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Illinois Department of Insurance Encourages Families to Protect Valuable Valentine's Day Gifts and Other Heirlooms

Department provides 5-step plan and encourages review of homeowner and renter insurance policies

CHICAGO—February 11, 2010. As Valentine's Day approaches, the Illinois Department of Insurance today issued tips on how families can use homeowner and renter insurance to protect precious and valuable belongings.

"Many family treasures and heirlooms with sentimental and economic value should not only be cherished, but protected as well," said Michael T. McRaith, Director of the Department of Insurance. "Consumers should carefully review their unique personal property, including jewelry and art work, coverage needs and work with their insurance agent to ensure their valuables are insured."

The Department is suggesting a five-step plan for consumers who want to make sure precious gifts and family heirlooms are covered under their homeowner or renter policy.

Step 1: Review Your Current Coverage

- With most homeowner and renter insurance policies, jewelry is a type of personal property you can insure. However, the policy may not provide enough coverage since many policies limit the amount of coverage and might not protect against all incidents.
- Homeowner and renter policies have a maximum coverage limit for the combined value of all of your jewelry, and this limit might be only a fraction of the value of any items. Most policies will protect against theft; however, you also might be able to protect against damage or loss.

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- Review your policy or check with your insurance agent to determine the scope of your current coverage. If insufficient, you can purchase a separate policy for the item or add an endorsement to the existing policy. You should also talk with your insurance agent or company about how a jewelry loss would affect your current insurance premium.

Step 2: Have Your Jewelry Appraised and Documented

- Your coverage needs depend upon the value of your possessions. In many cases, insurers require an appraisal before covering jewelry. Some jewelers provide an appraisal with your purchase that satisfies the insurer's appraisal requirement. However, these appraisals can be inflated, so you should consider getting an independent appraisal. You should also have your jewelry re-appraised periodically to ensure accurate coverage. To minimize problems when filing a claim, you should keep photos of each item and a copy of the appraisal in your home inventory.

Step 3: Know All Factors That Affect Your Coverage

- The dollar value of an item has the greatest influence on your premium and deductible, which is why an accurate appraisal is important. The dollar value is generally the risk factor that insurers use to determine how much to charge for jewelry coverage. Insurers will look at how you store each item and whether it's secure. They also will ask how often each item is worn. Pricey items that are worn daily, such as wedding and engagement rings, carry more risk due to greater exposure to loss or damage, while items worn only on special occasions carry less risk. If you own a home safe, alarm system or safety deposit box, be sure to ask if you qualify for any discounts.

Step 4: Choose the Right Policy

- Shop around for the best coverage. Ask your insurance agent or company about policy options, including various deductibles. Double-check to ensure your policy covers theft, loss, and damage. Determine if the coverage applies worldwide or is limited to domestic incidents. Understand the difference between replacement coverage and actual cash value coverage - the distinction between these types of coverage is complex, so ask your insurance agent for a copy of the relevant endorsement and an explanation of the loss settlement provision.

Step 5: Evaluate the Insurance Company

- After determining the best policy type for your coverage needs and before signing any paperwork or paying for the insurance, you should evaluate any insurance agent and the insurer they represent. For help with research and to confirm that they are professionally licensed by the State of Illinois, contact the Department at (866) 445-5364. You also may visit the Department's Web site at www.insurance.illinois.gov.

More Information

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowner.

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