Your license permits you to save one copy of the Jewelry Insurance Manual to one personal computer and to print one copy. Please see the complete license agreement.
# Precious Gems:
- **Diamond**
- **Emerald**
- **Ruby**
- **Sapphire**
- **Aquamarine**
- **Beryl**
- **Bloodstone**

# Colored Gemstones:
- **Alexandrite**
- **Chrysoberyl**
- **Hematite**
- **Moonstone**
- **Quartz**
- **Tiger Eye**
- **Alexandrite**
- **Chrysoberyl**
- **Hematite**
- **Moonstone**
- **Quartz**
- **Tiger Eye**

# Watches:
- **Type**
- **Movement**
- **# Jewels**
- **Features**
- **Options**

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**Notes:**
- Get full information on case, bezel, dial and strap. Get metal of case and strap (use mounting format above) and stone information (use stone format above).
INTRODUCTION

“Ladies 14 karat engagement ring set with one full cut 1 ct diamond, $5000”

Insurers’ files are full of simple appraisals like this one, usually prepared by the selling jeweler. The majority of jewelry appraisals have inadequate descriptive information by which to verify the value of the jewelry. If a claim is made, the adjuster has no choice but to pay the limit of liability.

If the value was inflated, if the purchaser overpaid, if the jeweler listed a valuation higher than the purchase price “as a favor to the customer,” for the insurer the result is the same: overpayment.

Jewelry, as a class of business, is one of the most hazardous. JCRS’s audits of company claims records show that insurers typically overpay jewelry claims by upwards of 40 percent. Loss ratios are usually under-reported because jewelry losses are often coded as “contents” or “endorsement” losses, rather than as scheduled Inland Marine.

Overpayment of jewelry claims is so widespread because

• most jewelry claims, whether from loss or damage, are total loss claims
• most jewelry appraisals have inadequate information
• values cannot be verified

Jewelry insurance valuations are based largely on the selling jeweler’s appraisal. Underwriters have generally taken appraisals at face value, regarding these jewelry retailers as experts. However, a JCRS study of jewelry appraisals submitted to insurers shows that 78% of the appraisers have no gemological training at all. In fact, no state or industry body establishes qualifications for a jewelry appraiser. Literally anyone can call himself a jeweler and appraise jewelry.

What’s the insurer to do?

Agents and Customer Service Representatives (CSRs) are the insurer’s first line of defense in detecting fraud. Yet these insurance professionals are not jewelry experts. Similarly, underwriters and adjusters haven’t the expertise to evaluate the information
provided on appraisals. Until recently, insurance personnel have had to work with whatever appraisal documents came their way.

Now, there are means available for changing this picture. We have descriptive ACORD appraisal forms that call for complete jewelry descriptions, tools for evaluating the usefulness of an appraisal and determining Insurance-to-value (ITV), and ways to recognize competent, trained appraisers.

The goal of this manual is to assist insurance personnel in establishing guidelines for jewelry insurance. It recommends procedures, discusses documents to collect, and suggests how to determine the adequacy of appraisals. It provides abundantly illustrated information about jewelry and explanations of jewelry terminology, to give the insurer a grounding knowledge and comfort in dealing with jewelry and jewelers.

The Jewelry Insurance Manual has two major roles for agents and insurers:

1. Ultimate Information Resource for Insuring Jewelry

The narrative chapters cover three aspects of the jewelry insurance process:

- **Insuring Jewelry** discusses essentials of the insurance contract, computing premiums and verification of values;

- **Jewelry Appraisals** covers the appraisal process, recognizing good appraisals, appraiser qualifications, valuations, and the gemstone grading system;

- **Jewelry Information** discusses gems, precious metals and watches; cutting, shaping, setting and grading of gems, the “four Cs”, and diamond certificates. It also has a lushly illustrated catalog with specific details about dozens of the gems commonly used in fine jewelry.

