



ACORD Forms — Missing Link for the Jewelry Industry

By David W. Hendry, Jr.



David W. Hendry, Jr., founder of JCRS, Jewelry Underwriting and Claim Mitigation, entered the insurance field in 1974 as an Inland Marine underwriter and has written two books on jewelry insurance. He introduced the standardized appraisal form on which the new ACORD Form is based and also founded the Jewelry Appraisal Registry.

This past December a unique Faberge diamond necklace was exhibited at the American Museum of Natural History in New York City. JCRS had the opportunity to view the appraisal of that piece, valued at \$600,000,

and to analyze its contents using the new ACORD 78 Form (Jewelry Insurance Appraisal). This new form was more than equal to the task. As usual, when ACORD 78 or ACORD 79 (ACORD 78 handles a single jewelry item, ACORD 79 two items) are compared with an appraisal in a non-standardized format, the ACORD forms accommodate more detailed information than the paragraph-style appraisal, and specifics were easier to follow. The Jewelry Insurance Appraisal Forms, ACORD 78/79, introduced early last year are filled out not by the underwriter or agent, but by the jeweler. They lay out all essential descriptive information in a format easy for insurers to follow. With such a detailed description, even the remarkable Faberge necklace could be priced for replacement. A detailed description means that every policyholder is much more likely to be satisfied with a claim settlement.

ACORD Forms and the jewelry industry

What effect have the ACORD appraisal forms had on the jewelry industry? Something like panic. Shortly after the ACORD forms

appeared, three appraisal groups formed the Council of Jewelry Appraisal Organizations (CJAO) specifically to counter the ACORD standards. CJAO has about 1,600 members. Conspicuously absent from membership is the oldest and largest appraisal organization, the American Association of Appraisers, with more than 8,000 members. In September CJAO wrote to ACORD promising to send its multiple page "agent's checkoff list for narrative appraisals" — for use instead of the single-page ACORD

78/79. Meanwhile, no mention of the ACORD Forms has appeared

in any jewelry industry trade publications. What gives? Perhaps it's jewelers and appraisers who depend on an uninformed public and undemanding insurers (see "New Form, New Standard for Jewelry Appraisers," *In ACORD #1*, 1997, for a discussion of inadequate appraisals and exposes of appraisal discrepancies). Some

jeweler-appraisers, though untrained, want to preserve an image as experts. For years they've been writing appraisals that no one understands — but no one has complained.

What hurts jewelers is that insurers are finally asking for the kind of appraisals they need — detailed descriptions from graduate gemologists trained in appraising for insurance. ACORD 78/79 is evidence that insurers will no longer be satisfied with brief sales



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receipts, rambling narratives, casual descriptions, or inflated valuations, and that *both insurers and consumers* have a right to demand descriptive information that allows them to comparison shop.

Jewelry as commodity?

With Wal-Mart, J.C. Penney, K Mart and Home Shopping Network among the top 10 in jewelry sales, jewelers fear that jewelry is becoming a commodity. To combat this trend, independent jewelers should support the ACORD forms to illustrate to consumers where the value is. Hopefully consumers will not be misled into paying high prices for industrial grade diamonds because they don't know any better.

ACORD isn't exactly a household word among jewelers, but we expect that to change in 1998 with the release of ACORD 154, Jeweler's Inventory Record-Keeping Card. Accurate inventory and record keeping has been the main obstacle in obtaining Jewelers Block insurance. ACORD's new 3x5 standardized card system not only answers insurance inventory requirements, but it also efficiently deals with other sticky problems that plague jewelers. For example, the system allows sales analysis by price point and vendor style, and it aids in keeping track of jewelry items made up of several inventory items. Since this form will be available to jewelers free from any ACORD member, we expect it to dramatically increase recognition and respect for ACORD in the jewelry industry.

Finding trained appraisers

In ACORD #4, 1997, carried an open letter stating that ACORD 78/79 refers to appraiser credentials, including formal appraisal training in jewelry, but the writer did not identify who provides this training or where to find professionals with this training. The 1998 forms will rectify this by indicating that the Certified Insurance Appraiser (CIA) course, offered by Jewelry Insurance Appraisal Institute, meets this requirement. ACORD has already begun actively supporting CIA training by listing dates of CIA classes in its in ACORD events calendar so that insurers and agents can recommend the class to jewelers they work with.

To simplify insurer's job of navigating non-ACORD appraisals, ACORD 18, Jewelry Underwriting and Claim Evaluation, will be ready this year. Underwriters can use it to gather necessary supplemental information from the insured or the jeweler, and adjusters can use it to analyze jewelry claims (scheduled or unscheduled) for descriptive content. ACORD also has begun marketing Jewelry Insurance: The Underwriting and Claims Reference Manual, published by JCRS, which lays out jewelry information crucial to insurers. We also suggest the eight-hour continuing education program on jewelry offered by JCRS, Jewelry Underwriting and Claim Mitigation.