



Home Contents Valuation Service

ACE Private Risk Services®



## Home Contents Valuation Service: Helping Clients Understand the Value of their Contents



We are excited to announce our partnership with Asset Archives, an industry leader in personal property valuation and documentation. Together, we developed a complimentary **Home Contents Valuation Service** to address an issue that clients and agents regularly face: **how much contents coverage is enough?**

After conducting months of extensive research, we found that nearly 50% of the homes analyzed were identified as having insufficient contents coverage. In fact, the average level of underinsurance was approximately \$600,000<sup>1</sup>. This is a significant level of underinsurance that can lead to large out of pocket expenses in the event of a loss, and it is for this reason that we developed the Home Contents Valuation Service.

During the **Home and Safety Assessment** process, our Risk Consultants conduct a brief conversation with the client about their purchasing habits. As we continue the assessment, our consultants pay careful attention to significant items of value, excluding items that have been scheduled for valuables coverage. All of our consultants have been trained in the fundamentals of contents valuation, and this process should only add 15 minutes to the Home and Safety Assessment.

Once the assessment has been completed, Asset Archives will analyze the information our Risk Consultants have gathered, and compare it against a comprehensive database of over 200,000 similar household items. The data is then applied to a complex algorithm that enables Asset Archives to generate an estimated value range for the contents.



Our estimated range is then included as part of the Home Assessment Report; offering invaluable guidance on an approximate level of contents tailored to the needs of the client. Please be assured that no changes will be made to the client's policy without authorization from the agent.

This unique service, free to ACE policyholders, is a valuable tool that finally allows agents and their clients to make informed decisions about appropriate limits of contents coverage.

For more detailed information, please refer to the **Frequently Asked Questions** on the following pages.

<sup>1</sup> For homes valued between \$2,000,000 and \$7,500,000

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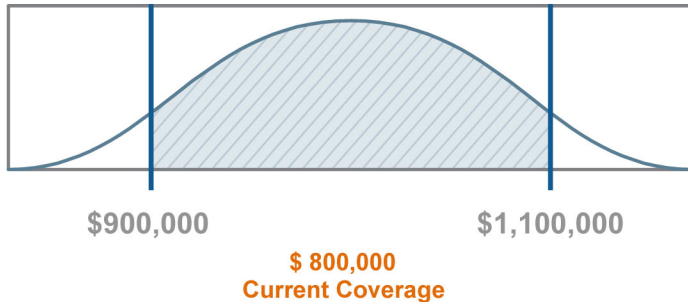


This is an example of a **Home Contents Valuation Report**, which will be included as part of the **Home and Safety Assessment Report**.

Please refer to the **Frequently Asked Questions** for more details on eligibility.



## CONTENTS VALUATION REPORT



CATEGORY	LOW	HIGH	CLIENT NOTES
Home Furnishings (Furniture, Antiques, Window Treatments)	\$ 320,000	\$ 400,000	
Home Décor (Mirrors, Artwork, Rugs, Figurines)	\$ 400,000	\$ 465,000	
Apparel and Electronics	\$ 100,000	\$ 135,000	
General Goods (Kitchenware, Storage, etc.)	\$ 80,000	\$ 100,000	
<b>Total</b>	<b>\$ 900,000</b>	<b>\$ 1,100,000</b>	

### The Contents Valuation Methodology:

The value range depicted above reflects an estimate of your home's general contents. The estimate is based on information collected during a comprehensive home assessment recently completed by our Risk Consultant. As the Consultant toured your residence, he/she documented the furnishings in the primary rooms, taking special note of selected items and manufacturers. A replacement value range for a sampling of these items was then established to create a baseline for the typical value and quality of the overall furnishings of your home.

