It’s 2021 – do you know what your jewelry is worth?

Be it your engagement ring from 1998 or the heirloom bracelet you just received from your grandmother; your jewelry could be worth much more – in some cases, much more – than the value you placed on it when it was first insured. And while most policies adjust the cost by 1-5% for inflation, those increases may fall well short of the value of replacing or compensating for the actual value of your item.

Especially now, with supply chain issues driving up the cost of materials and increasingly high demand for larger gemstones, understanding the current value of your jewelry is important. For example, a diamond purchased in 1960 that cost $2,700 could now be worth over $28,400 – an average 14% year-over-year increase in price.¹

If your jewelry insurance policy has not been updated, you could lose the ring’s value should it become lost or stolen.

PROTECTING AGAINST CLAIM SURPRISES

That threat is very real, particularly given inflation, increased demand for a particular gemstone or type of jewelry, and the cost of the materials used to make the jewelry. Current claim trends show that claim settlements are becoming more expensive as a result.

However, without knowing the current actual value, your jewelry policy will pay only up to the previously determined value or original purchase price. Also, depending on the type of coverage you have, your policy may contain blanket coverage – a set limit of how much the policy will pay should you have a loss. For example, a policy with a $2,500 blanket limit will only pay up to $2,500 per claim regardless of the item’s current cost.

We recommend reviewing your current jewelry items along with structuring a policy to fit your needs using a combination of scheduled items and blanket coverage. For example, maintain a schedule that lists all items and their appraised value – or a scheduled policy with a blanket amount to cover those items that are not listed on the policy with a suitable aggregate amount.

However, with costs fluctuating more frequently, we at NFP recommend that jewelry policyholders consider having their valuables reappraised. A reappraisal will determine the current value, particularly for a piece that is an heirloom or has an undetermined value.

If it has been five to ten years since your jewelry was last appraised, consider reassessing your pieces to ensure they are insured for the right amount. There are a few ways in which you could determine value. Before investing in appraisal services, check with the jeweler from whom the item was bought or a local jeweler you know and trust. Jewelers can update you on the item’s current pricing and determine if there is a need for a reappraisal.
WORK WITH EXPERT BROKERS

If you are working with a broker who has specialized expertise in jewelry and collectibles, your broker should be reviewing your policy with you regularly. Because we watch the markets closely and understand the current values of precious metals, diamonds, and gemstones, we make our clients aware of how those changes may impact their current coverage. Similar to the jewelry market, fine arts (particularly contemporary art) and sports memorabilia markets are active, and valuations change frequently. NFP can provide advisory on these classes of valuable items as well.

We schedule reviews to determine what upgrades you’ve made, what new items you have, whether you have safe storage, and how long it has been since your last appraisal. For example, clients who install home safes that are bolted into place can get a home safe credit that can reduce the cost of coverage.

In order to protect your investment, you should know the value of what you have. To avoid undervaluing your collection, talk with our jewelry and collectibles experts. By eliminating unwanted surprises at claim filing, you can be sure your valuables are protected.

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Sources

1 Historical Diamond Prices | Ajediam.com