



Gemological Needs in Insurance Documentation

David W. Hendry, Jr.
JCRS Inland Marine Solutions, Inc., Oakland, CA

ABSTRACT

The key problem associated with jewelry insurance is that insurers have no reliable source for the quality or accuracy of the documentation used for making insurance decisions. What information is provided originates with the jeweler or appraiser, is passed along to agents by the consumers, and ends up rippling through the submission, underwriting, policy issuance, and claims processes. Whatever determinations are made are only as good as the information originated and then acted upon based on the training, knowledge, and know-how of the insurers using it.

The problem of accurate jewelry documentation rests in two camps. First, jewelers and appraisers are part of an unregulated industry that is represented by various organizations, among which there is little consensus or uniformity concerning professional qualifications, specialized training, certifications, or licensing procedures. Second, insurers are largely untrained and unaware of critical jewelry and appraisal issues, despite the existence of jewelry insurance appraisal standards.

This problem is easily illustrated by one current practice of a well-known “big box” retailer that is now selling high-value, six-figure jewelry. While basic descriptions, quality, and pricing of certain items seem generally accurate, the items are typically sold with an accompanying “appraisal” stating a value at twice the purchase price. The customer assumes she got “a really good deal.” The untrained agent – and every other untrained insurance professional in the chain – simply assumes the appraisal accurately represents the item being insured.

One remedy to the documentation problem comes from the insurance industry itself. For several years, uniform appraisal standards and forms have been available. Originally known as ACORD forms, the developer of the forms has recently made these forms freely available to all insurers, jewelers, and consumers. As can be viewed at www.jiso.org, these forms are quite detailed and ask for precise information, including gemological descriptions, weight and measures, metal type, trademark (manufacturer and style), workmanship, number of stones, set, shape, GIA grade, table percentage, crown angle, girdle thickness, pavilion percentage, culet size, and more. Proper use of JISO standards and forms assures accurate and complete documentation upon which correct insurance decisions can be made.

Jewelers, appraisers, and insurers who provide and use high quality jewelry insurance documentation 1) properly insure jewelry in the first place, 2) accurately and properly settle claims while avoiding overpayment, and 3) cultivate trust and cooperation between insurers and jewelers and their mutual customers.

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David W. Hendry, Jr. • dhendry@jcrs.com
3345 Grand Ave. #4 • Oakland, CA 94610
510.444.4811 Phone • 510-291.2902 FAX