The appendices comprise so many specific and valuable resources that they are the equivalent to another whole book:

- **ACORD Forms**: all the major ACORD forms used for jewelry appraisals and appraisal evaluation

- **Jewelry Inventory and Sales Classification Manual**: a uniform classification and reporting system for the insurance and jewelry industries

- **Gemstone Information Manual**: the gem industry’s guide for information on natural gems, synthetic gems and gem treatments
• **Underwriting and Claims Resources**: a selection of recently published articles relating the jewelry insurance

• **Insurance Glossary, Appraisal Glossary, Jewelry & Jewelry Insurance Glossary**: three glossaries, from three sources, giving definitions specific to each field

• **Jewelry Insurance Issues**: the monthly email newsletter published by JCRS highlights such topics as deceptive pricing, synthetic gems, bogus diamond certificates, and numerous other timely concerns for agents, underwriters and adjusters. The issues are accessible both chronologically and by subject.

Extensive links provide fluid access to the invaluable information throughout this book. Our aim has been to make this the most comprehensive and easy-to-use tool available for agents and insurers dealing with jewelry.

2. Complements the **Jewelry Insurance Workshop**

While the Manual is an invaluable resource in its own right, its value is greatly enhanced by the Jewelry Insurance Workshop. This one-day class, a crash course on insuring jewelry, is the only one of its kind for insurance professionals and carries 8 hours C.E. credit. Through lecture, slides and videos, it covers many of the situations encountered in insuring jewelry, as well as providing an opportunity for attendees to bring up specific problems they have encountered.

This Manual is the basis for the Workshop and is included in the tuition. The Workshop provides context for the wealth of information presented in the Manual, information so useful that agents and CSRs will frequently want to refer to this authoritative resource.
This manual is the basis for the Jewelry Insurance Workshop for agents, underwriters and adjusters. The one-day class, carrying 8 hours of C.E. credit, highlights and clarifies many issues regarding the insuring of jewelry.
## TABLE OF CONTENTS

**Insuring Jewelry** .......................................................... 1

- Insurance Contract ......................................................... 1
- Insured .............................................................................. 1
- Policy Period ...................................................................... 2
- Where Insured .................................................................... 2
- Property in Safes or Vaults .................................................. 2
- Property Insured ................................................................... 2
- Perils Insured ...................................................................... 3
- Perils Excluded .................................................................... 3
- Valuation ............................................................................. 4
- Coinsurance ......................................................................... 4
- Deductible ........................................................................... 4
- Additionally Acquired Property ........................................... 4
- Pair or Set Clause ............................................................... 5
- Loss Settlement and Payment Options .................................... 5
- Protection of Property ......................................................... 6
- Other Insurance .................................................................... 7
- Other Clauses ....................................................................... 7
- Computing Premiums ............................................................ 7
- Jewelry Rates and Minimum Premiums ................................... 7
- Vault Rates .......................................................................... 7
- Deductible Rating Credit ....................................................... 7
- Minimum Premiums .............................................................. 8
- Additions and Cancellations .................................................. 8
- Submitting Jewelry Floater Business – Use of Application ....... 8
- Schedule of Items ................................................................ 9
- Item Description .................................................................. 9
- Gemological Institute of America (GIA) ............................... 10
- Verification of Values ............................................................ 10
# Jewelry Appraisals

- The Appraisal Process ............................................................... 15
- Appraisal Credentials ............................................................... 19
- Jewelry Industry Leaders Talk About Appraisals ................................. 20
- Appraisal Values: Fact or Fiction .................................................... 22
- Finding Good Appraisers — The Solution ........................................... 24
- A Guide for Underwriters and Adjusters ............................................. 25
  - Who is Qualified to Appraise? ..................................................... 25
  - What Information Should be Included? ......................................... 26
- Gemstone Grading System ............................................................. 28
  - What Grading System Should Be Used For Diamonds? ....................... 28
  - What Grading System Should Be Used For Colored Gemstones? .......... 29
  - Should Appraisals Be Accepted With Incomplete or Split Grades (i.e. H-I Color)? .................................................... 29
  - When Should an Appraisal Be Updated? ....................................... 29
  - Where Should An Appraisal Be Prepared? .................................... 30
  - Why Have An Appraisal? ........................................................ 30
  - Are There Items to Look for in the Fine Print of Appraisals? ............. 30
- Appraisal Evaluation Suggestions .................................................. 31
- Agency Underwriting and Policy Issuance .......................................... 31
- Claims ......................................................................................... 31

