

# Valuation Methods

## Pledged and Unpledged Property

It is important to confirm how the property limits were determined for **pledged and unpledged property**. The limits shown on the quotation and/or the application should **EQUAL** the valuation method selected.

This valuation method determines how a claim will be settled in the event of a covered cause of loss for pledged and unpledged property.

Remember: The limits of insurance requested on the application for pledged and unpledged property should **EQUAL** the valuation method selected on the application. The carrier will never pay more than an item is worth and it could be the lessor of the valuation method option within the coverage form.

Always refer to the actual policy for specific wording along with limitations, conditions and/or exclusions.

Outlined below are the valuation methods we offer for pledged and unpledged property:

### Pledged property (items in pawn)

- Loan value plus interest.
- Loan value only. (Meaning interest is NOT included in the amount shown on the application.)
- 2 X Loan value plus interest. Calculate the loan value plus interest and multiply the amount(s) by two. Simple Example: If the insured has \$10,000 in loans plus interest-- he would purchase a limit of \$20,000.
- 2 X Loan value plus interest. Same concept as described above.
- Market value. Calculate the property values based upon the market value of the items from your past retail sales or the average mark up of items sold in your store.

### Unpledged property (items owned for sale)

- Cost. Meaning what the insured has in the item.
- 2 X Cost. Same concept as multiple of loan value plus interest as shown above.
- 3 X Cost. Again, same concept.
- Market value. Calculate the property values based upon the market value of the items from your past retail sales or the average mark up of items sold in your store.

**Please review the coverage limits requested and/or quoted confirming which valuation method option EQUALS the limits you have shown on the application.**

Information provided by:

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*VAL 10.2023 Supplemental material only.  
Always refer to the actual policy for exact terms and definitions.*