

Property Casualty 360

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, click the "Reprints" link at the top of any article.

Inventory That Bling: Establishing Accurate Replacement Values

Reconcile Actual Versus Perceived Value of Jewelry

BY DAN FARRELL

March 5, 2013 • Reprints



Editor's Note: This article has been provided by Dan Farrell, a consultant for Enservio and the Consulting Producer for the PBS' "Antiques Roadshow" TV series.

For most people, thinking about their insurance coverage begins and ends with paying their monthly premium. Sure, they are happy to be covered, but if you ask them if they'd receive enough to replace a specific item in the event of loss, then few would be able to reply with any sense of certainty.

This is most strikingly the case with insured jewelry. While most homeowners' policies do cover such items, when an actual loss of an entire jewelry collection does occur, it is a rare owner who receives a settlement anywhere near the true value of the missing items. What most people fail to realize, though, is that the key to avoiding being in that position, largely rests on firmly establishing what they actually own – and making sure their insurer knows too.

Taking Stock is Fundamental

One of the most important things to keep in mind when thinking about insured jewelry items—and the potential costs associated with their replacement, should a claim be filed—is whether or not every single piece is covered by a property policy for its current value. One need only watch something like *Antiques Roadshow* to get a sense of how an individual owner's perspective on the value of jewelry can be quite different from that of an actual expert in the field.

Not surprisingly, what we have here is a failure to communicate, understanding the common disparity between perceived and actual value. The key to ensuring that jewelry collections are sufficiently valued to guarantee replacement in the current market is to document in detail, comprehensive information on the pieces owned.

This begins with the very basic—but frequently overlooked step—of establishing a catalog of exactly what items are owned. Taking the time to inventory and record *exactly* what is at stake, and adding photographs for particularly valuable pieces, is the single most important step owners can take toward having the peace of mind that an insurance policy accurately reflects their collections.

What is it Really Worth?

While knowing exactly what is owned is vital to securing proper coverage, in order to determine if a collection or a specific item can receive enough replacement value from a settlement to replace the loss requires asking additional questions. Owners must therefore go beyond knowing merely what they have; they must make a real effort to determine the actual value of these items.

This isn't as simple as one might think. Many jewelry appraisals conducted at local shops—and the certificates of authenticity retained at the time of purchase—are little more than sales techniques that bear little relationship to the true value of a particular item or jewelry collection. Owners must get into the specific details of each piece to uncover the accurate value.

For example, would the seller of a particular piece be willing to buy it back at the appraised value they declare for it? Does that diamond ring really possess the color scale and absence of defects that correspond to its declared value? Is that piece of designer gold really from the studio the seller claims?

When it comes to jewelry, the most important thing is to have the person you're buying it from be someone you have spent some time checking out as honest and reputable. There really is no substitute for doing the legwork when it comes to ensuring that a policy is providing adequate coverage.

Jewelry owners can rest assured that insurers will appreciate and respect their efforts. All P&C companies like more versus less information on the items to which they are extending coverage. Thus, up-to-date, reliable data about the covered items is a crucial step toward ensuring that both the policyholder (in this case, the jewelry owner) and insurer are on the same page, should replacement ever need to take place.

Some would say the resulting sense of confidence is priceless.

Dan Farrell is a consultant for Enservio of Needham, Mass., a provider of software and services that help property insurance carriers price policies and settle contents claims. He is also owner of Daniel Farrell LLC, an appraisal services and art consultancy firm, and the Consulting Producer for the PBS television series, Antiques Roadshow. Farrell has degrees from the University of Notre Dame (B.A.), the University of Chicago (M.B.A.) and the London School of Economics (M.Sc.).

EVENTS

CONNECT

© 2013 PropertyCasualty360, A Summit Business Media website