



VALUABLES INSURANCE

The homeowner policy includes limited coverage for valuables such as jewelry and fine art. A valuables (or collections) policy will provide broader, more appropriate coverage for valuables.

Contents coverage under the homeowner policy is intended to cover everyday possessions—from furnishings to clothing—that are easily replaced. Contents coverage is not designed to fully insure your high value, often “one-of-a-kind” valuables.

While the replacement cost of everyday possessions is easily determined at the time of loss, the value of special collections is often market driven. For example, the market value of an artist’s work may increase upon his/her death, or the value of gold and precious stones can fluctuate from year to year.

Types Of Valuables

Valuables coverage can be written for nearly all types of collections:

- ❖ Jewelry, including watches
- ❖ Fine arts, including paintings, sketches, art quality photography, sculptures, and custom or antique furniture
- ❖ Furs
- ❖ Wine and spirits
- ❖ Silverware, gold ware, and pewter
- ❖ Musical instruments
- ❖ Sporting equipment, including high-value bicycles
- ❖ Stamp and coin collections
- ❖ Guns
- ❖ Collectibles, such as china and glassware, model trains, dolls, toys, and trading cards
- ❖ Antiques
- ❖ Rugs, tapestries, and textiles
- ❖ Rare books, maps, first editions, and manuscripts

Today, couture collections—especially handbags and shoes—are an investment worth protecting. Some high net-worth insurers offer coverage for garments, designer handbags and shoes, collector pieces (such as vintage movie costume pieces), and accessories.

Valuables And Homeowner Coverage Comparison

It is important to know the coverage differences between valuables and homeowner coverage, so that you can make an informed decision about how to protect your investments. Following is a brief comparison:

Valuables Coverage	Homeowner Coverage
Agreed value limit per item, based on original cost or subsequent appraisal, applies; items can be insured for full value.	Sublimits apply to valuables. For example, jewelry is limited to \$5,000 for items that are lost, misplaced, or stolen.
Loss payment based on agreed value. However, most insurers include market value coverage, up to 50% over the agreed value, in the event an item's market value has increased at the time of loss.	Loss payment based on replacement cost.
No deductible.	Homeowner deductible applies.
Coverage includes lost, misplaced, stolen and mysterious disappearance.	Limited coverage for items that are lost, misplaced or stolen. No coverage for mysterious disappearance.

There are several additional advantages to the valuables policy. Many insurers include earthquake coverage, as well as breakage of glass or fragile items. A valuables policy provides worldwide coverage and, with advance notice and additional underwriting information, insurers may be able to provide coverage while your collection is on loan to exhibits. And finally, credits are available for recent appraisals, and items kept in home safes or bank vaults.

Claims Scenarios

Another way to fully appreciate valuables coverage is to compare claims payment under valuables vs. homeowner policy.

Scenario 1: The diamond to your wedding set fell out and you don't know where or when it happened. The value was \$25,000 when it was purchased 3 years ago.

- ❖ Under your homeowner coverage, a sublimit of \$5,000 for jewelry applies. However, the homeowner policy excludes coverage for mysterious disappearance and coverage is denied. (If the ring had been stolen—a covered peril—coverage would apply, but the claim payment for the \$25,000 loss would be limited to \$5,000.)
- ❖ The diamond is scheduled on your valuables policy for the original cost of \$25,000. At the time of loss, it is determined that the value of diamond has not changed since purchase. Your valuables policy has no deductible and includes mysterious disappearance. Claim payment would be \$25,000 to replace the lost diamond.

Scenario 2: Twenty years ago, you purchased a glass sculpture by an up-and-coming artist for \$50,000. Since then, the artist's career has taken off and the market value of the sculpture has increased dramatically. You obtained an appraisal 3 years ago and the piece was valued at \$150,000. The sculpture is destroyed when it is accidentally broken while on display in your home.

- ❖ Under your homeowner coverage, a sublimit of \$2,500 applies. However, the policy excludes coverage for glass breakage and the claim is denied. (If the sculpture had been stolen—a covered peril—coverage would apply, but the claim payment for the \$150,000 loss would be limited to \$2,500.)
- ❖ The sculpture is scheduled on your valuables policy for the appraised value of \$150,000. At the time of loss, it is determined that the market value of the item has increased by another 20%, to \$180,000. The policy includes breakage coverage and there is no deductible. The claim payment would be \$180,000, based on the market value at time of loss.

Scheduled And Blanket Valuables Coverage

Valuables coverage offers the flexibility of insuring items on a scheduled or blanket basis. **Scheduled coverage** lists each insured item and its agreed value. In the event of a total loss, the agreed value will be paid by the insurer. The schedule must be updated each time an item is added or deleted. **Blanket coverage** provides a total limit for each category of valuables (i.e. jewelry or fine art), subject to a maximum limit for any one item. The advantage of blanket coverage is that you do not have to add coverage for new items, as long as they are within the parameters of the blanket limits. Blanket rates are usually slightly higher than scheduled rates.

Many people schedule their higher valued items and insure the remainder of their valuables on a blanket basis. That method helps ensure that the most valuable items are adequately insured while also providing the convenience of blanket coverage.



A picture is worth a thousand words, especially if you are insuring unusual items without documentation of origin or value. (Examples: antique maps, older artwork—untitled and/or unsigned—or toy collections.). Photos or a video of your collection may be helpful for a fair and equitable loss payment.



Our Recommendations

We recommend that clients consider valuables coverage, whether for a single wedding set or a large collection that includes jewelry, fine arts, and other collections. Your valuables will be insured for their full value and you will have the broadest, most appropriate coverage available without deductibles.

We especially encourage clients to consider insuring jewelry items, including watches, on a valuables policy because they are high risk for theft, mysterious disappearance, and lost/misplaced—all perils included on a valuables policy.

Please contact your Account Manager if you would like more information or a quotation.