

## **Insuring Valuable Jewelry By Basil Housewright**

The question comes up frequently, is my valuable jewelry covered under my homeowners insurance policy? Short answer is yes, maybe and no. Most homeowner's insurance policies being sold in our area include a "Special Limits" section of coverage for specific items for the coverage of loss by theft. Jewelry is one of these items and typically is limited to \$500, \$1,000, \$1,500 or maybe as high as \$5,000 on the basic policy. While some insurance companies may offer higher limits at a moderate price be aware this coverage is only for the "perils" that the policy covers. Most homeowner's policies being sold in our area cover personal property (contents) which includes jewelry on a "Stated Perils" basis which does not typically include accidental loss, mysterious disappearance or damage.

Broader coverage may be available from some Home Insurance Companies as "Scheduled Jewelry" coverage which is more expensive but typically provides "All Risk" coverage including accidental loss, mysterious disappearance or damage. When jewelry is scheduled typically the Home Insurance Company will require a recent bill of sale for the purchase of the item scheduled and a recent "Certified Appraisal" including photos of the item scheduled. Unfortunately many appraisals are often provided at time of sale and inflated substantially above the purchase price. This could be a ploy by the seller to make the buyer think they received a really good deal so they come back again.

Due to the prevalence of inflated jewelry appraisals changes to Texas Insurance Statutes several years ago allows Home Insurance Companies the option to offer coverage which handles a scheduled jewelry claim at the actual cash value to replace with like kind and quality not at the "Appraised Value". This makes it less desirable to insure jewelry on your home insurance policy and to use a specialized jewelry insurance company like Jewelers Mutual.

We recommend using Jewelers Mutual for scheduled jewelry. Find them at <http://www.jewelersmutual.com/>

Typically the cost with Jewelers Mutual is comparable with the cost of scheduling items on a home insurance policy but the service and coverage provided for this specialized coverage is typically superior with Jewelers Mutual as this is all they do. They also insure many local jewelry stores so in the event of a claim with scheduled jewelry damage or loss they can give you a local shop referral to have repairs or replacement taken care of very efficiently.

Also when you schedule jewelry the potential for a claim is high as this is why you are paying several hundred dollars a year just to insure a ring or watch so claims on a home insurance policy is required if insured there.

- The *impact* of a jewelry claim is serious!
- Jewelry loss counts as home loss if covered on your home insurance policy.
- Jewelry losses hit home claims databases such as CLUE and PILR and then show up of your loss reports.
- Client loses homeowners' "claim free" rating.
- Homeowner policy is difficult to re-market after a loss for at least 3 maybe 5 years with some carriers.
- "Mysterious disappearance" claims, in particular, are red flags.

### *Other disadvantages*

- Homeowner policies have capacity limitations.
- Many Homeowner carriers will not cover higher-value jewelry.
- Homeowner policies will not list non-family members (finance') with "insurable interest."

It makes sense to use home insurance to insure your home and regular personal property. Insure the high value jewelry with the jewelry experts and actually cost may be less for typically superior coverage.

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