



Susan Bradnum/The London Free Press

Appraisal consultant Jim Poag recommends that consumers not shop around for the cheapest service. The appraisal, he says, is to protect them and should be the best they can get.

by Shirleyan English
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When Jim Poag speaks to a group, he first asks them to hide their hands.

Then the appraisal consultant asks them to imagine he's a police officer or insurance adjuster and presents them with this situation: They've just been robbed and he arrives on the scene. Now, describe exactly the rings and watches that were stolen.

What he wants to know is this: the metal and its colour and carat; the type of stone; the number, colour, clarity, cut and shape of stones; the setting and the mounting; any stamps or trademarks and other identifying characteristics.

Rarely can anyone do it. And that's why all valuables should be appraised, he says. "Most people don't know what they have on their hands."

A graduate gemologist, Poag is one of only five certified members of the International Society of Appraisers in Canada, and one of only two working in jewelry. He's part of his

father's firm, James O. Poag Jewellers in Strathroy.

Appraisals are done for many reasons, the most common being for insurance purposes, or to confirm quality and purchase price. One might be necessary, for instance, in an estate settlement, a damage report, a donation of a gift or for inheritance tax. The owner would also need one if selling the piece or using it as collateral, or in the event of a divorce.

Many appraisals are inadequate, Poag believes. An appraisal might contain information on weight, clarity and colour of stone but no definition on the stone's proportions. That alone could affect the price up to 50 per cent, he says.

One of the reasons for inadequate appraisals is the lack of provincial legislation governing the service, he says.

"People make the mistake that any gemologist can appraise," he says. That assumption is incorrect, he

maintains; it depends on the education and training.

PROTECTS CUSTOMER:

Many consumers shop around for the cheapest service. Not a good move, in Poag's view. "They don't realize an appraisal is protecting them, so they should look for the best appraisal, not the least expensive," he says.

Some insurance firms may specify the jewelry firm to approach for an appraisal but such referrals are unethical and illegal, he adds. Consumers must pick their own appraisers.

He suggests that the first step should be to make sure the appraiser has training in two fields: evaluation and valuation. The first deals with the characteristics of the stone and the second with placing a value on the piece.

To complicate matters, the value is not always the same, Poag says. It depends what the appraisal is for. An estate settlement, for instance, may require a fair market value (what a used piece can be sold for under certain conditions); insurance companies use the retail replacement value (what it would cost to replace with a new piece).

RIGHT QUESTIONS:

A good appraiser will ask the right questions to find out the reason for the appraisal. Insuring for replacement value is by far the most common.

Next, make sure the appraiser is qualified in what is being appraised: jewelry, oriental rugs, works of art, whatever. And every appraiser should subscribe to a code of ethics, usually by membership in certain organizations, such as the Gemological Appraisers Association (GAA), International Society of Appraisers (ISA) or the National Association of

Jewellery appraisers (NAJA), Poag says.

And don't expect a brief, one-page summary of the item, either.

"The days of single-page appraisals are going very quickly" he says. A proper appraisal should be precise, detailed and specific.

APPRAISAL FACTS

Here's what gemologist Jim Poag says an appraisal should contain:

- >A transmittal letter that summarizes and highlights important facts;
 - >A detailed cover letter that sets out the purpose and function of the appraisal. It should disclose any limiting conditions and set out the method of evaluation. There should be information on the fee schedule and a statement that the appraiser has no interest in purchasing the piece;
 - >A detailed description of the item, in the case of jewelry giving measurements, clarity, metal colour, carat weight, construction and stone colour. The value should be set out clearly;
 - >A photo of the piece;
 - >A professional profile of the appraiser;
 - >A plot of the inclusions inside the stone, "the equivalent of a fingerprint," is an option.
- REJECT APPRAISAL**
- >Appraisal consultant Jim Poag says to reject an appraisal if:
 - >It's unsigned;
 - >It's hand-written;
 - >There's no clear definition of the appraisal's purpose or function;
 - >If the appraiser is unwilling to defend it in court;
 - >If the fee is contingent on the value set by the appraiser;
 - >If the item is not within the appraiser's expertise.