practice is established or just starting, you likely carry business personal property insurance coverage, commonly known as "contents" coverage. Veterinary "contents" generally consist of the following:

- Medical equipment, and related tools, attachments, etc.
- Office equipment – computers, desks, chairs, phones, books, janitorial, etc.
- Supplies – office and medical, surgical packs, disposables, etc.
- Inventory – drugs (prescription and nonprescription) and products, retail items, food, etc.
- Fixtures, furnishings, or improvements – installed at your own expense

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The recommended insurance valuation method when covering your contents is a "replacement cost" valuation. This valuation method makes certain that your contents are replaced without depreciation, provided you actually replace the property. Should you choose not to replace, the claim is settled on an actual cash value or depreciated

basis. Remember, your coverage limit is commonly capped at the total contents amount purchased and may also be subject to a deductible.

## The Importance of an Inventory

Should your practice sustain an unfortunate incident requiring a need to file a property insurance claim with your insurance carrier, it is important to have an accurate, current, and detailed property insurance inventory list on hand. Maintaining a pre-prepared inventory will not only assist the insurance company in assigning a more accurate replacement value for your property, it will be one less thing to worry about in an already-stressful situation.

## Here are a few tips when completing your inventory:

- Provide a clear written description of each item, including serial numbers where applicable. For items of value lacking serial numbers, consider engraving your own numbers, and recording them in your inventory.
- Note the cost of each item and date acquired, or— even better—keep the pertinent sales receipts. If you are unsure of the replacement value of any of your items, inquire with your vendors for assistance and document your inventory list accordingly.
- Keep a video inventory or photographs in addition to a written inventory.
- Update your inventory list regularly throughout the year. Consider doing a "sweep" of your practice at defined intervals during the year to ensure that new items are captured and discarded items removed from your inventory lists.

Your inventory can be maintained in any one of several ways—PC Hard Drives, USB, scan disks, zip drives, or written format. Regardless of your recordkeeping method, keep your inventory list and supporting materials in a safe location such as a bank or fireproof lockbox, online storage, or other location away from your business operations.

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. ■