#### An example:

- The dining room table was listed as a level 3 on a scale of 1-5 (5 being the highest value and quality)
- This same process was repeated on more than 25 items to determine an overall value and quality level for all the contents in your home
- These items were then compared against the contents valuation database of over 200,000 itemized values
- This database covers a broad range of items typically found in the homes we insure
- The application applies an algorithm, driven by the sampling of data points, to create a contents valuation model for the entire home
- Before the value range noted above is finalized, the value and quality of individual items and/or categories can be adjusted up or down to capture the unique characteristics of your personal property

#### The database behind this estimate consists of;

- Over 200,000 individual items in 2,000 different categories including electronics, kitchenware, books, furniture, apparel, outdoor furnishings, sporting goods, tools and equipment, etc.
- High value items including 3,000 rugs at \$10,000 avg. value; 5,000 lamps at \$2,000 avg. value; and 4,500 tables at \$6,000 avg. value
- Thousands of artists and brands including Tiffany, Armani, Stickley, Waterford, Limoges, Baker etc.
- Data collected over a ten year period representing hundreds of luxury homes and thousands of customized rooms, this data is used to formulate the model of each room in your home per the example highlighted above
- Values driven from actual purchase invoices or certified appraisals, and all valuations are regularly refreshed to reflect inflation and new data

#### A NOTE ON SETTING YOUR CONTENTS LIMIT:

*This estimate is just that, an estimate. It is not intended to replace a more comprehensive inventory or appraisal, but it can be used as a guide to help establish the proper amount of insurance so that you have adequate protection in the event of a loss.*

*If the value range differs from the current coverage limit in your policy, you should discuss the implications with your agent and explore your options. You may want to adjust your limit accordingly or explore the benefit of scheduling specific items; a more detailed contents valuation could provide important insight as to which strategy is most appropriate. You can find your Personal Property limit on the Declarations page of your policy.*

### Next Steps...



Discuss this report with your agent



Make necessary adjustments to assure appropriate coverage



Consult with an inventory expert for more specific valuations and guidance

Call 888-784-6630 or visit [www.assetarchives.com](http://www.assetarchives.com) for a complimentary consultation with an advisor from Asset Archives

# Home Contents Valuation Service: Frequently Asked Questions

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## ▪ Why is ACE introducing this service?

At present no carrier provides a systematic method for helping their agents and policyholders establish an estimate of the value of their personal property at policy inception. Our internal study shows that the amount of contents in a residence is often underestimated and that most homeowners are unsure of how much their contents are worth. In addition, a pilot of the service with a sampling of agents around the country suggested overwhelming support for the service and the need it addresses.

## ▪ What did our study reveal?

We have been testing this process and concept for over 18 months, including a detailed 4 month study of more than 400 Home Contents Valuation Estimates of high valued homes and found the following:

- Nearly 50% of all the homes in the study were identified as having insufficient contents coverage
- Homes with the lowest ratio of contents coverage when compared to the structural limit were the most likely to have insufficient coverage for their contents
- Homes with contents coverage pegged to less than 50% of the structural value were underinsured against the original contents limit in nearly 70% of the reports reviewed
- Homes with contents coverage pegged to less than 60% of the structural value were underinsured against the original contents limit in more than 60% of the reports reviewed
- The average level of underinsurance was approximately \$600,000 in homes valued from \$2,000,000 to \$7,500,000

## ▪ What properties/accounts qualify for this new service?

The service will only be available initially in those locations/markets served by our experienced team of Risk Consultants, more specifically:

- New home business being inspected by an ACE Risk Consultant with a submitted Coverage A limit up to \$7.5M or up to \$5M in contents
- New condo business being inspected by an ACE Risk Consultant with a submitted Coverage A limit up to \$5M regardless of the contents to A&A ratio
- Existing business at the request of the agent and as capacity allows, or as part of a book-roll

### **The service is not currently available if:**

- The property is in the course of construction or renovation, is unoccupied, is vacant, or is tenant occupied
- The policy is written in the state of Florida

## ▪ How does this new service benefit Agents and Policyholders?

This service provides several exciting new benefits to our agents and policyholders, including:

- Guidance on the establishment of proper contents limits
- A new, noninvasive solution for existing and prospective clients
- Inspiration for existing clients to more precisely document and/or schedule personal possessions
- Streamlines the settlement process if a loss occurs
- Introduces a resource to provide a more detailed inventory and valuation of contents

## ▪ Does the policyholder incur any expense?

No. This is a complimentary service carried out during the course of a scheduled home & safety assessment. It's our preference, but not required that the policyholder be in residence during this process.