# Jewelry Information

- Precious Metals as Used in Jewelry ................................................. 33
- Weights & Measures .................................................................... 35
- Platinum ....................................................................................... 36
- Gold ........................................................................................... 37
- Silver .......................................................................................... 38
- Precious Metal Jewelry Manufacturing .............................................. 39
- Gemstones .................................................................................... 42
- Phenomena ................................................................................... 43
- Identification ............................................................................... 45
- Synthetics and Simulants ............................................................... 45
- Gemstone Toughness ................................................................... 46
- Gemstone Treatment .................................................................... 47

---

TABLE OF CONTENTS, continued
TABLE OF CONTENTS, continued

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gem Lab</td>
<td>48</td>
</tr>
<tr>
<td>Gem Cutting</td>
<td>49</td>
</tr>
<tr>
<td>Gem Setting</td>
<td>57</td>
</tr>
<tr>
<td>Diamond – the Four Cs</td>
<td>61</td>
</tr>
<tr>
<td>Cut – The Misunderstood “C”</td>
<td>61</td>
</tr>
<tr>
<td>Color</td>
<td>62</td>
</tr>
<tr>
<td>Clarity</td>
<td>64</td>
</tr>
<tr>
<td>Carat Weight – the 4th “C”</td>
<td>65</td>
</tr>
<tr>
<td>Diamond Grading</td>
<td>66</td>
</tr>
<tr>
<td>The Anatomy of a GIA Diamond Report</td>
<td>67</td>
</tr>
<tr>
<td>Diamond Certificate vs. Appraisal</td>
<td>69</td>
</tr>
<tr>
<td>American Cut Standard for Round Brilliant Diamond</td>
<td>69</td>
</tr>
<tr>
<td>Colored Stone Grading</td>
<td>72</td>
</tr>
<tr>
<td>Emerald</td>
<td>77</td>
</tr>
<tr>
<td>Ruby</td>
<td>79</td>
</tr>
<tr>
<td>Sapphire</td>
<td>81</td>
</tr>
<tr>
<td>Other Colored Gems</td>
<td>83</td>
</tr>
<tr>
<td>Watches</td>
<td>124</td>
</tr>
</tbody>
</table>

Appendices

- Appendix A – ACORD forms
- Appendix B – Jewelry Inventory and Sales Classification Manual
- Appendix C – Gemstone Information Manual
- Appendix D – Underwriting and Claims Resources
- Appendix E – Glossaries
- Appendix F – Jewelry Insurance Issues Newsletter
Precious Metals as Used in Jewelry

When humans began to fashion jewelry, they sought out materials whose beauty would endure. Gold was favored because of its color, luster, availability and durability.

Other precious metals were also discovered. Fine jewelry today utilizes gold, silver and platinum. Like non-precious metals (nickel, copper, etc.), they are characterized by various properties, such as:

- Malleability – allows the metal to be worked by hammering or pressure without crumbling.
- Ductility – is the ability of a metal to be drawn out into a wire.
- Tensile Strength – enables a metal to withstand longitudinal stress without cracking.
- Fusibility – means that a metal can be combined with other metals to produce alloys.
- Brittleness – indicates a tendency to sudden breaking.
- Elasticity – allows a metal to return to its original form.
Precious metals in their pure state are seldom used for jewelry, as they are too soft. Gold, silver and platinum are therefore combined with other metals (alloys) to produce more viable metals.

The following terms are commonly used in describing metals.

- **Mohs** – the Mohs scale is used to rate mineral hardness. The higher the number, the harder a mineral is to scratch. Each mineral can scratch other minerals with equal or lower Mohs ratings. For example, unalloyed gold is 2-2.5 Mohs.

