

A Guide to Jewellery Insurance

Items of jewellery are normally covered by contents insurance policies. These policies insure contents of your home, including items of jewellery, for a wide range of unforeseen events.

There may be a range of insurance policies available, providing varying levels of cover. You should discuss the best option for your circumstances and any specific questions about jewellery insurance with your insurance company or broker.

This guide has been produced to help you make sure your contents policy adequately covers your items of jewellery and tells you how to make a claim should you need to

The policy cover and limits

Make sure you have a copy of your contents policy and familiarise yourself with the cover it provides for jewellery. You need to ensure the sum insured you choose for your contents includes the value of all your jewellery items.

Most insurance policies require individual items of jewellery over a certain value to be noted on your policy. If items over this limit are not noted on your policy, cover is restricted to the amount of the limit. Some policies also place a limit on the total amount that will be paid for items of jewellery that are not noted on your policy. EG a limit of \$2,500 per item and \$10,000 per claim. If you need more cover than this, you must ask for your Jewellery to be noted on your policy. There may be additional premium to pay.

Specified items and valuations

Items of jewellery over the policy limit need to be noted on your policy and supported by a recent valuation. Valuations should be obtained from a qualified jewellery appraiser and state the item's value in New Zealand dollars. The Insurance Council of New Zealand recommends you select a Jewellery Appraisers Society of New Zealand (JASNZ) or Jewellery Valuers Society (JVS) qualified appraiser. Refer to www.jewelleryappraisers.org.nz or www.jvsnz.co.nz for a list of qualified appraisers.

We recommend that items that are unusual or have special sentimental attachment also be valued and noted on your policy, even if they are not over the policy limit.

The valuation should include a full description of each item and note its replacement and indemnity values. (Replacement value and indemnity value are explained below).

The value of most items of jewellery will fluctuate over time due to age, wear and tear, changing fashion, the international value of gems and precious metals and the value of the New Zealand Dollar. For these reason we recommend you have items of jewellery revalued every few years. You should consider getting your appraiser to etch identifying numbers on your jewellery and photograph each item to assist in identification and recovery if stolen or lost.

Insurance values for jewellery

The two values relevant to jewellery insurance are:

Replacement Value - the cost of replacing the item of jewellery with a new one of similar quality and specification on the retail market. Antique items are valued at the cost to purchase an equivalent on the estate jewellery market.

Indemnity Value - which can also be called market value or present day value This is the cost to purchase an item of similar age, quality and condition in a fair market situation.

There are a number of factors that affect the value of an item of jewellery, including the currency exchange rate and the price of gold and precious stones. It is important to understand that any claim made will be settled based on the value of the item at the time of loss, up to the policy limit or amount specified not what it was previously purchased for or valued at.

Making a claim

When you make a claim, you have certain obligations, which are set out in your insurance policy. You should report any loss to the Police and your insurer as soon as possible.

You may be required to complete a claim form and will be required to provide a reasonable level of proof of purchase or ownership in support of your claim. This can include:

- Jewellery valuations
- Receipts
- Credit card or bank statements
- Photos of jewellery being worn (however be aware that while photos prove the existence of the jewellery, they do not always provide conclusive proof of ownership)

Fraud

Be aware that there is a high level of fraud in jewellery claims. Claims for jewellery losses may undergo a higher level of scrutiny than most other types of claims. If your claim is referred for investigation please realize that this is not unusual and will be part of the industry's need to protect honest policyholders from the affects of fraudsters.

Settlement of jewellery claims

Your policy wording will provide details about how your claim for jewellery will be settled. This could involve repair or replacement of the item or a cash settlement based on the item's indemnity value.

Your Insurer has the option of deciding how to settle your claim, and generally items will be repaired or replaced, whenever possible. Where a cash settlement is agreed the amount you receive will usually be based on the Indemnity value or a set percentage (usually 50% to 60%) of the replacement value of the item.

How your claim is settled will be largely determined by the terms of your insurance policy. Read your policy to see how jewellery claims will be settled.

Helpful hints

- When you purchase an item of jewellery, keep the receipts and valuations in a safe place, separate from your jewellery

- Keep your jewellery in a secure place, when not being worn. High value items may need additional security
- Have your valuable items of jewellery appraised and photographed every few year