

## Note From Our President: Mysterious Disappearance

In general, Mysterious Disappearance is an excluded coverage in most standard policies which deal with insuring valuables. To be clear, mysterious disappearance is considered to be cause of loss if the insured finds that an item is missing under circumstances where there is no evidence of theft, burglary, robbery or other explanation.

As an example a diamond dealer may find that a stone is missing at the time of taking inventory and has no idea what may have happened to the stone. As difficult as it is to provide coverage for such a situation, underwriters do consider and do issue endorsements to cover such a situation if they feel comfortable and confident with the client.

The coverage is subject to the same deductible as that of the premises and will be investigated and adjusted in the same manner as any other claim. The adjuster will scrutinize the claim in much detail before making a decision on the merits of the claim.

It is common for many in the jewelry business to buy a high deductible on their premises coverage. The argument for this decision is that the securities at the office are usually such that the chance of a loss is extremely unlikely. However, if coverage for Mysterious Disappearance has been added to the policy by endorsement, then the high deductible will apply to any such claim.

It is best to discuss this coverage with your broker so that if the coverage is added a high premises deductible does not impair recovery on a potential claim.

In May I will discuss “own books and records endorsement”.

JSIS Insurance, April 2008