- **Specific Gravity** – this is a measure of density. (It is the ratio of the density of the subject to that of water at 4 degrees C.) For example, platinum is rated 21.45 S.G.

- **Melting Point** – melting point is expressed in degrees Fahrenheit.
Weights & Measures

The content of fine jewelry metals is measured generally in one of three units of measurement: pennyweights, grams, or troy ounces. All measurements are based on the troy weight system.

Troy Ounce

A unit of weight used by jewelers for weighing precious metals. The troy system originated in Troyes, France, a major business center during the middle ages. After Mary, Queen of Scots, married into French Royalty, Scotland adopted this weight system. French to English language pronunciation differences resulted in the name being changed from Troyes to Troy.

There are 12 troy ounces to a troy pound (5760 grains). A troy ounce has 20 pennyweight (dwt) or 31.104 grams. The troy pound should not to be mistaken for the avoirdupois pound (most often thought of in the USA) which has 16 ounces, 437.5 grains per ounce and 7,000 grains per pound. Grains are a common weight measure to all three weights: troy, avoirdupois, and metric.
Pennyweight

This is one of two units of measure common in expressing the weight of precious metals. Pennyweight is abbreviated (dwt). This abbreviation originates in Scotland coming from the Latin word for a specific coin, the Denarius, which was the same weight as the Scots penny.

Gram

This weight is commonplace in weighing precious metal jewelry. There are 1.555 grams to a pennyweight.

Platinum

Platinum (2-2.5 Mohs, 21.45 S.G., melting point = 3,224 degrees F) is often used in combination with diamonds and other valuable stones. Because of its toughness, it provides the most secure jewelry setting material. Since platinum is one of the softest metals, it is alloyed with other metals, normally 10% iridium (6.5 Mohs). This makes platinum one of the hardest metals and an ideal setting for expensive stones.

Platinum carries higher costs because it is denser than gold, and it is more difficult to fabricate due to its high melting point and hardness when alloyed.

Platinum’s color is white and the novice sometimes mistakes it for white gold.
Gold

In its pure form, gold (2-2.5 Mohs, 19.29 S.G., melting point = 1,945 degrees F) is incorrectly referred to as solid gold. Like platinum, gold is usually alloyed with other metals to increase it hardness and make it suitable for jewelry. As alloys are added, the color of gold changes. Copper adds a reddish tint; nickel and copper with zinc turn gold white.

The term karat (note: Carat is the term used to indicate the weight of precious gems) is used to express the purity of the gold when it is alloyed. Each karat represents 1/24 of pure gold. Thus, the gold content of an 18K jewelry item is 18/24 (or 75%) pure gold. This explains why an 18K gold ring is worth more than a 14K ring. 10K gold is the lowest percentage allowed to be stamped/marked and sold as Karat Gold jewelry in the United States.

Under United States marking laws, items marked/stamped as karat gold (eg. 14K) or sterling silver must include the manufacturers’s trademark (hallmark) or company/person responsible for the quality mark. While this is an old law, many jewelry manufacturers are only now beginning to include their trademarks. Underkarating (stating an item is of a certain karatage when its actual gold content is not equal to or greater than the purity marked) does occur and trademarks help trace the item to its source. The trademark can also be of use in adjusting losses and determining value.

Gold-filled

A process whereby a layer of gold is rolled onto and bonded to a non-precious (base) metal. The bonding is done by soldering, brazing, or welding. To be called “gold-filled” the weight of the gold must be at least 1/20 of the total weight of the piece and the quality at least 10K.
Gold Vermeil

A combination of gold and silver. The item’s base metal is sterling silver, over which a layer (bonded or electroplated) of 24K gold, at least 120/1,000,000 of an inch thick, is applied.

Rolled Gold Plate

Similar to gold-filled, but the weight of the gold is less than 1/20 of the metal used.

Gold Electroplate or Gold Electroplated

Describes articles plated electrolytically with gold or an alloy of gold. The item’s marking must be preceded by both the purity of the alloy and a fraction indicating the proportion of overall article weight that is composed of gold coating. For example: “1/40 10K Gold Plated.”

