

LUMP SUM SHIPMENT VALUATION with/without HIGH VALUE INVENTORY REPORTING REQUIREMENT



The proper valuation of international household goods shipments is of paramount importance in order to ensure that the transferee's goods are adequately protected against loss and/or damage during transit. The valuation of shipments may be achieved through the utilization of a detailed valued inventory or the use of lump sum valuation. When detailed valued inventories are used, each item in the shipment is assigned their own individual value. While this approach is preferred from an insurance perspective, because it identifies the individual values of each item, it is time consuming and transferees often opt for lump sum valuation. Lump sum valuation is based on the net weight and/or volume of the shipment, multiplied by a specific \$\$ amount per lbs. or per cubic foot/meter.

Requirements for lump sum valuations will differ among providers. The examples below will provide different ways of calculating lump sum, based on a per lbs. valuation of U\$12.00, as well as a high value inventory reporting requirement for items/sets valued at \$1,500.00 / \$2,500.00 or more each. The examples below will demonstrate how differing lump sum valuation requirements will influence the total valuation of the shipment, the level of coverage and the associated coverage premium.

SAMPLE SHIPMENT Weight: 3,457 lbs. / Per lbs. valuation at \$12.00 per lbs.

High Value Items in Shipment:

Flat Screen TV:	\$1,750.00	Antique Table:	\$1,500.00	Treadmill:	\$1,800.00
Set of Desk Lamps:	\$1,600.00	Drum Set:	\$2,500.00	Mountain Bike:	\$2,000.00
Leather Sectional:	\$3,400.00	Landscape Painting:	\$2,800.00		

LUMP SUM without additional High Value Requirement	LUMP SUM with \$1,500.00 High Value Requirement	LUMP SUM with \$2,500.00 High Value Requirement
Valuation Calculation:	Valuation Calculation:	Valuation Calculation:
3,457 lbs. x \$12.00 = \$41,484.00	3,457 lbs. x \$12.00 = \$41,484.00	3,457 lbs. x \$12.00 = \$41,484.00
Total Shipment Value = \$41,484.00	Total of HV items @ \$1,500.00 & over = \$17,350.00	Total of HV items @ \$2,500.00 & over = \$ 8,700.00
	Total Shipment Value = \$58,834.00 <i>(a 30% difference in the value of the shipment)</i>	Total Shipment Value = \$50,184.00 <i>(a 17% difference in the value of the shipment)</i>

As you can see from the above examples, the difference in reporting requirements will impact the valuation of the shipment, which in turn has an impact on the claims settlement process in the event of a claim. Whatever the lump sum reporting requirements are, it is important to follow the requirements of your insurance provider in order to meet the shipment valuation parameters. In addition to impacting the valuation of the goods, the valuation process utilized also has a direct relationship to the loss ratio generated by the transportation service provider, i.e. the mover. The relationship between shipment valuation and loss ratio will be discussed in a separate document.