

# **The Case of the 18 Waterlogged Rugs**

By Rosemary Kress | May 23, 2016

**My appraisal team was recently asked to determine feasibility of restoration or conservation as well as the replacement values for 18 rugs damaged in a water loss. Color runs, discoloration and stains were among the types of damage incurred. Seller information, origin of manufacture and rug dimensions were compiled and laid out as part and parcel of the inventory capture.**

**The policyholder provided stated values for only 10 of the 18 rugs, as well as information including country of origin and dealer information for the majority of the rugs, which included Afghanistan, Iraq, and Iran, and auction houses in both New York and California. The 10 rugs with stated values totaled well over \$100,000 with three standouts in the \$10,000 to \$35,000 range.**

**Each of the 18 rugs was researched based on a survey of rugs with similar attributes available in the current market from reputable vendors specializing in like, kind and quality (LKQ) items. The evaluation of the items included determining the countries of origin, construction materials, weave qualities, (knots per square inch) and dimensions; all of which are factors in determining accurate appraisal values. An assessment was also made to determine if there were any pre-loss condition issues (previous repairs or restorations) that are also taken into consideration for rugs and carpets with age.**

**We determined the damages to the rugs were too extensive to be addressed by restoration with 100 percent success and therefore did not recommend restoration as a feasible option.**

**The main factors that lead us to this conclusion were color runs evident in areas of 50 – 100 percent of the pile in all of the rugs from aniline dyes, loss in clarity of the designs of the rugs due to blurred colors and a condition in some of the rugs referred to as “dry rot” (deterioration of the foundation of the rug due to long term water exposure). We were asked to provide salvage estimates as well as “diminution in value” in the event the insured wished to retain any of the rugs due to sentimental value.**

**Diminution in value is defined as the difference between the appraised value of an item immediately prior to an event of loss or damage and the appraised value of the same item after the event of loss or damage. If restoration, repair or conservation is employed post damage, the diminution in value caused by such loss or damage will be based on the appraised value after the restoration, repair or conservation of the subject item has taken place.**

**Our appraised value of Replacement Cost Value for all rugs totaled approximately \$48,000, and the cumulative diminished value was \$42,000. This assessment proved to be well under the initial stated value of over \$100,000.**

**Color runs, discoloration and stains are among the types of damage that rugs and floor coverings may sustain over a lifetime. Evaluating the relative worth of these contents in a claims situation depends on knowing the country of origin, construction materials, weave qualities, (knots per square inch), seller information or provenance, and rug dimensions – all of which comprise key value factors in determining accurate appraisal values.**

**To learn more about valuing high-end contents such as Persian and Oriental rugs, Rosemary will be presenting a free webinar Wednesday, May 25th at 11:30 am Eastern. To register visit: <https://attendee.gotowebinar.com/register/5223245755262025986>**



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