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## Home Contents Valuation Service: Frequently Asked Questions (Cont.)

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### ▪ **How does the process work?**

By documenting the general quality and quantity of items observed during our on-site walk through, we can compare this specific set of items against similar quality objects in the Asset Archives database. The application also accounts for the inevitable presence of items not typically observed during a walk through such as, kitchenware, clothing, and other personal effects. More detailed highlights of the process include:

- During the appointment scheduling process, your client will be asked a few general questions about their purchasing habits to aid in calculation accuracy.
- While on-site, the Risk Consultant will document a sampling of the contents, making note of the overall quality and quantity of items in select rooms throughout the house. This adds less than 15 minutes to the overall home assessment process.
- This data is uploaded to Asset Archives where experts assess it and develop an estimate of the overall value of the home's contents.
- This contents estimate is then downloaded by Asset Archives to our home assessment platform within minutes of the data having been received (non-disclosure agreements with Asset Archives assure client privacy).
- An exact dollar value is not calculated because not all contents in the home are documented.
- If the value range generated exceeds the current contents limit, then a recommendation for a more comprehensive analysis will be included in the client report output.

### ▪ **How robust is the Asset Archives database?**

The Asset Archives valuation database was developed using data collected over the past 10 years of documenting and valuing the residential contents of high net worth and affluent clients. The database features more than 200,000 items and values covering more than 2,000 asset categories. These categories include electronics, kitchenware, books, furniture, apparel, outdoor furnishings, sporting goods, equipment and more. The Asset Archives database uses this robust data to run an algorithm to compare the information collected to the value for comparable items within the database.

### ▪ **How do we know that the calculated value range is accurate?**

The methodology has been tested and compared to a traditional evaluation of contents by a qualified appraiser. After completing Home Contents Valuations on a select number of homes, an independent appraiser visited each property to complete a more comprehensive contents review with no prior knowledge of the calculated range. In approximately 70% of the cases the precise conclusion of the appraiser fell within the range established via the Home Contents Valuation Estimate process. In the remainder of the test cases the appraiser's conclusion fell within 20% of the range established via the Home Contents Valuation Estimate.

### ▪ **What impact do scheduled items have on the calculation?**

The estimate excludes the value of precious items that are protected by a Valuable Policy. Currently the valuable article policy is reviewed by the Risk Consultant and the intent is to collect data on the general contents with the valuable articles in mind and excluding items covered on the Valuable Policy.

### ▪ **How are the results communicated?**

Like structural valuation twenty five years ago, this is an evolving process/methodology that will only get more precise with time and repetition. As such we will initially communicate our findings, and embed the Home Contents Valuation Estimate summary in our standard Home and Safety assessment, only when the calculation suggests that the current contents limit is insufficient.

### ▪ **In cases where increases are suggested when will a premium change be applied?**

If the client agrees with the need to increase their limit, the agent will communicate this desire with their underwriter. The increase will then be applied using the same 30 day grace period that applies to structural valuation.

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## Home Contents Valuation Service: Frequently Asked Questions (Cont.)

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- **What qualifies the ACE Risk Consultants to conduct this type of evaluation?**

All of the ACE Risk Consultants have gone through a training process to learn the fundamentals of contents valuation. The Consultants will be systematically documenting certain items as they assess a home, Asset Archives will actually be calculating the results.

- **What if the Policyholder wants a full detailed assessment and evaluation of the contents of the residence?**

Asset Archives can document, value and manage residential contents and collections. You can review their credentials at: <http://www.assetarchives.com/>

- **Who is Asset Archives?**

Asset Archives is a leader in the documentation and valuation of personal property. Headquartered in Atlanta, GA with nationwide service reach, they serve over 400 high net worth clients and deliver solutions ranging in complexity, size and subject matter both in the United States and abroad.

- **Will the client's information be kept confidential?**

ACE Private Risk Services understands that privacy is one of our clients' most valuable assets. Protecting client privacy is a core promise we make to our clients. ACE Private Risk Services and Asset Archives are committed to safeguarding all client information.



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