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# So they claimed: electronics and jewelry topped the index of highest-value U.S. contents claims in 2010.

## Article Details

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Previous Article: Period of adjustment: a Best's Review survey identifies the challenges independent insurance adjusters face in a tough economy.

Next Article: Filling a void: property/casualty insurers need to hire and train the next generation of adjusters.

Topics: Jewelry, Property and casualty insurance, Property and casualty insurance industry, Stock price indexes

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With this issue, Best's Review launches the Enservio Contents Claims Index.

Published exclusively in Best's Review, the index is derived from Enservio's database of 14 million individually appraised personal and business items reported by 200 U.S. property/casualty insurers.

Enservio aggregates and analyzes contents claims. Trends emerge from looking closely at what is most often reported lost, damaged or stolen.

Electronics topped the index, accounting for 16% of total insured value reported. Within the category is an insight into today's domestic lifestyle: TVs and computers represented about half of these losses.

Jewelry losses spiked during the past two years, nearly eclipsing the total dollar value of electronics claims.

Claims are high because jewelry is "a high-dollar item, very small and you don't have to substantiate it when you lose it, as long as it's not scheduled," Enservio's chief executive Jon McNeill said. "So what we see is people using 'my diamonds fell down a drain pipe' as a funding mechanism during an economic downturn."

The quality of the goods claimed also raises questions. "If you look at commercial data, Rolex's U.S. market share is actually less than 1%, yet over 4% of all watches claimed are Rolexes. So that gives you some pause," said Enservio's marketing director, Rob Halpern.

Sporting goods also are often claimed, Halpern said, especially bicycles and golf clubs. Both usually are lost to thieves: "bikes from garages, golf clubs from trunks of cars." He noted that some higher-end bikes "exceed the value of scheduled jewelry. It's not something that carriers typically think of as an opportunity for separately insuring and scheduling and making more premium dollars, but it is."

Enservio is a privately held firm that examines, in the most granular detail, what constitutes the true value of a contents loss. The 300-person company, based in



Needham, Mass., has been crunching loss data for insurers since its founding seven years ago. McNeill said its business mix currently is 90% residential and 10% commercial.

Enservio's mission is the creation of contents inventories, putting actual market costs on individual items and then creating software solutions that match loss items with their appraised worth.

"We've been very explicit, in terms of defining our business, to stay in the contents business" said Robert Chase, senior vice president. "We've got about 2,000 categories and subcategories" and the company is adding thousands of new line item descriptions every week.

Enservio found contents claims was an "underserved" segment of the insurance industry, because insurers typically were letting their insureds write up contents lists after significant losses, Chase said.

"Until you've had one, you don't know how daunting a task that is," he said. "So the insurance carriers used to leave that to the insureds. They realized that was a recipe for additional disaster because the insured would get frustrated and start making things up or enhancing the quality of the things that they lost, because they felt like I'm going to forget some things and therefore I'm going to make up for it by adding something."

Enservio sends in trained field inventory specialists who "prompt people through a process to remember what they had and especially to be truthful and comprehensive" in their claims. If there are public and independent adjusters' descriptions, they're also included. Then, using proprietary software, Enservio develops a list of everything that was most likely lost, based on "like, kind and quality."

"If somebody says they had a Chesterfield dresser, we're going to find a Chesterfield dresser" to satisfy the carrier's indemnification rules. "We're doing that on every line and presenting that to the adjusters and the insured--a comprehensive document that says 'Here's what you had, here's what it would cost if you went out in today's marketplace and replaced it'" So we take the arbitrary nature of settlements out of the mix and do it in a fair way," Chase said.

Enservio's Contents Claims Index began as a challenge: "Can we create one number, one that's really easy to understand" by looking at various "baskets" of claimed items, and watch how they trend over time, McNeil recalled. "Let's run that basket of goods through every quarter and attach a number to that basket."

Enservio processes high-value contents claims through its Select division, which works closely with insurers such as Chubb, Chartis' Private Client Group, Fireman's Fund and others that insure high-net-worth individuals. "It's a specialty area of the business that really can't be served through the same mechanisms that we use for Main Street items that you might be buying at Target, Macy's or the stores that most people shop at," Chase said. Often, the items in high-value homes are relatively difficult to replace, he said. "Some of them are one-of-a-kind pieces of art, so we have people on staff who have masters degrees in fine arts. We have a lot of interior decorators."

Interesting and even quirky trends emerged from the 2010 data, Halpern said. Example: cassette tapes comprise 2.8% of "Movies and Music" claims. "I personally can't think of the last time I even saw a cassette tape," he said.

But from an insurer's point of view, "it's a collection of music, a collection of albums," he said, so insurers compensate its value "to allow you to replace that music:" most likely as compact discs. "I imagine that at some point in the future it may just turn out to be Apple iTunes downloads."

#### Key Points

- \* The Situation: Items insured property owners claim as lost or stolen mirror consumer behavior and economic trends.
- \* The Impact: In difficult economic times, claims for higher-end goods and brands tend to suspiciously increase.
- \* The Solution: Carriers can take measures to ensure more accurate contents claims.

[ILLUSTRATION OMITTED]

#### Enservio Contents Claims Index

Top contents categories as compiled from claims filed with insurers in 2010.

Ranked by dollar value as a percent of total claims.

#### Top Categories

1	Electronics	15.76%
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2	Jewelry	15.02%
3	Apparel	11.91%
4	Furniture	11.21%
5	Home Goods	9.14%
6	Tools	4.36%
7	Appliances	3.72%
8	Sporting Goods	3.54%
9	Music and Movies	2.66%
10	Bed and Mattress	2.50%

Top 10 Categories: The Detail

Ranked by dollar value as a percent of total claims.

1. Electronics

TVs	23.70%
Laptop Computers	16.81%
Desktop Computers	7.39%
Camera (digital and film)	5.70%
Game Software	5.20%

2. Jewelry

Rings	44.35%
Watches	15.44%
Necklaces	15.33%
Earrings	9.95%
Bracelets	8.19%

3. Apparel

Women's Accessories	10.07%
Men's Shirts	8.93%
Women's Shoes	7.08%
Men's Shoes	7.06%
Women's Shirts	6.27%

4. Furniture

Tables	13.07%
Sofas	12.63%
Chairs	11.94%
Dressers	8.28%
Storage Cabinets	5.18%

5. Home Goods

Bed Linens	14.20%
Rugs	13.14%
Cookware	4.63%
Dinnerware	4.15%
Storage Boxes	3.86%

6. Tools

Wrenches	12.20%
Power Saws	11.45%
Drills	9.23%
Generators	6.13%
Air Compressors	4.23%

7. Appliances

Refrigerators	24.49%
Clothes Washers	9.66%
Ranges	9.36%
Clothes Dryers	7.89%
Vacuums	7.80%

8. Sporting Goods

Bicycles	12.96%
Golf Clubs	9.97%
ATVs	6.38%
Treadmills	4.94%
Cycling Accessories	4.21%

9. Music and Movies

DVDs	49.94%
CDs	31.32%

Record Albums	11.55%
VHS Videos	4.14%
Cassette Tapes	2.80%

10. Bed and Mattress

Mattress Set	48.87%
Bed	23.66%
Mattress	13.96%
Headboard	3.25%
Bed Frame	2.76%

Source: Enservio

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