

## **“All that glitters isn’t gold”**

**Being attracted by what appears to be a cheap insurance policy can prove to be a costly mistake for owners and collectors of jewellery and fine timepieces according to Lee Rhodes of specialist insurance broker Quantum Underwriting Solutions.**

“In the last five years we have insured tens of millions of pounds worth of jewellery on behalf of clients and have discovered that many have been taking huge risks when it comes to insuring their pieces. We have been absolutely amazed by our findings.

There are three common areas that we have repeatedly encountered when looking at wealthy clients’ collections and they all have the potential to cause financial and emotional distress in the event of loss or damage.

The first of these areas is under-insurance. This can be for a wide variety of reasons such as allowing insurance cover to fall behind because a collection has been built up over a number of years, or it can be following rapid inflation in niche areas. We have seen huge increases in the cost of platinum in the last twelve months as well as a contraction in supply and increase in demand for quality diamonds. This has exacerbated the problem for pieces containing these ingredients. Most insurers don’t index-link jewellery values each year and leave the onus on the individual to track the market. This typically necessitates the need for regular valuations. Whilst we are not jewellery valuers, we can act as the clients conscience and remind them to get pieces looked at regularly. We also have many relationships with industry experts and often co-ordinate such work.

The next area we see comes as a result of choosing a non-specialist insurer that provides little or no choice as to how a claim is settled. Most off the peg insurance policies place all the choice as to how a claim is settled the insurance provider. This allows the provider to dictate what retailer is used to replace items, or if cash is requested, to reduce the claim. We have come across stories of wealthy clients being offered the choice of Argos vouchers or a 40% reduction for cash settlement on the value of the loss. For a client who retains choice in every other area of their life, this is simply intolerable and often results in the withdrawal of a claim.

The final area encountered is the age old issue of small print. Whilst we all accept that no policy can cover everything there has to be some value in buying insurance and to find that items are only covered when a near impossible set of circumstances can be evidenced is all too common. Personal custody clauses and safe warranties are commonplace as well as requirements for the setting of stones to be checked every two years. Even of these conditions are met they can be difficult to prove and interpretation can often vary. A bespoke solution will take in to account a clients lifestyle and habits and will not impose restrictive conditions so that pieces can be enjoyed anytime, anywhere without worrying about the insurance position.

Combining all of these potential issues is probably the reason why we find that many clients have chosen not to insure their pieces, and if we are honest, who could blame them? Paying two or three percent of the items value for an arrangement with the flaws we have mentioned does not make sense. Arranging a specialist policy with a dedicated provider removes all of these issues and allows for peace of mind and comes at a surprisingly sensible cost. Many of our clients tell us that once they have a Quantum solution they feel that they are getting genuine value for money.

Good brokers should offer a complimentary personal insurance review to all prospective clients. This process takes time to fully establish their insurance needs and attitude to risk as well as professionally evaluating the effectiveness of their current policies. This is the foundation of a solid insurance programme that will deliver what it is designed to do in the event of a problem.”

***Quantum is a specialist broker that only deal with the personal affairs of the affluent. They have a team of highly experienced team that manage the protection of their clients' homes, possessions, art, antiques, jewellery and collections of vehicles across Europe. They can be contacted on 0870 402 1900.***