Silver

Silver (2.5-3 Mohs, 10.5 S.G., melting point = 1761 Degrees F) is the whitest of the precious metals and the most lustrous. It reflects 95 percent of the light that hits it, compared to 92 percent for gold. Next to gold, silver is the most malleable metal. It can be formed into sheets (or leaves) 0.00025 millimeter thick. It is second only to gold as a ductile metal. A gram of silver can be drawn out in a wire a mile long.

Silver, in its pure form, is almost never used in jewelry as it is too soft. It also has the tendency to tarnish.

Like platinum and gold, silver is also alloyed. The addition of a small amount of copper increases the durability of silver. British silversmiths discovered that an alloy of 925 parts silver and 75 parts copper was ideal, hence the term “Sterling Standard.”
Gemstones

Gemstones date back thousands of years. Early jewelers chose gemstones to enhance their precious metal creations. Even primitive man appreciated gems for their beauty and brilliance. More important to ancient jewelry owners were the legendary powers attributed to gems. Some gemstones brought luck. Others were believed to cure disease. Many gems had religious legends about their use. These powers added immeasurably to the value of various gems. The size of a stone also affected its value.

The Phoenicians and Assyrians used gemstone cylinders with engraved figures to serve as printing plates that could roll a message into clay. Both they and the Egyptians used lapis lazuli, agate, and amazonite for this purpose. Greeks and Romans used gemstones often for rings, seals, and carved cameos.

There are about sixty varieties of mineral suitable for jewelry. A few organic materials are also used in jewelry, such as coral, amber and pearl.

Scarcity of the gem material plays a large part in a gem’s cost, but desirability, color, durability, brilliance, etc., also contribute to the stone’s worth.

Jewelers often refer to gems other than diamond as “colored stones.” Gemstones classified as “precious gems” include emerald, ruby and sapphire. Diamond is usually in its own class but is also a precious gem by classical definition.

Other gems were once referred to as “semiprecious,” but this is a misleading term that should not be used; they are now simply called “gemstones.” These include alexandrite, amethyst, andalusite, aquamarine, beryl, bloodstone, chrysoberyl, citrine, coral, fire agate, garnet, hematite, iolite, jade, kunzite, lapis lazuli, malachite, moonstone, morganite, onyx, opal, pearl, peridot, quartz, rubellite, sardonyx, shell, spinel, tanzanite, tiger eye, topaz, tourmaline, tsavorite, turquoise, zircon, and more.
Identification

There are four basic tests for gem identification. These are:

Hardness

The Mohs scale is used to rate mineral hardness. The higher the number, the harder a mineral is to scratch. Each mineral can scratch other minerals with equal or lower Mohs ratings.

The hardest gemstone is diamond, which scores 10 on the Mohs scale. Second is corundum (ruby and sapphire), scoring 9. This may be misleading, since the difference between 10 and 9 is greater than the difference between 9 and 1 (diamond is about 100 times harder than sapphire and ruby).

Specific Gravity

Ratio of the density of any gem (or any subject) to that of water at 4 degrees C.

Refractive Index

Measurement of amount a light ray is bent as it enters or leaves a gemstone, expressed numerically, comparing the bending power of various gems.

Microscopic Examination

Viewing the gemstone internally from different perspectives (i.e., top and bottom), using a microscope at 10x magnification

Synthetics and Simulants

Not all stones in jewelry are genuine. Imitations, or simulants, may be made from any substance, so long as it resembles the real gem (such as cubic zirconia for diamond).

Reconstructed stones are created by fusing together worthless bits of real gem material to form a bigger, more impressive gem.
Coral (Gem Species: Organic)

**Gem Lore**
Ancient Romans and Persians cherished this gem. They hung branches of it around their children for protection from harm and evil spirits. Many cultures have ground up coral as a potion for fever, bleeding and barrenness.

**Information**
Coral (skeletons of marine animals) is one of the organic gemstones. It comes in a variety of colors, including deep red, orange, gold and black. Little fine quality coral is available today, largely due to pollution and over-harvesting. Natural (undyed) high-color coral is quite valuable.

