

SPECIAL REPORT

HOMEOWNERS INSURANCE -- VALUABLE ARTICLES COVERAGE

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This discussion will briefly examine the topic of valuable articles and how this relates to homeowners insurance.

Limitations of Coverage

Many people do not realize that limitations exist within home-owners insurance policies for certain classes or types of personal property such as treasured jewelry, exquisite artwork, coin collections, antiques, and other collectibles.

Did you know that most Homeowners Insurance policies only provide \$1,000-\$5,000 in coverage for theft and misplacement of jewelry? Most people don't consider how easy it can be to lose a diamond earring – or worse, a wedding ring – until it actually happens!

Not only is there limited coverage for jewelry, but also for other valuables such as:

- Artwork
- Collectibles (china, silverware/ silver service sets, Lladros, crystal lamps/vases, antiques, other fragile/breakable items)
- Musical Instruments
- Furs
- Money/Coins/Gold/Guns

Moreover, other coverage limitations typically apply such as no coverage for breakage of fragile items (vases, crystal, china) along with sublimits applicable to certain items.

In terms of value, limited provisions may apply such as depreciation, market value, and wholesale value. What will your insurance company pay for loss or damage to valuables?

Beat the “Limitation” Barrier!

Where do we go from here and what can we do to plug these gaps and provide coverage for treasured valuables?

Consider either scheduling specific valuable items on your Homeowners Policy or securing a separate Collectibles policy.

Benefits of “Scheduling” or Securing a Collectibles Policy

- Coverage is typically broader in terms of covered losses, meaning additional perils and causes of loss are covered such as fire, theft, misplacement and so on, that are otherwise limited or excluded if not scheduled.
- Typically, no deductible applies (e.g. property deductible which may be \$1,000 or often higher, and which eliminates the limited coverage provided to begin with).

On larger schedules with numerous items of value listed, however, it may be beneficial to add a deductible to keep the premium dollars down.

- You may have the option to add “Agreed Value” or “Stated Amount” coverage for certain classes of property such as jewelry and artwork. This is an important provision – make sure to ask for it.

If you do not have this provision, even though you have scheduled coverage, the insurance company will either a) replace your item with one of similar kind/quality (possibly used from a wholesale jeweler), or b) you will have to negotiate and haggle over a settlement value which ends

up being a small fraction of the value you have actually insured and paid for!

The Agreed Value or Stated Amount provision avoids having to negotiate the settlement value because the value has already been agreed upon up front with the insurance company at the time coverage was purchased. This typically results in a quick, simplified claim process providing a cash settlement for the full amount insured when a total loss occurs. Be sure to request Agreed Value or Stated Amount coverage.

Conclusion

As a homeowner, securing protection of your assets, whether it be your automobile, home, or personal belongings, you want to feel secure that you are going to receive a fair compensation value in exchange for your premium payment in the event of an unfortunate or unforeseen casualty.

Take a look around your home and property and begin to see specific items of value, say a diamond ring, painting, antique piece of furniture, grand piano, gun, stamp or coin collection, or fur coat, for example. Write these items down, place a value to them and “schedule” them with your agent. Appraisals are a good way to determine current values. You will likely be very surprised at the nominal fee that will be charged for this wise investment!

You will feel peace of mind with your insurance knowing that there is broader loss coverage on your valuables -- much more than if they were not scheduled! Also, the options of choosing to add “Agreed Value” or “Stated Amount” coverage to a particular item can be very beneficial!

There is no need to feel intimidated with your insurance program! Be “in the know” and keep these important points in mind in advance of your policy’s renewal time! Call your agent, document your valuable items -- and sit back, relax, and smile – knowing you have done your research and insured your family’s belongings to the best of your ability!

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