The Institute of Registered Valuers

Why Values Vary

When you leave your jewellery for appraisal your jeweller will need to know the purpose for which you require the finished valuation. **Items of jewellery are valued differently for different purposes.** You might wonder about the gap between the insurance value of an item and the amount you would get, as a private individual, if you chose to sell the pieces: consider the following.

- **Insurance Valuation**

  This type of appraisal will show the full retail replacement value, "as new" or "as antique" of your jewellery, VAT inclusive, taking into account the nature, quality and design of the pieces and the sort of shop likely to be able to provide comparable replacements in the event of loss. It is, therefore, a representation of the highest value of your goods.

- **Probate or Confirmation of Will**

  Unlike an insurance valuation which indicates the full retail replacement value, this lower assessment is based on amounts likely to be achieved at auction or by selling your jewellery to the trade. It is determined by the worth of the materials, pre-vailing tastes and the condition and state of wear of the items.

- **Sale Between Parties**

  Such an appraisal is made with due regard to two persons, the buyer and the seller - often they are friends. The prospective buyer is seen as entitled to a "bargain" since he is not being offered the customary guarantees of a reputable jeweller. The seller is seen as reasonably expecting a better price than he would get from selling to the trade because the jewellery will not subsequently be required to produce a profit for the jeweller.

- **Security Against a Loan**

  The interests of the two persons involved in the transaction make it essential that the valuer guards against dissatisfaction should it become necessary to sell the jewellery. In most cases the valuer will set aside style and artistic appeal and the appraisal will be based on the worth of the components of the jewellery. Obviously there are exceptions, but such a valuation must give the lowest representations of the value of your jewellery.

In the light of the above it is evident that the retail jeweller, when offered items to purchase, must consider buying at a figure substantially **below** the insurance value of the goods if he is to remain in business. But how much below? Often an old, beautiful and unusual item will excite the retailer more than a recently mass-produced piece. This is because the jeweller probably has regular suppliers of newly-made jewellery who can offer him credit, give him guarantees and exchange items which don't sell reasonably quickly. A similar item bought from a member of the public has none of these advantages and it does have some disadvantages: it must be sold at a conspicuously second-hand (i.e. cheaper) price in a highly competitive market where it attracts the same rate of VAT as brand new jewellery. Additionally, if it is the sort of piece your jeweller usually stocks he probably already has something similar; and if it is not his normal style he might not have a ready market for it. Such consideration governs the price you are offered and account for the divide between insurance value and "what you get" if you sell.

The reputable jeweller does not suggest that you buy jewellery for investment; but he might point out to you that in twenty years time your jewellery will stand up well compared with your old television, should you wish to sell.

If you would like a list of NAJ Institute Registered Valuers in your area please visit the Find a Jewellery Valuer (IRV) (naj.co.uk) page of our website at **www.naj.co.uk**

Please note that this information is provided for general guidance only and should not be read as a substitute for the law.

10 Vyse Street
Birmingham B18 6LT
0121 237 1110
naj.co.uk/irv | @UKNAJ