

## **5 Reasons to get a jewelry appraisal for insurance reasons**

### **1. Appraisals are important to the insurance process**

If you have a sentimental attachment to your most cherished jewelry pieces, you'll love them no matter what they're worth. Still determining a value is important, especially when you're purchasing insurance.

- You need to know if your Homeowners Policy jewelry limit will cover them, or if you need a valuable items endorsement or a separate policy.
- If you need a special endorsement or policy, underwriters will base your coverage amount on the appraised value of your jewelry.
- Your insurance premium will be based on that same value.

### **2. Insurance companies never take your word for value**

Even if you've had the same insurance agent for years, that relationship will only take you so far. Your agent might trust you when you tell him the value of your newest jewelry piece, but the insurance company underwriters will want more. Before an underwriter finalizes the jewelry schedule on your Valuable Items Policy or your Homeowners Policy jewelry floater, he will insist on a written appraisal from a reputable source.

### **3. A sales receipt just won't do**

Insurance companies won't accept a receipt of purchase as a legitimate measure of value. It doesn't matter how much you paid for your jewelry. When writing a policy or paying a claim, the insurance company relies on the actual appraised value, not the cost.

### **4. The insurance company might require updated appraisals**

Even if your insurance company doesn't require regular appraisal updates, you might want to get them anyway.

- It's the best way to make certain you are insuring your jewelry to its proper value.
- If the market prices of precious metals, diamonds, and fine jewels rise or fall, it could change the value of your jewelry.
- Vintage, antique, and collectible jewelry styles go in and out of favor, causing the values to go up or down.
- Values rarely remain constant, and your policies should change accordingly.

Ask your agent or underwriter about insurance policy appraisal guidelines.

### **5. You may still have to prove the value if a loss occurs**

When you file a claim, the insurance company, like State Farm, and most others, won't simply write a check for the amount of your stated coverage. They will verify the details before settling your claim.

If a thief stole your jewelry, they will want to see a police report. If you lost it or it simply disappears, they will want to know how and why. If you have no witnesses, the insurance company adjuster may decide to talk to friends and relatives about you and your jewelry.

Regular jewelry appraisals can help you prove an insurance claim. An appraiser can attest to the quality, design, condition, and valuation of your jewelry. If a jewelry professional has inspected your collection a number of times over the years, the dated documentation can verify ownership and custody. Sometimes a stand-alone company specializing in jewelry like **The Diamond Gallery of Naperville** can be a great alternative as adding any claim including jewelry to your insurance company will result in your rates going up.

### **Insurance Replacement Appraisal**

The most important reason for having an appraisal done is for jewelry insurance replacement value in case of loss. An appraisal provides you with protection for proper reimbursement.

If you lose your jewelry, you have a document describing your item in exact and extensive detail- stone measurements, clarity, and color – quality and value of the item. With this information, you can get the original item replaced with a similar one.

Diamonds and gemstones of the same size can range drastically in value according to their specific qualities and characteristics. Therefore, you are protected and assured that the replacement is on par with the lost item.

Most jewelry insurance companies request an appraisal for items above a certain value, for their homeowner's policy. The appraisal validates their existence and condition, and determines proper coverage and premiums for the policy.

Depending on how the policy is written, these appraisals are then consulted at the time of loss, theft or damage, to assist in replacement. The jewelry replacement value reflects the price that the client would most likely pay for one of the same or similar description on the date of the appraisal.

**Retail replacement value:** *how much it would cost you to replace that exact piece of jewelry in the current jewelry market.*

The retail replacement value is not what you will be paid if you try to sell your jewelry to a third party (pawn shop, online, jewelry buyer, gold buyer), it is the amount you would spend if you were to walk into a jewelry retailer right now and buy the exact same piece.

### **Estate Appraisal (Fair Market Value)**

*An estate jewelry appraisal value is different than the appraisal value for insurance purposes.*

**Fair Market Value** is used for estate-evaluation purposes, and is an assessment based on what a willing buyer and seller would agree to without a forced sale. Appraisal criteria for estate jewelry have been legislated to include specific information and data, but do not include the factor that an insurance replacement appraisal does, and so this usually a lower value. The following is the U.S. Treasury definition of FAIR MARKET VALUE:

*“The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the relevant facts.*

*The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.*

*Thus, in the case of an item of property includible in the decedent's gross estate, which is generally obtained by the public in the retail market, the fair market value of such an item would be sold at retail.”*

*(Treasury Regulation 20.2031-1(b))*

*(A Fair Market Value jewelry appraisal is appropriate in cases such as dissolution of a marriage)*

At **The Diamond Gallery of Naperville** we work with well-established local attorneys giving them honest fair market evaluations for jewelry which is inherited and part of an estate redistribution and for other reasons such as divorce and inheritance issues.

### **Verify Internet Jewelry Purchase**

If you have questions like: “Is it real?”, “Should I have it insured?”, “Should I get this appraised?” Or, if you have bought items on eBay, Craig’s List, and other such websites, a verbal professional opinion can give you peace of mind. It may be one piece, several, or a jewelry chest of items. Sometimes people find something or received some gift, or they inherited something, and just want to see if it’s real. That personal opinion is usually quick and easy with no charge.

### **Selling Used or Inherited Jewelry (Free estimate)**

Many times people find something or receive gifts or inherit items, and don’t want to pay to have an appraisal. A professional opinion and testing is what you really want. Our first question usually is, “Do you want an appraisal for insurance purposes, a fair market value, want to sell it, or see if it’s real? Then we can direct them on the correct way to approach it.