

# **WHAT IS AN APPRAISAL?**

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An appraisal is an informed opinion as to the authenticity, quality, design and value of a gem or jewelry article. The opinion is backed by appraiser training, market experience, and gemological equipment.

## **FAIR MARKET VALUE**

Fair market value use defined as “the most probable price in cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Implicit in this definition is the presumed consummation of the sale at a specified Date and the passing of title from seller to buyer under conditions whereby:

1. The buyer and seller are typically motivated.
2. Both parties are well informed, and/or advised, each acting in what he or she considers his or her own best interest.
3. A reasonable time has been allowed for exposure to the open market.
4. Payment is made in cash or its equivalent.
5. The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, service, fees, costs or credits incurred in the transaction.

## **RETAIL REPLACEMENT VALUE FOR INSURANCE**

The replacement (new) value is required by an insurance company before it will insure jewelry beyond a certain dollar amount or schedule it separately on one's homeowner policy. This appraisal is the record consulted by the insurance firm to determine the insured amount for jewelry that is lost, damaged, or stolen, depending upon the terms of the actual insurance policy.

This type of value is determined by using either a Market Data Comparison or a Cost Approach depending upon individual circumstances and market conditions prevailing at time of appraisal. The Market Data Comparison approach compares the qualities of the subject item to an article with similar or identical qualities, and researches an records current verifiable sales of such merchandise. The Cost Approach establishes value of an item by breaking down the item (hypothetically) into its component parts such as precious mete=al content, gemstone weights and qualities, labor for setting and any other fees that would impact on the final value. The sum total of value also includes the appropriate retail markup according to the norms of jewelers in the locale, supply and demand, and the current state of the marketplace.

## **ANTIQUÉ JEWELRY APPRAISAL**

Antique, heirloom, and collectible jewelry is always valued using the Market Data Comparison approach. Cost approach and revenue approaches are not applicable to this market.

## **JEWELRY INSURANCE**

Homeowner's and Apartment Tenants insurance policies commonly include coverage for personal property with the value of jewelry included up to a certain limit. Most policies restrict jewelry coverage for theft, burglary or robbery to \$500 aggregate, with few companies providing coverage to \$1000 aggregate. Such insurance usually will not cover the property owner for "loss" of an item or for loss of a single stone from the item. In order to obtain coverage for the full value of the item(s), an appraisal for each item will be required and the coverage scheduled on your policy, with a specific description of the article and a replacement value on each item. For full and proper value coverage, a detailed professional appraisal is paramount.

## **IN CASE OF LOSS**

Most insurance policies contain a clause which permits the company to replace the jewelry in like kind with a comparable replacement rather than make a cash payment for the loss. If so, use your appraisal to verify that the quality of the replacement is similar to the lost item. The original appraiser of the insured item should be consulted for verification of the quality and value of the proposed replacement.

## **Appraisal updates**

We recommend that your appraisal is updated periodically. Check annually with us about the necessity of updating your appraisal.

**Appraisal is not an offer to buy unless specifically stated.**

## **Additional Gemological services at Mission Hills Gallery**

- Gem identification
- Gold testing and Gold immediate disposal cash valuation (based on spot gold market price, specific date and time)
- Internet purchase evaluation
- Comparison Appraisal
- Laser Gem inscriptions
- Estimate to replace (Hypothetical)
- Qualitative Report
- Damage Reports