**CORAL**

<table>
<thead>
<tr>
<th>Color (hue) range</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usual shapes</td>
<td>Beads, cabochon, carving, natural rough</td>
</tr>
<tr>
<td>Typical size range</td>
<td>Various</td>
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<tr>
<td>Hardness</td>
<td>3-4</td>
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<tr>
<td>Toughness</td>
<td>Poor to fair</td>
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<td>Specific gravity</td>
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<td>Refractive index</td>
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<td>Treatment</td>
<td>White, “COMMONLY” - bleached; gold, “USUALLY” - bleached.</td>
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<tr>
<td>Sources</td>
<td>Mediterranean, South Pacific, Gulf of Mexico</td>
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<tr>
<td>Other facts</td>
<td>Anniversary stone for year 2.</td>
</tr>
<tr>
<td>Inherent vice</td>
<td>Color can fade from wear. See below.</td>
</tr>
<tr>
<td>Claim Considerations</td>
<td>The price of natural coral is drastically different from that of dyed coral. Coral should be closely examined, as it is subject to wear and tear. It is easily damaged by heat, especially torch heat during setting repair, and by improper cleaning (boiling or chemicals).</td>
</tr>
</tbody>
</table>
Pearl (Gem species: Organic)

Gem Lore

From the earliest civilizations on pearls have been a source of fascination. The pearl is considered a symbol of purity, and poets have romanticized its luster, beauty, and power. Orientals say that wearing this gem brings enlightenment and instills courage.

Information

Pearls are formed by mollusks (oyster, clam, conch). When a foreign body, such as a particle of silt or tiny parasite, enters the mollusk, irritation occurs. To ease the discomfort, a secretion called nacre is produced, gradually covering the irritant. Layer after layer of nacre surrounds the object, resulting in a mature gem. The natural saltwater or oriental pearl is a very rare and costly gem, ranking alongside the finest of diamonds, emeralds, rubies and sapphires.

The vast majority of pearls are not natural but cultured, a process discovered by Kokichi Mikimoto. In usually warmer waters, oysters are raised under controlled conditions. The oyster is opened, and a foreign irritant (called the nucleus) is inserted, after which the pearl grows as discussed above. Cultured pearls vary greatly in price, depending on their characteristics. They are no longer considered inexpensive substitutes. Pearls (natural or cultured) occur in freshwater as well, but these are more commonplace and therefore not as expensive.

Pearls are evaluated on the basis of:

- Shape (abstract, baroque, blister, mabe, rice, round etc.)
- Color (black, cream, pink, white, etc.)
- Overtone (rose, green, silver, etc)
- Luster (bright, dull etc.)
- Nacre (Very thick, thick, thin, etc.)
- Blemish (blemish free, spotted, etc.)
• Millimeter Size
• Strand Length (matinee, opera, etc.)
• Uniform or Graduated.

*NOTE:* A simulated pearl is not a pearl at all. It is merely a bead that has been covered with a thin layer of pearly-looking substance.

**PEARL**

<table>
<thead>
<tr>
<th>Property</th>
<th>Description</th>
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<tr>
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<tr>
<td>Typical size range</td>
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<td>Hardness</td>
<td>2.5-4.5</td>
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<td>Toughness</td>
<td>Poor to fair</td>
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<tr>
<td>Specific gravity</td>
<td>2.68-2.715</td>
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<td>Refractive index</td>
<td>1.530-1.636</td>
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<td>Treatment</td>
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</tr>
<tr>
<td>Sources</td>
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<tr>
<td>Other facts</td>
<td>Birthstone alternative for June. Anniversary stone for yr 8.</td>
</tr>
<tr>
<td>Inherent vice</td>
<td>Softness</td>
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<tr>
<td>Claim Considerations</td>
<td>Easily scratched by normal wear and tear. Jeweler’s torch will burn pearl. Damage by improper cleaning (boiling, chemicals).</td>
</tr>
</tbody>
</table>